



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 687)

2015/2016
Interim Report

商界展關懷

caringcompany²⁰¹²⁻¹⁵
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香港社會服務聯會頒發



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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 2015. During the period under review, the Group recorded a turnover of HK\$2,313 million (30 September 2014: HK\$2,347 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$168 million (30 September 2014: HK\$185 million), representing HK\$0.19 per ordinary share of the Company (“Share”) (30 September 2014: HK\$0.21 per Share).

Business Review

Foundation Piling

For the period under review, turnover of the Group’s Foundation Division decreased by 1.3% to HK\$1,752 million while contribution to profit increased by 73.8% to HK\$170 million as compared to the corresponding period last year. Major contracts on hand include, inter alia, the public housing developments in Wong Tai Sin, Pak Tin Estates, Kai Tak and the former Wholesale Food Market at Cheung Sha Wan, private residential developments in Kwun Tong, North Point, Pak Shek Kok, and commercial developments in Kwun Tong, Wong Chuk Hang and Quarry Bay. EBITDA of the Division increased by 59% to HK\$201 million as compared to the same period last year (30 September 2014: HK\$126 million). The overall EBITDA margin for the segment increased by 4% from 7% to 11% for the period under review.

Property Development

The Waterfront in Shanghai

For the period under review, the Group’s residential project in Shanghai, The Waterfront, recognized HK\$318 million as revenue as compared to HK\$280 million in the corresponding period last year.

The unsold area of The Waterfront as at 30 September 2015 is outlined below:

- Residential: About 1,700 sqm, representing 5 residential units
- Car Park: About 48 car park units
- Non-Residential: About 4,800 sqm, representing primarily street front retail shops and a historic building

The transacted price and turnover volume in property market of the first-tier cities in the People’s Republic of China (“PRC”) have begun to regain some momentum in September. It is expected that price and demand for the remaining units of The Waterfront will increase steadily.

The Riverside in Tianjin

The Group’s residential project in Tianjin, The Riverside, comprises 6 towers with a total gross floor area (“GFA”) of about 75,000 sqm.

For the period under review, The Riverside, recognized revenue of HK\$193 million as compared to HK\$241 million in the same period last year. Sale of The Riverside, with its distinctive location, design, quality and availability for immediate occupancy, is expected to continue to attain satisfactory results.

Management Discussion and Analysis

The unsold area of The Riverside as at 30 September 2015 is outlined below:

- Residential: About 19,900 sqm, representing 109 residential units
- Car Park: About 165 car park units
- Non-Residential: About 3,900 sqm, representing primarily street front retail shops and The Riverside's clubhouse

The Pinnacle in Shenyang

The Group's project in Shenyang is located in Huanggu District with a site area of 41,209 sqm comprising residential and commercial development of aggregate GFA of about 165,000 sqm. Construction works are progressing smoothly and is scheduled to be completed in mid-2016. The pre-sale programme of 4 residential towers (out of 8) was launched in July 2015 and pre-sale of the remaining towers also commenced in October 2015.

The unsold area of The Pinnacle as at 30 September 2015 is outlined below:

- Residential: About 100,040 sqm, representing 799 residential units*
- Car Park: About 1,049 car park units
- Non-Residential: About 62,665 sqm, representing primarily street front retail shops, The Pinnacle's clubhouse, and a commercial building with a podium

* Sale contracts for 31 units (with total area of about 2,855 sqm) have been executed by the end of September 2015 and delivery is expected to take place in mid-2016.

EBITDA for the property development segment decreased by 8%, from HK\$319 million to HK\$295 million for the period under review. The overall EBITDA margin decreased by 3% from 61% to 58% for the period under review.

Property Investment and Management

Following the renovation of the Group's investment properties in Shanghai, value of these properties has been enhanced and the apartments have been well-received by customers. New tenants started to move in since August 2014. Turnover of the Division during the period under review increased from HK\$3 million to HK\$16 million as compared to the corresponding period last year. Fair value of the investment properties remained stable and the segment recorded a gain of HK\$7 million during the period.

On 17 November 2015, the Company announced that it had entered into an agreement with an independent third party for sale of the entire equity interest in Shanghai China Garden International Real Estate Development & Management Company Limited, which is a property leasing and management company in Shanghai, the PRC.

