



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

08/09

Interim Report



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Management Discussion and Analysis

For the six months ended 30 September 2008, the Group achieved a record profit attributable to equity holders of the Company of HK\$298 million, a 6-time increase (30 September 2007: HK\$42 million) over the same period, representing HK\$0.36 per share while turnover jumped 1.6 times to HK\$1,993 million (30 September 2007: HK\$749 million).

Hong Kong Market

Foundation Piling

The Group's foundation division continued to benefit from the buoyant momentum of the industry and achieved outstanding performance. For the period under review, turnover of the Group's foundation division increased by 29% to HK\$740 million while contribution to profit rose by 64% to HK\$97 million as compared to HK\$59 million in the last corresponding period. The Group's major contracts on hand include, inter alia, Cathay Pacific's cargo terminal, K. Wah, Nan Fung and Sino Land's joint venture development at Welfare Road, Kerry's project in Wong Tai Sin and Sun Hung Kai's project at Hoi Fai Road.

Other Construction Related Sectors

During the period under review, turnover and contribution of the Group's electrical and mechanical engineering division and building construction division were HK\$172 million and HK\$16 million respectively. In view of developers taking a more cautious attitude, competition is likely to intensify.

During the period under review, turnover of the Group's machinery leasing and trading division was HK\$8 million, while attaining a close to breakeven result. With the slowdown of the machinery leasing and trading market, the Group expects the division's coming contribution to remain flat.

PRC Market

Property Development and Investment

This is the first financial year which reflects the sale proceeds of The Waterfront, a residential development in Shanghai which comprises 9 towers with a total GFA of 147,000 sqm. For the period under review, a total of HK\$1.1 billion was recognized as revenues while contribution to profit amounted to HK\$486 million. The latest selling price was around Rmb30,000 per sqm while remaining area available for sale is approximately 67,000 sqm. In addition to the existing Metro Lines 3 and 4, the opening of Metro Line 7 in 2009 will further enhance the convenience of The Waterfront's unique feature of direct access to the Metro station. With its inner ring location, accessibility and acclaimed property management, the Group expects the development to continue to achieve positive response from the market.

In view of the gradual pickup of growth momentum in Tianjin, the Group has scheduled to launch the pre-sale of The Riverside, its residential development project located along Haihe in Hexi District in 2009.

In December 2007, the Group acquired a site located at Huanggu District in Shenyang which has a total GFA of about 165,000 sqm. The project is currently in the planning stage and is intended to be developed into a quality residential and commercial development.

The Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the period under review amounted to HK\$52 million while contribution to profit, after excluding revaluation and sale of investment properties, amounted to HK\$24.3 million as compared to HK\$28.8 million in the last corresponding period.



Management Discussion and Analysis

Prospects

The global financial turmoil has overshadowed the general outlook of Hong Kong's economy which in turn has affected the prospect of the construction industry. On the positive side, this has pressured the Hong Kong government to act decisively in the implementation of the 10 major infrastructure projects. Since foundation piling is in the earliest stage of construction, we expect the Group will be one of the first to benefit from these coming projects. Foreseeing the growing negative sentiment of Macau's gaming-driven economy, the Group has decided to strategically relocate its Macau's resources back to Hong Kong. This has proved to be a sound move and the Group remains positive about the business outlook of the foundation industry.

The central government has issued a series of stimulus measures to expand domestic demand and stimulate economic growth. In particular, the substantial cut in interest rate, reduction of deed tax and transaction related fees help boost the real estate market. Although the focus of these policies is mainly on "ordinary housing", it will stimulate transactions and at the same time radiate a positive signal to the overall market sentiment. Despite the global economic slowdown, the Group is of the view that China will remain as one of the fastest growing economies and also to be one of the first countries to rebound from the financial crisis. The Group will continue to seek for opportunities in China while remain prudent in managing its property projects with diligence.

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital structure with healthy cashflow. As at 30 September 2008, the Group's cash on hand was approximately HK\$422 million (31 March 2008: HK\$247 million) while total assets and net assets (excluding minority interests) were approximately HK\$3,671 million (31 March 2008: HK\$3,698 million) and HK\$1,172 million (31 March 2008: HK\$859 million) respectively. As at 30 September 2008, the Group's working capital amounted to HK\$335 million (31 March 2008: HK\$68 million).

The Group's net borrowings were HK\$267 million as compared to HK\$277 million in the previous period. Net debt to equity (including minority interests) gearing ratio was 14% as compared to 19% in the last period. As at 30 September 2008, contingent liabilities in relation to guarantees of performance bonds increased from HK\$136 million to HK\$220 million while guarantees for end user mortgage loans amounted to HK\$102 million (31 March 2008: HK\$281 million). Certain of the Group's assets with a book value of approximately HK\$682 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. Currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue generated by its PRC properties.

Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,330 employees as at 30 September 2008. 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.



Management Discussion and Analysis

Interim Dividend

The Board has resolved to declare an interim dividend of HK1 cent (2007: HK1 cent) per ordinary share for the six months ended 30 September 2008. The interim dividend will be payable on 16 January 2009 to shareholders whose names appear on the Company's register of members on 2 January 2009.

Closure of Register of Members

The register of members of the Company will be closed on 2 January 2009, and no transfer of shares of the Company will be registered on this day. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2008, all transfers for shares of the Company 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 Wednesday, 31 December 2008.



Corporate Governance

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on 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.

The independent non-executive directors of the Company 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 is of the view that the non-executive directors of the Company 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, at each annual general meeting, one third of the directors shall retire from office by rotation provided that notwithstanding anything therein. The chairman of the Board and the managing director of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman and the managing director provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board and the managing director of the Company 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 of the Company. 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 and monitor external auditors and provide advice and comments to the directors.

The unaudited interim financial statements of the Group for the six months ended 30 September 2008 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 2008, the interests and long positions of the directors and chief executives of the Company in the shares capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 ordinary shares of the Company:

Name of directors	Number of ordinary shares held and nature of interest				Percentage of the Company's issued share capital
	Personal	Corporate	Other	Total	
Mr. Francis Cheung	27,307,865	256,325,000 ⁽¹⁾	54,247,200 ⁽²⁾	337,880,065	40.3
Mr. Fung Chiu Chak Victor	66,667,600	—	—	66,667,600	8.0
Mr. David Chien	98,771,020	—	—	98,771,020	11.8
Miss Jennifer Kwok	16,500,000	—	—	16,500,000	2.0
Mr. Chiu Chin Hung	5,000,000	—	—	5,000,000	0.6
Mr. Wong Kay	10,765,000	—	—	10,765,000	1.3
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

(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		
		Personal	Corporate	Total
Mr. Fung Chiu Chak Victor	Tysan Building Construction Company Limited	—	5,100,000 ⁽¹⁾	5,100,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	20	—	20
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200

Notes:

1. These shares were held by Victor Create Limited which was controlled by Mr. Fung Chiu Chak Victor.

Save as disclosed above, as at 30 September 2008, 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.



Other Information

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

The Company currently operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, independent non-executive directors and other employees of the Group.

Details of movements in the Company's share option outstanding during the period are set out below:

Name or category of participant	Number of share options					At 30 September 2008	Date of grant*	Exercise period*	Exercise price** HK\$
	At 1 April 2008	Granted during the period	Exercised during the period***	Expired during the period	Forfeited during the period				
Directors									
Mr. Francis Cheung	8,000,000	—	—	—	—	8,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Fung Chiu Chak Victor	8,000,000	—	—	—	—	8,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. David Chien	3,000,000	—	750,000	—	—	2,250,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Miss Jennifer Kwok	3,500,000	—	—	—	—	3,500,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Chiu Chin Hung	2,500,000	—	—	—	—	2,500,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Wong Kay	5,000,000	—	—	—	—	5,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Other employees									
In aggregate	5,000,000	—	—	—	—	5,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
	<u>35,000,000</u>	<u>—</u>	<u>750,000</u>	<u>—</u>	<u>—</u>	<u>34,250,000</u>			

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

* Each grantee is allowed to exercise up to 25% of share options granted from the date of grant up to and including 23 August 2008. Thereafter, the percentage of the share options which may be exercised by each grantee is increased to 50% for the period from 24 August 2008 up to and including 23 August 2009, further to 75% for the period from 24 August 2009 up to and including 23 August 2010, and further to 100% for the period from 24 August 2010 up to and including 23 August 2011.

** 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 weighted average closing price immediately before the dates on which the options were exercised was \$0.70.

Save for the above, at no time during the period ended 30 September 2008 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.



Other Information

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 September 2008, 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 ordinary shares of the Company:

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	20.4
Eastern Glory Development Limited ⁽²⁾	256,325,000	30.6
Goldcrest Enterprises Limited ⁽²⁾	256,325,000	30.6
Bofield Holdings Limited ⁽²⁾	256,325,000	30.6
Long Billion International Limited ⁽¹⁾	85,088,000	10.2

Notes:

1. The above interest 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 2008, no person, other than the directors and chief executive of the Company, 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.

