

2012/2013

Interim Report



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

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Management Discussion and Analysis

The board of directors of Tysan Holdings Limited (the “Company”) (“Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012. During the period under review, the Group recorded a turnover of HK\$1,435 million (30 September 2011: HK\$1,200 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$195 million (30 September 2011 (restated): HK\$43 million), representing HK\$0.22 per ordinary share of the Company (“Share”) (30 September 2011 (restated): HK\$0.05 per Share).

Foundation Piling

For the period under review, turnover of the Group’s foundation division increased by 16% to HK\$1,309 million. However, due to increased competition, unexpected delay in some projects and rising costs, the contribution to profit was adversely affected and amounted to HK\$42 million as compared to HK\$107 million in the last corresponding period. The Group’s major contracts on hand include, inter alia, Galaxy Macau’s resort, Tung Chung Area 56 by Hong Kong Housing Authority and Mount Nicholson by Wheelock Properties.

Property Development

Shanghai

For the period under review, the Group’s residential project in Shanghai, The Waterfront, recognized HK\$74 million as revenue as compared to HK\$39 million in the last corresponding period. The increase was mainly due to more sales concluded. As there is no indication that the government will soften its stance on home purchase restrictions, most potential buyers continue to adopt a wait-and-see attitude.

Tianjin

The Riverside recorded an increase in transactions with a gradual rise in selling price as the market began to recognize the high quality standard of the project. Contracted sales of approximately HK\$150 million were achieved during the period. As handover of the sold units will take place before the end of the year, sale proceeds of over HK\$400 million and related profits will be recorded in the second half of the financial year ending 31 March 2013.

Shenyang

The Group’s site in Shenyang, located at Huanggu District with a total GFA of approximately 165,000 sqm, is in the final stage of planning and detail design. It is expected that the construction consent from the government will be granted before the end of the year and foundation works will commence around spring 2013. Since the cost of borrowing in China is relatively high and restricted, the Group may consider financing this project from internal resources.



Management Discussion and Analysis

Property Investment

On 7 December 2011, the Group entered into a sale and purchase agreement to sell its office located at 11th Floor, Harbour Centre, 25 Harbour Road, Hong Kong for a consideration of HK\$315 million. The sale was completed on 31 May 2012 and a profit of about HK\$192 million was recorded in this financial period. The disposal enabled the Group to enhance its working capital and strengthen its overall financial position.

The Group's investment properties in Shanghai have continued to enjoy steady recurrent income and satisfactory occupancy rate. Turnover of the property investment division during the period was HK\$12 million while contribution to profit, including changes in fair value of investment properties, amounted to HK\$7 million. To further improve overall rental income and occupancy, China Garden has just commenced its renovation works which are expected to be completed around 2014.

Prospects

The global economy is now politically driven which undermines the proper operation of fundamentals. The consequence of that is an unstable economy with unpredictable direction. The recent performance of the Hong Kong construction industry is driven by government policies to boost housing supply and infrastructure works. With such activities in full swing, the Group believes the outlook of the foundation industry will continue to be robust. As market leader in the industry, the Group is confident that it will benefit from such high market demand but is also prepared to deal with escalating costs and more severe competition.

The property market has served as China's economic growth engine for a long time but with the central government's firm stance on restrictive measures, such position may change. With no significant relaxation of tightening policies in sight, the outlook of China's property market will continue to be clouded. However, the Group still believes in the long term prospect of China's property market as urbanization continues to progress rapidly which creates genuine demand. The performance of the Group's property division will thus hinge on the degree of property market curbs and monetary policy conditions in China.

Connected Transaction and Proposed Special Dividend

On 12 November 2012, the Company and Mr. Fung Chiu Chak, Victor ("Mr. Fung"), the Vice-Chairman and Managing Director of the Company, has entered into a conditional sale and purchase agreement pursuant to which the Company will sell 40% equity interest of its foundation business to Mr. Fung ("Proposed Disposal"). The consideration is approximately HK\$121 million which is calculated based on the combined net asset value of the Group's foundation business as at 30 September 2012. As Mr. Fung is considered to be the key person in leading the Group's foundation business, the Proposed Disposal will help to maintain the continuity, stability and growth of the Group's foundation business by establishing a long term and strategic alliance with Mr. Fung.

The Board of Directors has proposed that, subject to completion of the Proposed Disposal and the approval of the shareholders of the Company at the special general meeting, a special dividend of HK10 cents per Share will be distributed to shareholders of the Company.