Management Discussion and Analysis

Prospects

The Group expects Hong Kong's foundation piling industry to stay healthy in the near future. The Government's initiative to increase land supply for residential and commercial buildings and public housing units, the commencement of numerous large scale infrastructure projects, and the increasing investment in the property market are the key growth drivers of foundation industry in Hong Kong. However, labour shortage, increasing operating costs and increasing competitors entering the construction industry will be the major challenges to profit margins. With the contracted works in hand, barring unforeseen circumstances, the Foundation Division is expected to benefit from the growth of the industry and maintain its leading market position in Hong Kong.

In China, the overall market sentiment improved due to the PRC government's pledge to support the property market in March 2015 and subsequent policies were introduced to stimulate demand. Such policies included interest rate cut, lowering of bank reserve requirement ratio, favorable mortgage terms for home buyers and use of provident fund for home purchase. There was a mild recovery in the new home sales of first-tier cities during the period under review, while market sentiment remained weak in most second-tier and third-tier cities which were facing an oversupply situation. As our products offer a unique value proposition to our potential customers, we expect the buyers will be able to appreciate the quality of our products when the Shenyang project is approaching completion in mid-2016. With the government's recent initiatives and supportive policies, the sale performance in Tianjin and Shenyang is expected to improve.

Riding on the success of previous renovation of investment properties, the Group will look for old buildings and increase the value of them through implementing value added alterations.

The Group will continue to maintain a prudent investment and financing strategy and strive to strengthen its efficiency, while seeking opportunities to maximize the return to its shareholders.

Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 September 2015, the Group's cash on hand was approximately HK\$1,418 million (31 March 2015: HK\$1,311 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$5,447 million (31 March 2015: HK\$5,568 million) and HK\$2,724 million (31 March 2015: HK\$2,742 million), respectively. As at 30 September 2015, the Group's working capital amounted to HK\$2,655 million (31 March 2015: HK\$1,100 million). As at 30 September 2015, the Group did not have any net debt gearing and recorded a net cash balance of HK\$881 million, while the Group recorded a net cash balance of HK\$944 million as at 31 March 2015. Contingent liabilities in relation to guarantees of performance bonds decreased from HK\$417 million as at 31 March 2015 to HK\$226 million as at 30 September 2015. Certain of the Group's assets with a book value of approximately HK\$179 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars, with a few loan facilities in Euro. Currency exposure has been monitored and forward contracts will be considered when the need arises.



Management Discussion and Analysis

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed 1,442 employees as at 30 September 2015. 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 HK20.0 cents (30 September 2014: HK5.0 cents) per ordinary share of the Company for the six months ended 30 September 2015. The interim dividend will be payable on 28 December 2015 to shareholders whose names appear on the Company's register of members on 14 December 2015.

Closure of Register of Members

The register of members of the Company will be closed on Monday, 14 December 2015, and no transfer of Shares will be effected on that day. In order to qualify for entitlement of the interim dividend for the six months ended 30 September 2015, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 11 December 2015.

Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Practices 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 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.

Non-executive directors of the Company (“Non-executive Directors”) and independent non-executive directors of the Company (“Independent Non-executive 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 (“Bye-laws”). As such, the Board of Directors is of the view that Non-executive Directors and Independent Non-executive Directors do not have to 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, one-third of the directors shall retire from office by rotation at each annual general meeting, provided that notwithstanding anything therein, the chairman of the Board of Directors (“Chairman”) and 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 four members, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee who are Independent Non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, review the Group’s financial information, compliance and provide advice and comments to the Board of Directors.

The unaudited condensed interim financial statements of the Group for the six months ended 30 September 2015 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry, all the directors of the Company have confirmed that they have fully complied with the required standard set out in the Model Code for the period under review.



Other Information

Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares

As at 30 September 2015, the interests and long positions of the directors of the Company ("Directors") and chief executive of the Company ("Chief Executive") in the shares capital and underlying shares of the Company or its associated corporation (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, were as follows:

Long positions in shares of associated corporation of the Company:

Name of director	Name of associated corporation	Number of ordinary shares held and nature of interest			Percentage of the associated corporation's share capital
		Personal	Corporate	Total	
Mr. Fung Chiu Chak, Victor	Tysan Foundation (Hong Kong) Limited	—	40 ⁽¹⁾	40	40

Note:

- These shares of Tysan Foundation (Hong Kong) Limited were held by Fortunate Pool Limited, a company which was wholly-owned by Mr. Fung Chiu Chak, Victor.