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 agreements, 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 6 March 2007 for a four-year term loan facility of up to HK\$185,000,000, a termination event would arise if Mr. Francis Cheung, the controlling shareholder of the Company, ceased to own and control either directly or indirectly in aggregate at least 30% of the shareholdings and voting rights 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

	Notes	2008 HK\$'000	2007 HK\$'000
REVENUE	2	1,992,588	749,140
Cost of sales		(1,366,245)	(660,484)
Gross profit		626,343	88,656
Other income and gains	3	9,656	13,508
Selling expenses		(10,235)	(4,500)
Administrative expenses		(23,890)	(19,097)
Changes in fair value of investment properties		(26,970)	933
Other expenses		(6,535)	(4,724)
Finance costs		(11,574)	(8,875)
PROFIT BEFORE TAX	4	556,795	65,901
Tax	5	(200,821)	(10,393)
PROFIT FOR THE PERIOD		355,974	55,508
Attributable to:			
Equity holders of the Company		298,321	41,960
Minority interests		57,653	13,548
		355,974	55,508
DIVIDEND	6	8,382	8,375
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		35.61 cents	5.01 cents
Diluted		35.59 cents	N/A



Unaudited Interim Financial Statements

Consolidated Balance Sheet

		As at 30 September 2008 HK\$'000 <i>Unaudited</i>	As at 31 March 2008 HK\$'000 <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8	197,696	194,376
Investment properties		1,210,660	1,210,660
Prepaid land lease payments		104,957	106,347
Properties under development		278,389	254,512
Deposit paid for land acquisition		351,039	177,536
Other assets		1,030	1,020
		<hr/>	<hr/>
Total non-current assets		2,143,771	1,944,451
CURRENT ASSETS			
Property under development		113,407	529,966
Equity investments at fair value through profit or loss		6,091	14,452
Inventories		20,897	18,006
Properties held for sale		417,864	303,521
Amounts due from customers for contract works		81,548	78,703
Trade receivables	9	426,828	284,000
Other receivables, prepayments and deposits		35,522	238,677
Tax prepaid		2,854	40,157
Time deposits		140,770	28,768
Restricted cash		—	3,537
Cash and bank balances		281,419	214,225
		<hr/>	<hr/>
Total current assets		1,527,200	1,754,012
CURRENT LIABILITIES			
Trade payables and accruals	10	497,028	221,967
Other payables, deposits received and receipts in advance		78,687	70,883
Amounts due to customers for contract works		93,446	166,399
Deposits received from properties sold		25,834	—
Deposits received from pre-sale of properties under development		—	927,714
Interest-bearing bank borrowings		346,214	255,075
Tax payable		150,614	43,566
		<hr/>	<hr/>
Total current liabilities		1,191,823	1,685,604
NET CURRENT ASSETS		<hr/>	<hr/>
		335,377	68,408
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		2,479,148	2,012,859



Unaudited Interim Financial Statements

Consolidated Balance Sheet (Continued)

	<i>Notes</i>	As at 30 September 2008 HK\$'000 <i>Unaudited</i>	As at 31 March 2008 HK\$'000 <i>Audited</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,479,148	2,012,859
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		342,845	268,399
Deferred tax liabilities		253,099	251,076
Total non-current liabilities		595,944	519,475
Net assets		1,883,204	1,493,384
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	83,821	83,746
Reserves		1,087,904	775,123
Minority interests		1,171,725	858,869
Total equity		1,883,204	1,493,384



Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to 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	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2008	83,746	518,437	7,725	5,364	128,531	102,504	12,562	858,869	634,515	1,493,384
Exchange realignment and total income and expense for the period recognized directly in equity	—	—	—	—	23,070	—	—	23,070	12,328	35,398
Profit for the period	—	—	—	—	—	298,321	—	298,321	57,653	355,974
Total income and expense for the period	—	—	—	—	23,070	298,321	—	321,391	69,981	391,372
Final 2008 dividend paid	—	—	—	—	—	—	(12,562)	(12,562)	—	(12,562)
Proposed 2009 interim dividend	—	—	—	—	—	(8,382)	8,382	—	—	—
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(3,810)	(3,810)
Loan from a minority shareholder	—	—	—	—	—	—	—	—	10,800	10,800
Share issued under share option scheme	75	540	—	—	—	—	—	615	—	615
Equity-settled share option arrangements	—	—	3,412	—	—	—	—	3,412	—	3,412
Transfer to share premium upon exercise of share option scheme	—	338	(338)	—	—	—	—	—	—	—
Minority interest arising on partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	(7)	(7)
Transfer from retained profits	—	—	—	92	—	(92)	—	—	—	—
At 30 September 2008	83,821	519,315	10,799	5,456	151,601	392,351	8,382	1,171,725	711,479	1,883,204



Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity (Continued)

	Attributable to 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	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2007	83,746	518,437	—	5,283	44,073	16,111	12,562	680,212	559,520	1,239,732
Exchange realignment and total income and expense for the period recognised directly in equity	—	—	—	50	22,363	—	—	22,413	14,869	37,282
Profit for the period	—	—	—	—	—	41,960	—	41,960	13,548	55,508
Total income and expense for the period	—	—	—	50	22,363	41,960	—	64,373	28,417	92,790
Final 2007 dividend paid	—	—	—	—	—	—	(12,562)	(12,562)	—	(12,562)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(7,969)	(7,969)
Proposed 2008 interim dividend	—	—	—	—	—	(8,375)	8,375	—	—	—
Equity-settled share option arrangements	—	—	3,888	—	—	—	—	3,888	—	3,888
Transfer from retained profits	—	—	—	73	—	(73)	—	—	—	—
At 30 September 2007	83,746	518,437	3,888	5,406	66,436	49,623	8,375	735,911	579,968	1,315,879



Unaudited Interim Financial Statements

Condensed Consolidated Cash Flow Statement

	2008 HK\$'000 <i>Unaudited</i>	2007 HK\$'000 <i>Unaudited</i>
Net cash inflow from operating activities	49,818	769,921
Net cash outflow from investing activities	(21,586)	(444,670)
Net cash inflow/(outflow) from financing activities	154,105	(250,273)
Net increase in cash and cash equivalents	182,337	74,978
Cash and cash equivalents at beginning of period	234,550	250,533
Effect of foreign exchange rate changes, net	4,720	(6,118)
Cash and cash equivalents at end of period	<u>421,607</u>	<u>319,393</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	281,419	262,727
Time deposits	140,770	56,666
Bank overdrafts	(582)	—
	<u>421,607</u>	<u>319,393</u>



Unaudited Interim Financial Statements

Notes to 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 (the “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 2008.

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 2008.

During this period, the Group has applied for the first time a number of new interpretations issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2008. The adoption of these new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods.

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 unaudited interim financial statements were approved and authorized for issue by the board of directors on 16 December 2008.



Unaudited Interim Financial Statements

2. Segment information

(a) Business segments

The following table presents revenue and profit/(loss) for the Group's business segments for the six months ended 30 September:

	Foundation piling		E&M engineering and building construction		Machinery hiring and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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	739,975	571,768	94,077	108,623	7,838	17,067	52,371	51,422	1,098,327	260	—	—	—	—	1,992,588	749,140
Intersegment sales	103	—	78,055	—	771	1,384	—	—	—	—	(78,929)	(1,384)	—	—	—	—
Total	740,078	571,768	172,132	108,623	8,609	18,451	52,371	51,422	1,098,327	260	(78,929)	(1,384)	(78,929)	(1,384)	1,992,588	749,140
Segment results	97,367	59,342	16,307	2,814	(259)	258	(2,690)	34,015	486,155	(5,096)	(29,831)	(21,233)	—	—	567,049	70,100
Interest income															1,047	4,676
Dividend income from listed investments															273	—
Finance costs															(11,574)	(8,875)
Profit before tax															556,795	65,901
Tax															(200,821)	(10,393)
Profit for the period															355,974	55,508

(b) Geographical segments

The following table presents revenue for the Group's geographical segments for the six months ended 30 September:

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	728,094	397,420	113,260	300,299	1,151,234	51,421	1,992,588	749,140



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3. Other income and gains

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Interest income	1,048	4,676
Insurance claims	1,716	—
Gain on disposal of an investment property	—	4,164
Gain on disposal of items of property, plant and equipment	1,390	914
Gain on partial disposal of interest in a subsidiary	410	—
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	—	1,415
Write-back of impairment of trade receivables	151	129
Foreign exchange gains, net	280	1,003
Tax subsidy	2,962	—
Others	1,699	1,207
	<u>9,656</u>	<u>13,508</u>

4. Profit before tax

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

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Depreciation	25,240	19,128
Recognition of prepaid land lease payments	1,390	18
Fair value (gains)/losses on equity investments at fair value through profit or loss, net	4,199	(1,415)
Gain on disposal of an investment property	—	(4,164)
Gain on disposal of items of property, plant and equipment	(1,390)	(914)
Write-back of impairment of trade receivables, net	(151)	(129)
Interest expenses	13,169	18,724
Less: Interest capitalized in properties under development	(1,595)	(9,849)
	<u>11,574</u>	<u>8,875</u>