Management Discussion and Analysis

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital and liquidity position. As at 30 September 2012, the Group's cash on hand was approximately HK\$513 million (31 March 2012: HK\$564 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$4,738 million (31 March 2012: HK\$4,131 million) and HK\$2,177 million (31 March 2012 (restated): HK\$2,016 million) respectively. As at 30 September 2012, the Group's working capital amounted to HK\$909 million (31 March 2012: HK\$749 million).

During the period under review, the Group, in view of the prevailing relatively low interest rates, had successfully closed a club deal and raised a HK\$500 million five-year term loan for general working capital purpose. The club deal was well received by The Hongkong & Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and Shanghai Commercial Bank Limited and more importantly signifies the bankers' continued confidence in and support to the Group.

As at 30 September 2012, the Group's net debt balance and net debt to equity ratio were HK\$9 million and 0.4% respectively. As at 31 March 2012, the Group's net debt balance and net debt to equity (including non-controlling interest) ratio were HK\$35 million and 1.7% (restated) respectively. Contingent liabilities in relation to guarantees of performance bonds increased to HK\$414 million as at 30 September 2012 (31 March 2012: HK\$294 million). The Group's secured bank borrowings were secured by certain of its land and building, equipment and machinery, and investment properties with carrying amounts of HK\$202 million, HK\$14 million and HK\$21 million, respectively, at the end of the reporting period. The Group's bank borrowings were mostly denominated in Hong Kong dollar, with a few loan facilities in Euro and Yen. Currency exposure has been monitored and forward contracts will be considered when the need arises.

Employment and Remuneration Policies

The Group employed approximately 1,432 employees in Hong Kong and the PRC as at 30 September 2012. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend of HK2.0 cents (2011: HK1.5 cents) per Share for the six months ended 30 September 2012. The interim dividend will be payable on Friday, 4 January 2013 to shareholders whose names appear on the Company's register of members on Friday, 14 December 2012.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 12 December 2012 to Friday, 14 December 2012, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2012, all transfers for Shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 December 2012.



Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) save for the following deviations:

Code Provision A4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

Independent non-executive directors of the Company (“Directors”) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. As such, the Board of Directors is of the view that the non-executive Directors need not be appointed for a specific term.

Code Provision A4.2 stipulates every director should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company provided that notwithstanding anything therein, the chairman of the Board of Directors (“Chairman”) or the managing director of the Company (“Managing Director”) shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. As continuity is a key factor to the successful long term implementation of business plans, the Board of Directors believes that the roles of the Chairman and the Managing Director provide the Group with strong and consistent leadership and allow effective planning and execution of long-term business strategies. As such, the Board of Directors is of the view that the Chairman and the Managing Director should not be subject to retirement by rotation.

Audit Committee

The Group’s audit committee comprises three members, Mr. Fan Chor Ho, Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming, George who are independent non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho, Paul.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate external auditors, discuss auditing and financial reporting matters and provide advice and comments to the Board of Directors.

The unaudited interim financial statements of the Group for the six months ended 30 September 2012 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the period.

Other Information

Directors' and Chief Executives' Interests and Long Positions in Shares and Underlying Shares

As at 30 September 2012, the interests and long positions of the Directors and chief executives of the Company in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in Shares:

Name of Directors	Number of Shares held and nature of interest				Percentage of the Company's issued share capital
	Personal	Corporate	Other	Total	
Mr. Francis Cheung	43,607,865	256,325,000 ⁽¹⁾	54,247,200 ⁽²⁾	354,180,065	40.6
Mr. Fung Chiu Chak, Victor	74,867,600	—	—	74,867,600	8.6
Mr. David Chien	101,021,020	—	—	101,021,020	11.6
Miss Jennifer Kwok	20,000,000	—	—	20,000,000	2.3
Mr. Chiu Chin Hung	7,500,000	—	—	7,500,000	0.9
Mr. Wong Kay	165,000	—	—	165,000	0.02
Mr. Lau Kin Fai	1,200,000	—	—	1,200,000	0.1
Mr. Harvey Jackel Cheung	878,000	—	—	878,000	0.1
Mr. Tse Man Bun	442,000	—	—	442,000	0.1

Notes:

- 171,237,000 Shares were held by Power Link Investments Limited and 85,088,000 Shares were held by Long Billion International Limited. Both of these companies are controlled by Mr. Francis Cheung.
- Such Shares were held by a discretionary trust, the founder of which is Mr. Francis Cheung.