Save as disclosed above, as at 30 September 2015, none of the Directors or Chief Executive 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 Executive's Rights to Acquire Shares or Debentures

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 8 August 2012, the Company adopted a new share option scheme (the "2012 Share Option Scheme") and the scheme adopted on 28 August 2002 (the "2002 Share Option Scheme") was terminated on the same day.

As at 30 September 2015, there was no outstanding share option under the 2002 Share Option Scheme.

During the period ended 30 September 2015, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the 2012 Share Option Scheme.

Save for the above, at no time during the period ended 30 September 2015 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 Executive 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 2012 Share Option Scheme.

Other Information

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 September 2015, 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
Blackstone Group Management L.L.C. ⁽¹⁾	655,999,427	75.00
Blackstone Holdings IV GP L.P. ⁽¹⁾	655,999,427	75.00
Blackstone Holdings IV GP Management (Delaware) L.P. ⁽¹⁾	655,999,427	75.00
Blackstone Holdings IV GP Management L.L.C. ⁽¹⁾	655,999,427	75.00
Blackstone Holdings IV L.P. ⁽¹⁾	655,999,427	75.00
Blackstone Real Estate Associates Asia-NQ L.P. ⁽¹⁾	655,999,427	75.00
Blackstone Real Estate Partners Asia Holding (NQ) L.P. ⁽¹⁾	655,999,427	75.00
Blackstone Real Estate Partners Asia-NQ L.P. ⁽¹⁾	655,999,427	75.00
BREP Asia Holdings (NQ) Pte. Ltd. ⁽¹⁾	655,999,427	75.00
BREP Asia-NQ L.L.C. ⁽¹⁾	655,999,427	75.00
Schwarzman Stephen A. ⁽¹⁾	655,999,427	75.00
The Blackstone Group L.P. ⁽¹⁾	655,999,427	75.00
Tides Holdings I Ltd. ⁽¹⁾	655,999,427	75.00
Tides Holdings II Ltd.	655,999,427	75.00
8007748 Canada Inc.	73,044,520	8.35
Air Canada Pension Master Trust Fund ⁽²⁾	73,044,520	8.35

Notes:

1. These parties were deemed to have interests in 655,999,427 Shares by virtue of their equity interests in Tides Holdings II Ltd..
2. This party was deemed to have interests in 73,044,520 Shares by virtue of its equity interests in 8007748 Canada Inc..

Apart from the foregoing, as at 30 September 2015, no person, other than the Directors and Chief Executive, whose interests are set out in the section headed "Directors' and Chief Executive's 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.



Other Information

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 one of the Company's loan agreement, which contains covenants requiring performance obligations of the controlling shareholder of the Company. Pursuant to a facility agreement entered into by the Company and a wholly-owned subsidiary of the Company with a syndicate of banks and financial institutions on 8 August 2012 (as supplemented by a letter agreement dated 17 March 2014, collectively the "Facility Agreement") for five-year term loan facilities of up to HK\$500,000,000, an event of default arises if The Blackstone Group L.P., the ultimate controlling shareholder of the Company, ceases to hold (directly or indirectly) at least 60% of the beneficial shareholding interest and voting rights of 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 Condensed Interim Financial Statements

Consolidated Statement of Profit or Loss

		Six months ended 30 September	
		2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>		
REVENUE	3	2,313,270	2,347,230
Cost of sales		(1,836,331)	(1,980,519)
Gross profit		476,939	366,711
Other income and gains	4	12,663	18,777
Selling expenses		(32,685)	(23,052)
Administrative expenses		(24,912)	(26,958)
Changes in fair value of investment properties		32,952	30,834
Other expenses, net		(18,322)	(4,722)
Finance costs		(5,121)	(8,118)
PROFIT BEFORE TAX	5	441,514	353,472
Income tax expense	6	(218,498)	(139,807)
PROFIT FOR THE PERIOD		223,016	213,665
Attributable to:			
Ordinary equity holders of the Company		167,999	185,259
Non-controlling interests		55,017	28,406
		223,016	213,665
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		19.21 cents	21.18 cents
Diluted		N/A	N/A

Details of the dividends are disclosed in note 7 to the unaudited condensed interim financial statements.