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5. Tax

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	7,139	3,986
Elsewhere	99,177	8,247
Overprovision in prior period:		
PRC:		
Hong Kong	(2)	—
Elsewhere	(1)	(32)
Land appreciation tax:		
PRC:		
Elsewhere	98,670	—
	<u>204,983</u>	<u>12,201</u>
Deferred tax	<u>(4,162)</u>	<u>(1,808)</u>
	<u>200,821</u>	<u>10,393</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. Dividend

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Interim dividend HK1 cent (2007: HK1 cent) per ordinary share	<u>8,382</u>	<u>8,375</u>

Notes:

- A final dividend of HK1.5 cents per ordinary share, totally approximately HK\$12,562,000 for the year ended 31 March 2008 was approved in the Company's Annual General Meeting on 29 August 2008 and paid on 5 September 2008.
- An interim dividend in respect of six months ended 30 September 2008 of HK1 cent per ordinary share, amounting to HK\$8,382,000 was approved at the board meeting on 16 December 2008. The interim dividend is not recognized as a liability as at 30 September 2008, but will be reflected as an appropriation of retained profits for the year ending 31 March 2009.



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7. Earnings per share

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\$298,321,000 (2007: HK\$41,960,000), and the weighted average number of 837,646,231 (2007: 837,465,903) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2008 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$298,321,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, 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 all share options into ordinary shares during the year of 579,182.

8. Property, plant and equipment

During the period, the Group acquired assets with a cost of HK\$29,936,000 (2007: HK\$16,302,000) to expand its business. Assets with a net book value of HK\$1,531,000 were disposed of by the Group during the six months ended 30 September 2008 (2007: HK\$12,349,000) resulting in a net gain on disposal of HK\$1,390,000 (2007: HK\$914,000).

9. 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. Trade receivables are non-interest-bearing.

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
Trade receivables	427,001	284,224
Impairment	(173)	(224)
	<u>426,828</u>	<u>284,000</u>



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9. Trade receivables (Continued)

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

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
Trade receivables:		
Within 90 days	307,923	187,933
91 to 180 days	4,413	411
181 to 360 days	720	690
Over 360 days	419	419
	<hr/>	<hr/>
	313,475	189,453
Retention receivables	113,353	94,547
	<hr/>	<hr/>
	426,828	284,000
	<hr/> <hr/>	<hr/> <hr/>

10. Trade payables and accruals

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
Trade payables:		
Within 30 days	245,685	82,236
31 to 90 days	14,385	12,212
91 to 180 days	8,221	4,609
Over 180 days	7,420	1,826
	<hr/>	<hr/>
	275,711	100,883
Retention payables	15,663	22,894
Accruals	205,654	98,190
	<hr/>	<hr/>
	497,028	221,967
	<hr/> <hr/>	<hr/> <hr/>



Unaudited Interim Financial Statements

11. Share capital

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
Authorised: 2,000,000,000 ordinary shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
At 1 April 2008: 837,465,903 ordinary shares of HK\$0.10 each	83,746	83,746
Issue of 750,000 shares under a share option scheme	75	—
At 30 September 2008: 838,215,903 ordinary shares	83,821	83,746

During the period ended 30 September 2008, share options were exercised resulting in 750,000 shares being issued (2007: Nil), with exercise proceeds of HK\$615,000 (2007: Nil).

12. Contingent liabilities

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
Guarantees in respect of performance bonds	219,852	135,760
Guarantees in respect of mortgage facilities granted to third parties	102,118	281,409
	321,970	417,169

The Group had issued guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by the Group. The Group's obligations under such guarantees will cease upon the issuance of the building ownership certificates of such properties.



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13. Commitments

	As at 30 September 2008 HK\$'000	As at 31 March 2008 HK\$'000
(a) Capital expenditure		
Authorised, but not contracted for	9,301	8,858
Contracted, but not provided for	20,577	198,953
	<u>29,878</u>	<u>207,811</u>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	10,774	11,091
In the second to fifth years, inclusive	5,619	7,416
	<u>16,393</u>	<u>18,507</u>

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK\$506,121,000 as at 30 September 2008 (31 March 2008: HK\$577,593,000).

14. Related party transactions

For the six months ended 30 September 2008, compensation to key management personnel of the Group amounted to HK\$13,935,000 (2007: HK\$12,390,000).



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

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

Company Secretary and Qualified Accountant

Mr CHAN Kit Yan, FCPA, FCCA, MBA

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Szeto & Yeung

Principal Bankers

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

Registered Office

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Head Office and Principal Place of Business

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25 Harbour Road
Wanchai
Hong Kong

Branch Registrars in Hong Kong

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
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HKSE Stock Code

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