Other Information

Directors' and Chief Executives' Interests and Long Positions in Shares and Underlying Shares (Cont'd)

(ii) Long positions in shares of associated corporations of the Company:

Name of directors	Name of associated corporation	Number of ordinary shares held and nature of interest			Percentage of the associated corporation issued share capital
		Personal	Corporate	Total	
Mr. Fung Chiu Chak, Victor	Tysan Building Construction Company Limited	—	5,202,000 ⁽¹⁾	5,202,000	51
	Tysan Engineering Company Limited	800	—	800	8
	Tysan Trading Company Limited	26	—	26	26
Miss Jennifer Kwok	Tysan Trading Company Limited	24	—	24	24
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200	22
Mr. Harvey Jackel Cheung	Tysan Building Construction Company Limited	—	5,202,000 ⁽¹⁾	5,202,000	51

Notes:

- These shares of Tysan Building Construction Company Limited were held by Victor Create Limited, a company which was owned as to 60% by Mr. Fung Chiu Chak, Victor and as to 40% by Mr. Harvey Jackel Cheung.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executives of the Company had registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executives' Rights to Acquire Shares or Debentures

The Company adopted the 2002 Share Option Scheme (the "2002 Share Option Scheme") at an annual general meeting of the Company held on 28 August 2002 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants under the 2002 Share Option Scheme include the Directors, independent non-executive Directors and other employees of the Group.

Other Information

Directors' and Chief Executives' Rights to Acquire Shares or Debentures (Cont'd)

The Company's share options under the 2002 Share Option Scheme which remained outstanding during the period are as follows:

Name or category of participant	Number of share options				At 30 September 2012	Date of grant	Exercise period*	Exercise price** HK\$
	At 1 April 2012	Granted during the period	Exercised during the period	Expired during the period				
Director								
Mr. Lau Kin Fai	2,000,000	—	—	—	2,000,000	17-9-2010	17-9-2010 to 16-9-2013	1.46

During the period under review, there was no movement in the Company's share options granted.

Notes to the table of share options outstanding during the period:

* The grantee is allowed to exercise up to 33.33% of share options from the date of grant up to and including 16 September 2011. Thereafter, the percentage of the share options which may be exercised by the grantee is increased to 66.67% for the period from 17 September 2011 up to and including 16 September 2012, and further to 100% for the period from 17 September 2012 up to and including 16 September 2013.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The options offered on 17 September 2010 were accepted by the offeree on 22 September 2010.

At a special general meeting of the Company held on 8 August 2012, the shareholders of the Company approved the termination of the 2002 Share Option Scheme and the adoption of the 2012 Share Option Scheme (the "2012 Share Option Scheme"). The 2012 Share Option Scheme will remain in force for a period of 10 years from 8 August 2012 and will expire on 7 August 2022. The principal terms of the 2012 Share Option Scheme are set out in the Company's circular dated 13 July 2012.

Notwithstanding the adoption of the 2012 Share Option Scheme and termination of the 2002 Share Option Scheme, the share options granted under the 2002 Share Option Scheme and remained outstanding during the period, shall remain exercisable pursuant to the rules of the 2002 Share Option Scheme.

From the date of adoption of the 2012 Share Option Scheme to 30 September 2012, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the 2012 Share Option Scheme.

Save for the above, at no time during the period ended 30 September 2012 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or chief executives or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate under the 2002 Share Option Scheme or the 2012 Share Option Scheme.



Other Information

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 September 2012, the following interest of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares:

Name	Number of Shares held	Percentage of the Company's issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	19.6
Eastern Glory Development Limited ⁽²⁾	256,325,000	29.4
Goldcrest Enterprises Limited ⁽²⁾	256,325,000	29.4
Bofield Holdings Limited ⁽²⁾	256,325,000	29.4
Long Billion International Limited ⁽¹⁾	85,088,000	9.8

Notes:

1. The above interests of Power Link Investments Limited and Long Billion International Limited have also been disclosed as corporate interests of Mr. Francis Cheung in the section headed "Directors' and Chief Executives' Interests and Long Positions in Shares and Underlying Shares" above.
2. These parties were deemed to have interests in the 256,325,000 Shares by virtue of their equity interests in Power Link Investments Limited and Long Billion International Limited.