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2015 <i>HK\$'000</i> <i>Unaudited</i>	2014 <i>HK\$'000</i> <i>Unaudited</i>
PROFIT FOR THE PERIOD	223,016	213,665
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	(55,162)	22,683
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	(55,162)	22,683
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	167,854	236,348
Attributable to:		
Ordinary equity holders of the Company	112,837	207,777
Non-controlling interests	55,017	28,571
	167,854	236,348

Unaudited Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 September 2015 HK\$'000 <i>Unaudited</i>	As at 31 March 2015 <i>HK\$'000</i> <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	360,916	391,967
Investment properties		313,128	618,317
Properties under development		—	1,210,048
Prepayments, deposits and other receivables		2,638	1,918
Interests in an associate	10	—	—
Other assets		1,350	1,350
Available-for-sale investment		1,219	1,249
Deferred tax assets		44,422	55,829
Total non-current assets		723,673	2,280,678
CURRENT ASSETS			
Properties under development		1,423,668	65,506
Inventories		24,388	14,182
Properties held for sale		447,307	646,659
Amounts due from customers for contract works		159,144	160,041
Trade receivables	11	770,005	1,016,641
Prepayments, deposits and other receivables		106,121	70,490
Tax prepaid		64	2,175
Time deposits		1,120,390	746,432
Restricted cash		—	24,000
Cash and bank balances		297,336	541,064
Assets of a disposal group held for sale	16	375,402	—
Total current assets		4,723,825	3,287,190



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Financial Position (Cont'd)

	Notes	As at 30 September 2015 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2015 <i>HK\$'000</i> <i>Audited</i>
CURRENT LIABILITIES			
Trade payables and accruals	12	808,036	923,682
Other payables, deposits received and receipts in advance		27,305	56,658
Amounts due to customers for contract works		628,267	686,495
Deposits received		163,416	110,378
Interest-bearing bank borrowings		139,071	143,278
Tax payable		215,601	266,870
		1,981,696	2,187,361
Liabilities directly associated with a disposal group classified as held for sale	16	87,175	—
Total current liabilities		2,068,871	2,187,361
NET CURRENT ASSETS		2,654,954	1,099,829
TOTAL ASSETS LESS CURRENT LIABILITIES		3,378,627	3,380,507
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		397,363	224,621
Deferred tax liabilities		160,041	223,317
Total non-current liabilities		557,404	447,938
Net assets		2,821,223	2,932,569
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	87,466	87,466
Reserves		2,636,245	2,654,608
		2,723,711	2,742,074
Non-controlling interests		97,512	190,495
Total equity		2,821,223	2,932,569

Unaudited Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2015 (audited)	87,466	563,861*	—*	33,816*	235,119*	1,821,812*	2,742,074	190,495	2,932,569
Profit for the period	—	—	—	—	—	167,999	167,999	55,017	223,016
Other comprehensive income/ (expenses) for the period:									
Exchange difference on translation of foreign operations	—	—	—	—	(55,162)	—	(55,162)	—	(55,162)
Total comprehensive income/ (expenses) for the period	—	—	—	—	(55,162)	167,999	112,837	55,017	167,854
Dividend paid to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(116,000)	(116,000)
Repayment of loan to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(32,000)	(32,000)
Final 2015 dividend paid	—	—	—	—	—	(131,200)	(131,200)	—	(131,200)
Transfer to contributed surplus (note)	—	(563,861)	563,861	—	—	—	—	—	—
At 30 September 2015 (unaudited)	87,466	—*	563,861*	33,816*	179,957*	1,858,611*	2,723,711	97,512	2,821,223
At 1 April 2014 (audited)	87,466	563,861	—	5,050	239,963	1,585,630	2,481,970	229,307	2,711,277
Profit for the period	—	—	—	—	—	185,259	185,259	28,406	213,665
Other comprehensive income for the period:									
Exchange difference on translation of foreign operations	—	—	—	—	22,518	—	22,518	165	22,683
Total comprehensive income for the period	—	—	—	—	22,518	185,259	207,777	28,571	236,348
Dividend paid to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(100,000)	(100,000)
Final 2014 dividend paid	—	—	—	—	—	(87,467)	(87,467)	—	(87,467)
Transfer from retained profits	—	—	—	31,220	—	(31,220)	—	—	—
At 30 September 2014 (unaudited)	87,466	563,861	—	36,270	262,481	1,652,202	2,602,280	157,878	2,760,158

* These reserves accounts comprise the consolidated reserves of HK\$2,636,245,000 (31 March 2015: HK\$2,654,608,000) in the consolidated statement of financial position.

Note: Pursuant to a special resolution passed at the Annual General Meeting of the Company held on 7 August 2015, the entire amount standing to the credit of the share premium account of the Company as at 7 August 2015 be cancelled, and the credit arising therefrom be credited to the contributed surplus account of the Company.



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2015 <i>HK\$'000</i> <i>Unaudited</i>	2014 <i>HK\$'000</i> <i>Unaudited</i>
Cash flows from operating activities		
Profit before tax	441,514	353,472
Adjustments for:		
Finance costs	5,121	8,118
Interest income	(8,664)	(13,700)
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	3,498	(1,002)
Depreciation	41,095	37,868
Fair value losses on derivative financial instruments	—	120
Changes in fair value of investment properties	(32,952)	(30,834)
Impairment of items of property, plant and equipment	—	1,913
Impairment of trade receivables	756	—
Write-off of trade receivables	88	—
Impairment/(write-back of impairment) of other receivables	(43)	1,070
Impairment of an amount due from an associate	—	3
	450,413	357,028
Increase in properties under development and properties held for sale, net	(32,673)	(59,764)
Increase in inventories	(10,216)	(1,495)
Decrease/(increase) in amounts due from customers for contract works	897	(49,652)
Decrease/(increase) in trade receivables	245,792	(200,655)
Decrease/(increase) in prepayments, deposits and other receivables	(35,711)	4,194
Increase/(decrease) in trade payables and accruals	(111,647)	334,602
Increase/(decrease) in other payables, deposits received and receipts in advance	(22,547)	14,922
Increase/(decrease) in amounts due to customers for contract works	(58,228)	48,083
Increase/(decrease) in deposits received	53,038	(113,767)
Cash generated from operations	479,118	333,496
Taxes paid in the People's Republic of China (the "PRC"):		
Elsewhere	(236,333)	(64,833)
Taxes refunded in the PRC:		
Hong Kong	2,111	—
Effect of foreign exchange rate changes, net	4,301	(581)
Net cash flows from operating activities	249,197	268,082

Unaudited Condensed Interim Financial Statements

Consolidated Statement of Cash Flows (Cont'd)

	Six months ended 30 September	
	2015 <i>HK\$'000</i> <i>Unaudited</i>	2014 <i>HK\$'000</i> <i>Unaudited</i>
Cash flows from investing activities		
Interest received	8,664	13,700
Purchase of items of property, plant and equipment	(13,793)	(34,268)
Deposits paid for acquisition of items of property, plant and equipment	(862)	—
Additions to investment properties	—	(53,295)
Proceeds on disposal of items of property, plant and equipment	246	3,665
Increase in an amount due from an associate	—	(3)
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	—	137,485
Decrease/(increase) in restricted cash	24,000	(89,243)
Net cash flows from/(used in) investing activities	<u>18,255</u>	<u>(21,959)</u>
Cash flows from financing activities		
Interest paid on bank borrowings	(5,082)	(9,952)
New bank borrowings	301,625	95,000
Repayment of bank borrowings	(133,365)	(108,529)
Repayment of loan to a non-controlling shareholder of a subsidiary	(32,000)	—
Dividend paid to a non-controlling shareholder of a subsidiary	(116,000)	(100,000)
Final dividend paid	(131,200)	(87,467)
Net cash flows used in financing activities	<u>(116,022)</u>	<u>(210,948)</u>
Net increase in cash and cash equivalents	151,430	35,175
Cash and cash equivalents at beginning of period	1,287,496	1,410,422
Effect of foreign exchange rate changes, net	(11,710)	8,925
Cash and cash equivalents at end of period	<u>1,427,216</u>	<u>1,454,522</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	297,336	356,838
Non-pledged time deposits with original maturity of less than three months when acquired	1,120,390	1,097,684
Add: Cash and cash equivalents attributable to the disposal group	9,490	—
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>1,427,216</u>	<u>1,454,522</u>



Unaudited Condensed Interim Financial Statements

Notes to Unaudited Condensed Interim Financial Statements

1. Corporate information

Tysan Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is at 20th Floor, One Island South, No.2 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Group is principally engaged in foundation piling, property development and property investment and management. The Company’s shares (“Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The holding company of the Company is Tides Holdings II Ltd., a company incorporated in the British Virgin Islands and ultimately controlled by The Blackstone Group L.P., which is listed on the New York Stock Exchange.