Apart from the foregoing, as at 30 September 2012, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Long Positions in Shares and Underlying Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Disclosures Pursuant to Rule 13.21 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of two of the Company's loan agreements, which contain covenants requiring performance obligations by the controlling shareholder of the Company. Pursuant to a facility agreement entered into by the Company and its wholly-owned subsidiaries with a syndicate of banks and financial institutions on 24 February 2010 for a five-year term loan facility of up to HK\$300,000,000, and a facility agreement entered into by the Company and its wholly-owned subsidiaries with a syndicate of banks and financial institutions on 8 August 2012 for a five-year term loan facility of up to HK\$500,000,000, a termination event would arise if Mr. Francis Cheung, the controlling shareholder of the Company, ceases to own and control either directly or indirectly in aggregate at least 30% of the shareholding interest and voting right in the Company.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

Unaudited Interim Financial Statements

Consolidated Income Statement

		Six months ended 30 September	
	<i>Notes</i>	2012 HK\$'000 Unaudited	2011 HK\$'000 <i>Unaudited and restated</i>
REVENUE	2	1,435,330	1,200,201
Cost of sales		(1,359,760)	(1,094,588)
Gross profit		75,570	105,613
Other income and gains	3	202,936	20,161
Selling expenses		(11,951)	(9,915)
Administrative expenses		(27,599)	(20,917)
Changes in fair value of investment properties		5,739	21,184
Other expenses, net		(11,902)	(22,370)
Finance costs		(5,289)	(3,906)
Share of profits of associates		1,623	2,951
PROFIT BEFORE TAX	4	229,127	92,801
Income tax expense	5	(34,671)	(56,831)
PROFIT FOR THE PERIOD		194,456	35,970
Attributable to:			
Ordinary equity holders of the Company		195,062	42,816
Non-controlling interests		(606)	(6,846)
		194,456	35,970
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		22.35 cents	4.91 cents
Diluted		22.35 cents	4.91 cents

Details of the dividends are disclosed in note 6 to the interim financial statements.



Unaudited Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2012 <i>HK\$'000</i> <i>Unaudited</i>	2011 <i>HK\$'000</i> <i>Unaudited and restated</i>
PROFIT FOR THE PERIOD	194,456	35,970
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of foreign operations	2,068	41,016
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	2,068	41,016
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	196,524	76,986
Attributable to:		
Ordinary equity holders of the Company	197,083	83,271
Non-controlling interests	(559)	(6,285)
	196,524	76,986

Unaudited Interim Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 30 September 2012 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2012 <i>HK\$'000</i> <i>Restated</i>	As at 1 April 2011 <i>HK\$'000</i> <i>Restated</i>
NON-CURRENT ASSETS				
Property, plant and equipment	8	468,228	446,323	305,823
Investment properties		457,546	455,590	411,464
Properties under development		739,459	846,256	275,574
Deposits paid		—	9,427	388,037
Interests in associates	9(a)	42,818	40,978	30,348
Other assets		1,220	1,120	1,090
Deferred tax assets		90,626	99,980	100,146
Total non-current assets		1,799,897	1,899,674	1,512,482
CURRENT ASSETS				
Properties under development		191,390	401,499	281,762
Investments at fair value through profit or loss	10	206,734	3,282	122,933
Inventories		16,494	21,388	11,624
Properties held for sale		916,459	466,250	439,569
Amounts due from customers for contract works		175,224	147,416	88,407
Trade receivables	11	816,910	430,072	454,734
Other receivables, prepayments and deposits		85,142	62,576	48,348
Derivative financial instruments		65	110	87
Tax prepaid		16,405	13,777	5,320
Time deposits		104,734	208,248	788,527
Restricted cash		41,223	79,621	56,286
Cash and bank balances		367,379	275,816	321,484
		2,938,159	2,110,055	2,619,081
Non-current asset classified as held for sale		—	120,794	—
Total current assets		2,938,159	2,230,849	2,619,081
CURRENT LIABILITIES				
Trade payables and accruals	12	735,475	485,880	480,959
Other payables, deposits received and receipts in advance		17,041	45,994	163,652
Derivative financial instruments		—	140	26
Amounts due to customers for contract works		351,095	184,099	224,428
Deposits received		451,998	326,713	173,482
Interest-bearing bank borrowings		253,864	231,452	128,382
Tax payable		219,954	207,995	473,502
Total current liabilities		2,029,427	1,482,273	1,644,431
NET CURRENT ASSETS		908,732	748,576	974,650
TOTAL ASSETS LESS CURRENT LIABILITIES		2,708,629	2,648,250	2,487,132