2. Basis of preparation and accounting policies

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities 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 2015.

The accounting policies used in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2015, except for adoption of 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 2015 and the accounting policy of disposal groups held for sale.

Amendments to HKAS 19

Annual Improvements 2010-2012 Cycle

Annual Improvements 2011-2013 Cycle

Defined Benefit Plans: Employee Contributions

Amendments to a number of HKFRSs

Amendments to a number of HKFRSs

The Group has assessed the adoption of the new and revised HKFRSs and considered that there had no significant financial effect on the results and financial position of the Group for the current and prior accounting periods.

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

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 of the impact of these new and 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 condensed interim financial statements were approved and authorised for issue by the Board of Directors on 27 November 2015.

Unaudited Condensed Interim Financial Statements

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

3. 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		Corporate and others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	1,752,349	1,776,028	512,305	523,140	15,849	2,842	32,767	45,220	—	—	2,313,270	2,347,230
Intersegment sales	—	—	169	—	—	—	622	—	(791)	—	—	—
Other income and gains	707	3,205	624	379	1,477	656	1,191	837	—	—	3,999	5,077
Total	1,753,056	1,779,233	513,098	523,519	17,326	3,498	34,580	46,057	(791)	—	2,317,269	2,352,307
Segment results	169,715	97,667	287,134	307,837	6,740	(29,951)	(25,618)	(27,543)	—	—	437,971	348,010
Interest income											8,664	13,700
Fair value losses on derivative instruments												(120)
– transaction not qualifying as hedge												(8,118)
Finance costs												
Profit before tax												553,472
Income tax expense												(139,807)
Profit for the period												213,665

Unaudited Condensed Interim Financial Statements

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

4. Other income and gains

	Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Interest income	8,664	13,700
Insurance claims	—	1,013
Gain on disposal and write-off of items of property, plant and equipment, net	—	1,002
Management service income	206	414
Rental income	532	—
Subsidy income*	219	378
Others	3,042	2,270
	12,663	18,777

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

5. Profit before tax

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

	Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Depreciation	41,095	37,868
Fair value losses on derivative instruments – transaction not qualifying as hedge*	—	120
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net*	3,498	(1,002)
Reversal for write-down of inventories to net realisable value*	(328)	—
Impairment of items of property, plant and equipment*	—	1,913
Impairment of trade receivables*	756	—
Impairment/(write back of impairment) of other receivables*	(43)	1,070
Write-off of trade receivables*	88	—
Finance costs	5,121	8,118

* These amounts are included in "Other income and gains" or "Other expenses, net" in the consolidated statement of profit or loss.

Unaudited Condensed Interim Financial Statements

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

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	16,460	7,255
Elsewhere	163,041	176,880
	<hr/> 179,501	<hr/> 184,135
Overprovision in prior periods:		
PRC:		
Hong Kong	(3)	(9)
Elsewhere	—	(17)
	<hr/> (3)	<hr/> (26)
Deferred tax	39,000	(44,302)
	<hr/> 218,498	<hr/> 139,807



Unaudited Condensed Interim Financial Statements

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

7. Dividend

	Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Interim dividend – HK20.0 cents (2014: HK5.0 cents) per ordinary share	<u>174,933</u>	<u>43,733</u>

Notes:

- a) A final dividend of HK15.0 cents per ordinary share, totally approximately HK\$131,200,000 for the year ended 31 March 2015 was approved in the Company's Annual General Meeting on 7 August 2015 and paid on 7 September 2015.
- b) An interim dividend in respect of six months ended 30 September 2015 of HK20.0 cents per ordinary share, amounting to HK\$174,933,000 was approved at the board meeting on 27 November 2015. The interim dividend has not been recognised as a liability in the condensed interim financial statements.

8. 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\$163,999,000 (2014: HK\$185,259,000), and the number of ordinary shares of 874,665,903 (2014: 874,665,903) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2015 and 2014.

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$13,996,000 (30 September 2014: HK\$39,180,000) to expand its business. Property, plant and equipment with a net book value of HK\$3,744,000 were disposed of and written off by the Group during the six months ended 30 September 2015 (30 September 2014: HK\$2,663,000) resulting in a net loss on disposal/written off of HK\$3,498,000 (30 September 2014: net gain of HK\$1,002,000).

Unaudited Condensed Interim Financial Statements

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

10. Interests in an associate

	As at 30 September 2015 <i>HK\$'000</i>	As at 31 March 2015 <i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	373	373
	<hr/>	<hr/>
	373	373
Less: Impairment	(373)	(373)
	<hr/>	<hr/>
	—	—
	<hr/> <hr/>	<hr/> <hr/>

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

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 30 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 2015 <i>HK\$'000</i>	As at 31 March 2015 <i>HK\$'000</i>
Trade receivables	771,135	1,017,028
Impairment	(1,130)	(387)
	<hr/>	<hr/>
	770,005	1,016,641
	<hr/> <hr/>	<hr/> <hr/>



Unaudited Condensed Interim Financial Statements

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

11. Trade receivables (Cont'd)

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 2015 HK\$'000	As at 31 March 2015 HK\$'000
Trade receivables:		
Within 90 days	429,840	629,061
91 to 180 days	4,577	117
181 to 360 days	13,679	10,388
Over 360 days	3,811	2,180
	<hr/>	<hr/>
	451,907	641,746
Retention receivables	318,098	374,895
	<hr/>	<hr/>
	770,005	1,016,641

Included in the trade receivables is an amount due from a related company of HK\$1,522,000 (31 March 2015: HK\$254,000), which is repayable on similar credit terms to those offered to the major customers of the Group.

12. Trade payables and accruals

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Trade payables:		
Within 90 days	295,513	296,839
91 to 180 days	75	1,849
Over 180 days	2,958	1,560
	<hr/>	<hr/>
	298,546	300,248
Retention payables	177,255	184,246
Accruals	332,235	439,188
	<hr/>	<hr/>
	808,036	923,682

Unaudited Condensed Interim Financial Statements

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

13. Share capital

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Authorised: 2,000,000,000 ordinary shares of HK\$0.10 each	200,000	200,000
Issued and fully paid: 874,665,903 ordinary shares of HK\$0.10 each	87,466	87,466

14. Contingent liabilities

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Guarantees in respect of performance bonds in relation to subsidiaries	225,670	416,775



Unaudited Condensed Interim Financial Statements

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

15. Commitments

	As at 30 September 2015 <i>HK\$'000</i>	As at 31 March 2015 <i>HK\$'000</i>
(a) Capital expenditure for property, plant and equipment: – contracted, but not provided for	<u>1,536</u>	<u>6,586</u>
(b) Capital commitments in respect of construction works relating to properties under development: – contracted, but not provided for – authorised, but not contracted for	<u>732,761</u> <u>191,201</u>	<u>878,527</u> <u>271,758</u>
	<u>923,962</u>	<u>1,150,285</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments: Within one year In the second to fifth years, inclusive	<u>31,768</u> <u>11,284</u>	<u>58,700</u> <u>3,267</u>
	<u>43,052</u>	<u>61,967</u>

Unaudited Condensed Interim Financial Statements

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

16. Disposal group held for sale

On 18 September 2015, CG (HY) International Limited, a wholly-owned subsidiary of the Company, received from an independent third party an expression of interest to acquire 100% equity interest in Shanghai China Garden International Real Estate Development & Management Company Limited (“Shanghai China Garden”), a wholly-owned subsidiary of CG (HY) International Limited. Subsequent to the end of reporting period, on 17 November 2015, CG (HY) International Limited entered into a sale and purchase agreement with Shanghai Hua Yuan Holdings Pte Ltd., an entity designated by the independent third party mentioned above, for the disposal of the entire equity interest of Shanghai China Garden at a preliminary cash consideration of RMB309,252,000 (equivalent to approximately HK\$377,287,000) (the “Disposal”). Shanghai China Garden is principally engaged in property leasing and management business in Shanghai and is the registered owner of the investment property known as “China Garden” for residential use. Upon completion of the Disposal, Shanghai China Garden will cease to be a subsidiary of the Company and the Company will no longer have any interest in the investment property. The directors expected the Disposal to be completed by end of the next reporting period. Accordingly, the assets and liabilities of Shanghai China Garden as at 30 September 2015 were classified as a disposal group held for sale.