Unaudited Interim Financial Statements

Consolidated Statement of Financial Position (Cont'd)

		As at 30 September 2012 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2012 <i>HK\$'000</i> <i>Restated</i>	As at 1 April 2011 <i>HK\$'000</i> <i>Restated</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,708,629	2,648,250	2,487,132
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings		268,479	366,826	332,332
Derivative financial instruments		10,298	11,006	5,821
Loan from an associate	9(b)	24,560	24,560	24,560
Deferred tax liabilities		206,353	208,711	193,900
Total non-current liabilities		509,690	611,103	556,613
Net assets		2,198,939	2,037,147	1,930,519
EQUITY				
Equity attributable to ordinary equity holders of the Company				
Issued capital	13	87,266	87,266	87,011
Reserves		2,090,140	1,928,670	1,813,311
		2,177,406	2,015,936	1,900,322
Non-controlling interests		21,533	21,211	30,197
Total equity		2,198,939	2,037,147	1,930,519

Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company								
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012 (audited and previously reported)	87,266	560,322	712	5,050	217,573	1,143,604	2,014,527	21,211	2,035,738
Effect of changes in accounting policy (note 1)	—	—	—	—	—	1,409	1,409	—	1,409
At 1 April 2012 (restated)	87,266	560,322*	712*	5,050*	217,573*	1,145,013*	2,015,936	21,211	2,037,147
Profit/(loss) for the period	—	—	—	—	—	195,062	195,062	(606)	194,456
Other comprehensive income for the period:									
Exchange difference on translation of foreign operations	—	—	—	—	2,021	—	2,021	47	2,068
Total comprehensive income/(expense) for the period	—	—	—	—	2,021	195,062	197,083	(559)	196,524
Partial disposal of interest in a subsidiary (note 17)	—	—	—	—	—	(813)	(813)	881	68
Final 2012 dividend paid	—	—	—	—	—	(34,907)	(34,907)	—	(34,907)
Equity-settled share option arrangements	—	—	107	—	—	—	107	—	107
At 30 September 2012 (unaudited)	87,266	560,322*	819*	5,050*	219,594*	1,304,355*	2,177,406	21,533	2,198,939
At 1 April 2011 (audited and previously reported)	87,011	557,630	1,144	5,050	154,446	1,093,937	1,899,218	30,197	1,929,415
Effect of changes in accounting policy (note 1)	—	—	—	—	—	1,104	1,104	—	1,104
At 1 April 2011 (restated)	87,011	557,630	1,144	5,050	154,446	1,095,041	1,900,322	30,197	1,930,519
Profit/(loss) for the period (restated)	—	—	—	—	—	42,816	42,816	(6,846)	35,970
Other comprehensive income for the period:									
Exchange difference on translation of foreign operations	—	—	—	—	40,455	—	40,455	561	41,016
Total comprehensive income/(expense) for the period	—	—	—	—	40,455	42,816	83,271	(6,285)	76,986
Final 2011 dividend paid	—	—	—	—	—	(34,892)	(34,892)	—	(34,892)
Exercise of share options (note 13)	255	2,648	(812)	—	—	—	2,091	—	2,091
Equity-settled share option arrangements	—	—	307	—	—	—	307	—	307
At 30 September 2011 (unaudited and restated)	87,266	560,278	639	5,050	194,901	1,102,965	1,951,099	23,912	1,975,011

* These reserves accounts comprise the consolidated reserves of HK\$2,090,140,000 (31 March 2012 (restated): HK\$1,928,670,000) in the consolidated statement of financial position.



Unaudited Interim Financial Statements

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2012 <i>HK\$'000</i> <i>Unaudited</i>	2011 <i>HK\$'000</i> <i>Unaudited and restated</i>
Net cash flows from/(used in) operating activities	37,269	(305,852)
Net cash flows from/(used in) investing activities	67,807	(33,006)
Net cash flows from/(used in) financing activities	(118,281)	37,500
Net decrease in cash and cash equivalents	(13,205)	(301,358)
Cash and cash equivalents at beginning of period	484,064	990,749
Effect of foreign exchange rate changes, net	1,254	27,438
Cash and cash equivalents at end of period	<u>472,113</u>	<u>716,829</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	367,379	311,579
Non-pledged time deposits with original maturity of less than three months when acquired	<u>104,734</u>	<u>405,250</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>472,113</u>	<u>716,829</u>

Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in conjunction with the annual financial statements for the year ended 31 March 2012.

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2012 except as described below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group had adopted HKAS 12 Amendments from 1 April 2012.

The Group has previously provided deferred tax on fair value gains on its investment properties assuming that the carrying amounts of these properties will be recovered through use. Upon the adoption of HKAS 12 Amendments, the Group re-measured the deferred tax relating to its investment properties based on the presumption that they are recovered entirely through sale as if this new policy had always been applied. The tax consequences in Hong Kong of a sale of the investment property and of the entity owning the investment property are not significantly different.

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group’s business model is that the entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the values of its investment properties in Mainland China are recovered through use.



Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

1. Basis of preparation and accounting policies (Cont'd)

The effects of the above changes are summarised below:

Consolidated Income Statement

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
For the six months ended 30 September		
Decrease in income tax expense	168	305
Increase in profit attributable to owners of the Company	168	305
Increase in basic earnings per share (HK cents)	0.02	0.03
Increase in diluted earnings per share (HK cents)	0.02	0.03

Consolidated Statement of Financial Position

	30 September 2012 <i>HK\$'000</i>	31 March 2012 <i>HK\$'000</i>	1 April 2011 <i>HK\$'000</i>
Decrease in deferred tax liabilities	1,577	1,409	1,104
Increase in retained profits	1,577	1,409	1,104

Due to the retrospective application of the amendments which has resulted in the restatement of items in the consolidated statement of financial position, a consolidated statement of financial position as at 1 April 2011 has been presented in the interim financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective. The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

The unaudited interim financial statements were approved and authorised for issue by the Board of Directors on 26 November 2012.

Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

2. Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provided. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel.

For the six months ended 30 September

	Foundation piling		Property development		Property investment and management		Machinery leasing and trading		E&M engineering		Unallocated		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	1,308,718	1,127,155	74,853	39,479	12,129	16,483	13,160	11,134	26,470	5,950	—	—	—	—	1,435,330	1,200,201
Intersegment sales	—	—	—	—	—	—	2,620	340	42	16	—	—	(2,662)	(356)	—	—
Total	1,308,718	1,127,155	74,853	39,479	12,129	16,483	15,780	11,474	26,512	5,966	—	—	(2,662)	(356)	1,435,330	1,200,201
Segment results																
Interest income	42,140	107,465	23,486	(1,134)	6,793	21,249	(1,397)	(63)	1,914	(24)	154,711	(46,692)	—	—	227,647	80,801
Dividend income from listed investments															5,005	12,824
Finance costs															141	131
Share of profits of associates															(5,289)	(3,906)
Profit before tax															1,623	2,951
Income tax expense															229,127	92,801
Profit for the period															(34,671)	(56,831)
															194,456	35,970



Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

3. Other income and gains

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Interest income	5,005	12,824
Gain on disposal of investment property	478	27
Gain on disposal of non-current asset classified as held for sale*	191,872	—
Management service income	781	781
Subsidy income **	106	1,418
Dividend income from listed investments	141	131
Recovery of trade receivables written off in prior years	—	106
Insurance claims	—	35
Gain on disposal of items of property, plant and equipment	—	533
Foreign exchange gains, net	—	757
Others	4,553	3,549
	202,936	20,161

* On 7 December 2011, the Group entered into a formal sale and purchase agreement with an independent third party to dispose of an owner-occupied property being the whole floor of 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at a total cash consideration of HK\$315,000,000. On 31 May 2012, the disposal was completed and a gain of HK\$191,872,000 was resulted.

** There are no unfulfilled conditions or contingencies relating to this income.

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Depreciation	40,709	30,251
Fair value losses, net:		
Investments at fair value through profit or loss	231	1,466
Derivative instruments – transaction not qualifying as hedge	1,290	8,477
Gain on disposal of investment property	(478)	(27)
Gain on disposal of non-current asset classified as held for sale	(191,872)	—
Loss/(gain) on disposal and write-off of items of property, plant and equipment	4,469	(533)
Reversal for write-down of inventories to net realisable value	(31)	—
Write-off of inventories	430	—
Recovery of trade receivables written off in prior years	—	(106)
Write-back of impairment of other assets	(100)	(30)
Interest expenses	5,289	3,906

Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

5. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China ("PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 September	
	2012	2011
	HK\$'000	<i>HK\$'000</i> <i>(Restated)</i>
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	4,780	13,412
Elsewhere	23,036	34,423
Underprovision in prior periods:		
PRC:		
Hong Kong	—	6
Deferred tax	27,816	47,841
	6,855	8,990
	34,671	56,831

6. Dividend

	Six months ended 30 September	
	2012	2011
	HK\$'000	<i>HK\$'000</i>
Interim dividend - HK2.0 cents (2011: HK1.5 cents) per ordinary share	17,453	13,090

Notes:

- (a) A final dividend of HK4.0 cents per ordinary share, totally approximately HK\$34,907,000 for the year ended 31 March 2012 was approved in the Company's Annual General Meeting on 8 August 2012 and paid on 6 September 2012.
- (b) An interim dividend in respect of six months ended 30 September 2012 of HK2.0 cents per ordinary share, amounting to HK\$17,453,000 was approved at the board meeting on 26 November 2012. The interim dividend has not been recognised as a liability in the consolidated interim financial statements.



Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

7. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$195,062,000 (2011 (restated): HK\$42,816,000), and the weighted average number of ordinary shares of 872,665,903 (2011: 871,241,858) in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2012 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$195,062,000 (2011 (restated): HK\$42,816,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that period of 872,665,903 (2011: 871,241,858), as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options into ordinary shares during that period of 23,505 (2011: 650,357).

8. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$67,395,000 (30 September 2011: HK\$277,995,000) to expand its business. Property, plant and equipment with a net book value of HK\$4,767,000 were disposed of and written off by the Group during the six months ended 30 September 2012 (30 September 2011: HK\$11,000) resulting in a net loss on disposal/written off of HK\$4,469,000 (30 September 2011: a net gain of HK\$533,000).

9. Interests in associates and loan from an associate

(a)	As at 30 September 2012 HK\$'000	As at 31 March 2012 HK\$'000
Share of net assets	32,733	31,083
Amounts due from associates	2,272	2,082
Loans to associates	8,150	8,150
	<u>43,155</u>	<u>41,315</u>
Less: Impairment	(337)	(337)
	<u>42,818</u>	<u>40,978</u>

The amounts due from associates and loans to associates are unsecured, interest-free and have no fixed terms of repayment.

- (b) The loan from an associate included in the Group's non-current liabilities of HK\$24,560,000 (31 March 2012: HK\$24,560,000) is unsecured, interest-free and will not be repayable within 12 months from 30 September 2012.
- (c) The Group's trade receivables balances with the associates are disclosed in note 11 to the interim financial statements.

Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

10. Investments at fair value through profit or loss

As at 30 September 2012, investments at fair value through profit or loss of HK\$49,372,000 (31 March 2012: Nil) was maintained in an account of a bank with restricted use pursuant to the terms of the Group's banking facilities.

11. Trade receivables

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 90 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
Trade receivables	819,834	432,994
Impairment	(2,924)	(2,922)
	<u>816,910</u>	<u>430,072</u>

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
Trade receivables:		
Within 90 days	587,825	267,116
91 to 180 days	2,312	1,209
181 to 360 days	1,807	3,149
Over 360 days	4,739	1,830
	<u>596,683</u>	<u>273,304</u>
Retention receivables	220,227	156,768
	<u>816,910</u>	<u>430,072</u>

Included in the trade receivables are amounts due from associates of HK\$579,000 (31 March 2012: HK\$4,869,000), which are repayable on similar credit terms to those offered to the major customers of the Group.



Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

12. Trade payables and accruals

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
Trade payables:		
Within 30 days	319,873	167,274
31 to 90 days	17,290	21,341
91 to 180 days	2,862	1,193
Over 180 days	1,778	1,358
	<u>341,803</u>	<u>191,166</u>
Retention payables	77,057	58,314
Accruals	316,615	236,400
	<u>735,475</u>	<u>485,880</u>

13. Share capital

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
872,665,903 (31 March 2012: 872,665,903) ordinary shares of HK\$0.10 each	<u>87,266</u>	<u>87,266</u>

During the period ended 30 September 2011, share options were exercised resulting in 2,550,000 shares being issued, with exercise proceeds of HK\$2,091,000.

Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

14. Contingent liabilities

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
Guarantees given to a financial institution in connection with general credit facilities granted to an associate	21,100	9,800
Guarantees in respect of performance bonds granted to:		
– subsidiaries	378,801	251,598
– an associate	35,229	42,341
	<u>435,130</u>	<u>303,739</u>

15. Commitments

	As at 30 September 2012 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>
(a) Capital expenditure for property, plant and equipment – contracted, but not provided for	<u>15,301</u>	<u>1,782</u>
(b) Capital commitments in respect of construction works relating to properties under development:		
– contracted, but not provided for	165,968	294,112
– authorised, but not contracted for	400,000	300,000
	<u>565,968</u>	<u>594,112</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	13,353	10,940
In the second to fifth years, inclusive	8,005	3,520
	<u>21,358</u>	<u>14,460</u>



Unaudited Interim Financial Statements

Notes to the Unaudited Interim Financial Statements (Cont'd)

16. Related party transactions

- a) For the six months ended 30 September 2012, compensation to key management personnel of the Group amounted to HK\$14,236,000 (2011: HK\$12,431,000).
- b) Details of the Group's balances with its associates as at the end of the reporting period are included in note 9 to the interim financial statements. Guarantees given by the Group to financial institution in connection with general credit facilities granted to its associate at the end of the reporting period are included in note 14 to the interim financial statements.

During the period ended 30 September 2012, Tysan Trading Company Limited and Tysan Building Construction Company Limited, associates of the Group, paid management fee of HK\$421,200 and HK\$360,000 (2011: HK\$421,200 and HK\$360,000) to the Group, respectively. These transactions were entered into by the Group and its associates in accordance with the terms of the agreements.

17. Partial disposal of interest in a subsidiary

On 30 June 2012, the Group disposed of its 5% equity interest in Jetroyal Limited, a then 80%-owned subsidiary, to a director of Jetroyal Limited at a cash consideration of HK\$68,397. The difference of approximately HK\$813,000 between the consideration and the non-controlling interest's share of assets and liabilities at the date of disposal was debited to the Group's retained profits.

18. Comparative information

As further explained in note 1 to the interim financial statements, due to the adoption of the new and revised HKFRSs during the current period, the accounting treatment and presentation of certain items and balances in the interim financial statements have been revised to comply with the new requirements. Accordingly, certain prior years' adjustments have been made, certain comparative amounts have been restated to conform with the current period's presentation and accounting treatment, and a third statement of financial position as at 1 April 2011 has been presented.

19. Event subsequent to the reporting period

On 12 November 2012, the Company and Fortunate Pool Limited (a company which is 100% owned by Mr. Fung Chiu Chak, Victor ("Mr. Fung"), the Vice-Chairman and Managing Director of the Company) entered into a conditional sale and purchase agreement pursuant to which the Company will sell 40% equity interest of Tysan Foundation (Hong Kong) Limited ("TFHK") to Mr. Fung (the "Proposed Disposal"). The consideration is about HK\$121 million which is calculated based on the combined net asset value of the Group's foundation business as at 30 September 2012. TFHK and its subsidiaries are principally engaged in the provision of foundation piling works. Immediately after the Proposed Disposal, TFHK will become a 60% owned subsidiary of the Company. The transaction constituted a major and connected transaction in accordance with the Listing Rules. Further details of the transaction are stated in the Company's announcement dated 12 November 2012.

Corporate Information

Board of Directors

Executive Directors

Mr Francis CHEUNG (*Chairman*)
Mr FUNG Chiu Chak, Victor
(*Vice Chairman and Managing Director*)
Mr David CHIEN
Miss Jennifer KWOK
Mr CHIU Chin Hung
Mr WONG Kay
Mr LAU Kin Fai
Mr Harvey Jackel CHEUNG

Independent Non-Executive Directors

Mr FAN Chor Ho, Paul
Mr TSE Man Bun
Mr LUNG Chee Ming, George

Audit Committee

Mr FAN Chor Ho, Paul (*Chairman*)
Mr TSE Man Bun
Mr LUNG Chee Ming, George

Remuneration Committee

Mr TSE Man Bun (*Chairman*)
Mr Francis CHEUNG
Mr FAN Chor Ho, Paul

Nomination Committee

Mr Francis CHEUNG (*Chairman*)
Mr FAN Chor Ho, Paul
Mr TSE Man Bun
Mr LUNG Chee Ming, George

Qualified Accountant

Miss MO Wai Ling

Company Secretary

Miss WONG Suk Han, Kitty

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Szeto & Yeung

Principal Bankers

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
The Hongkong & Shanghai Banking Corporation Limited
Wing Hang Bank, Limited

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