The major classes of assets and liabilities of Shanghai China Garden classified as held for sale as at 30 September 2015 are as follows:

	<i>HK\$'000</i>
<i>Assets</i>	
Property, plant and equipment	50
Investment property	365,790
Inventories	10
Prepayment, deposits and other receivables	62
Cash and bank balances	9,490
	<u>375,402</u>
<i>Liabilities</i>	
Trade payables and accruals	(3,763)
Other payables and deposits received	(6,806)
Deferred tax liabilities	(76,606)
	<u>(87,175)</u>
Net assets directly associated with the disposal group	<u>288,227</u>
Exchange fluctuation reserve with the disposal group	<u>32,083</u>

Further details of the Disposal were disclosed in the Company’s announcement dated 17 November 2015.



Unaudited Condensed Interim Financial Statements

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

17. Related party transactions

- a) For the six months ended 30 September 2015, compensation to key management personnel of the Group amounted to HK\$9,585,000 (2014: HK\$16,198,000).
- b) Details of the Group's balance with a related company as at the end of the reporting period are included in note 11 to the unaudited condensed interim financial statements.

During the period ended 30 September 2015, Tysan Building Construction Company Limited ("TBC"), Tysan Engineering (H.K.) Company Limited ("TEHK") (a subsidiary of the Company disposed of to Mr. Fung Chiu Chak Victor ("Mr. Fung") on 19 December 2014) and Cando Trading Limited, related companies of the Group, paid rental charge of HK\$347,000 (2014: Nil), HK\$101,000 (2014: Nil) and HK\$84,000 (2014: Nil), respectively, and management fee of HK\$134,000 (2014: HK\$267,000), HK\$39,000 (2014: Nil) and HK\$33,000 (2014: Nil), respectively, to the Group. TBC, TEHK and Cando Trading Limited are ultimately controlled by Mr. Fung, who is an executive director of the Company.

During the period ended 30 September 2014, Tysan Trading Company Limited, a then related company of the Group, also paid management fee of HK\$110,000 to the Group for the period from 1 April 2014 to 30 June 2014.

These transactions were entered into by the Group and its related companies in accordance with the terms of the agreements.

- c) During the period ended 30 September 2015, TBC subcontracted rental and engineering works relating to tower cranes of approximately HK\$993,000 (2014: Nil) to the Group, and the Group subcontracted engineering and mechanical ("E&M") works of approximately HK\$150,000 (2014: Nil) to TEHK.

During the period ended 30 September 2014, TBC subcontracted E&M works of approximately HK\$2,600,000 to TEHK.

These transactions were in accordance with the terms of the agreements.

- d) During the period ended 30 September 2015, Mr. Fung provided personal guarantees to financial institutions in connection with general credit facilities and performance bonds granted to certain subsidiaries of the Group (2014: Nil).

Corporate Information

Board of Directors

Executive Directors

Mr FUNG Chiu Chak, Victor
(Vice Chairman and Managing Director)
Mr CHIU Chin Hung
Mr LAU Kin Fai

Non-executive Directors

Mr WANG Tianbing *(Chairman)*
Mr Stuart Morrison GRANT
Mr YANG Han Hsiang
Mr Justin WAI
Mr LAW Yiu Fat Richard

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee

Mr TSE Man Bun *(Chairman)*
Mr WANG Tianbing
Mr FUNG Chiu Chak, Victor
Mr FAN Chor Ho
Mr LI Kit Chee

Nomination Committee

Mr WANG Tianbing *(Chairman)*
Mr FAN Chor Ho
Mr TSE Man Bun
Mr LUNG Chee Ming, George
Mr LI Kit Chee

Qualified Accountant

Miss MO Wai Ling

Company Secretary

Miss WONG Suk Han, Kitty

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Reed Smith Richards Butler
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
OCBC Wing Hang Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

20th Floor One Island South
No. 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Branch Registrar in Hong Kong

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

HKSE Stock Code

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Website

www.tysan.com