



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

2014/2015

INTERIM REPORT



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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 2014. During the period under review, the Group recorded a turnover of HK\$2,347 million (30 September 2013: HK\$2,313 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$185 million (30 September 2013: HK\$92 million), representing HK\$0.21 per ordinary share of the Company (“Share”) (30 September 2013: HK\$0.10 per Share).

Business Review

Foundation Piling

For the period under review, turnover of the Group’s Foundation Division decreased by 2% to HK\$1,776 million while contribution to profit increased by 17% to HK\$98 million as compared to the corresponding period last year. Major contracts on hand include, inter alia, public housing projects in Tung Chung and in the former Wholesale Food Market at Cheung Sha Wan, private residential developments in Kai Tak, Tseung Kwan O and the Passenger Clearance Building for the HK-Zhuhai-Macao Bridge.

Property Development

The Waterfront in Shanghai

For the period under review, the Group’s residential project in Shanghai, The Waterfront, recognized HK\$280 million as revenue as compared to HK\$195 million in the corresponding period last year. The unsold area of The Waterfront as at 30 September 2014 is outlined below:

- Residential: About 9,800 sqm
- Car Park: 94 car park spaces
- Non-Residential: About 4,800 sqm, representing primarily street front retail shops and a historic building

Despite the PRC Government’s restrictive measures on home purchase during the period, the price of the project remained stable and the transaction level was satisfactory.

During the month of October 2014, an additional 500 sqm of the residential portion of the project was sold.

The Riverside in Tianjin

Sale results of The Riverside were satisfactory and achieved revenue of HK\$241 million for the period under review as compared to HK\$265 million in the same period last year.

The unsold area of The Riverside as at 30 September 2014 is outlined below:

- Residential: About 30,900 sqm
- Car Park: 167 car park spaces
- Non-Residential: About 3,900 sqm, representing primarily street front retail shops and The Riverside’s clubhouse

During the month of October 2014, an additional 800 sqm of the residential portion of the project was sold.

Management Discussion and Analysis

The Pinnacle in Shenyang

The Group's project in Shenyang is located in Huanggu District with a site area of 41,209 sqm. The total gross floor area of the residential portion is about 102,171 sqm and that of the commercial portion is about 62,665 sqm. All blocks (except for Towers 7 and 8) are expected to be topped out by the end of 2014. The pre-sale programme is expected to be launched in the financial year of 2015-2016, subject to market conditions.

Property Investment and Management

Renovation of the Group's investment properties in Shanghai, China Garden and Aidu Apartment had already been completed. New tenants started to move in since August 2014 and the apartments are well-received. As the original tenants of these properties were vacated to facilitate the renovation program, turnover of the Property Investment and Management Division during the period under review decreased from HK\$9 million in the corresponding period last year to HK\$3 million. Taking into account of changes in fair value of the investment properties of HK\$21 million, the segment recorded a loss of HK\$30 million during the period. It is expected that the newly renovated properties will generate a higher steady recurrent income to the Group, and the value of these properties will be enhanced.

Prospects

The Group expects Hong Kong's foundation piling industry to remain healthy in the coming years, as a result of the Government's implementing its major infrastructure projects, the Land Sale Program, the effort to construct more public and private housing, and the railway development projects. With the shortage of manpower in the construction sector and a projected high level of construction works, it is expected that costs will escalate and competition will remain keen. However, the Group's highly experienced work-force and strong track record of project delivery make us well positioned to benefit from the high level of construction activities while maintaining its leading market position in Hong Kong. With the contracted works in the pipeline, the Foundation Division is expected to make satisfactory financial contribution to the Group in the coming financial year.

The Group remains cautiously positive on the overall property market in China. With the recent relaxation of the home purchase restriction policies in all cities except Beijing, Shanghai, Guangzhou and Shenzhen and the easing of home mortgage loans, it is expected that home sales will benefit from these easing policies. The Group will continue to explore suitable project opportunities in the future.

The Group will focus on its three principal businesses, being foundation piling, property development, and property investment and management. It will continue to adopt a prudent investment and financing strategy and to strive for improving and strengthening its operation efficiency, with a view to optimizing its business activities and rationalizing its asset portfolio.

Master Agreement

On 3 November 2014, certain members of the Group entered into a master agreement to set out the principles upon which parties to the agreement may subcontract works among themselves (the "Master Agreement"). The objective of the Master Agreement is to maximize the business opportunities and operations of the Group. The Company has obtained a written approval from Tides Holdings II Ltd., holding 75% of the issued shares of the Company, for the Master Agreement, the continuing connected transactions and the annual caps contemplated thereunder in lieu of holding a general meeting. The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has granted a waiver for the shareholders' meeting requirement under Rule 14A.37 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange ("Listing Rules") for the transactions under the Master Agreement, and no general meeting will be required. Further details of the transactions under the Master Agreement will be set out in the Company's circular expected to be despatched to the shareholders as soon as practicable.

Management Discussion and Analysis

Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 September 2014, the Group's cash on hand was approximately HK\$1,547 million (31 March 2014: HK\$1,551 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$5,694 million (31 March 2014: HK\$5,277 million) and HK\$2,602 million (31 March 2014: HK\$2,482 million), respectively. As at 30 September 2014, the Group's working capital amounted to HK\$1,195 million (31 March 2014: HK\$1,538 million). As at 30 September 2014, the Group did not have any net debt gearing and recorded a net cash balance of HK\$974 million, while the Group recorded a net cash balance of HK\$965 million as at 31 March 2014. Contingent liabilities in relation to guarantees of performance bonds increased from HK\$533 million as at 31 March 2014 to HK\$577 million as at 30 September 2014. Certain of the Group's assets with a book value of approximately HK\$216 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 and Yen. Currency exposure has been monitored and forward contracts will be considered when the need arises.

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed approximately 1,591 employees as at 30 September 2014. 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 HK5.0 cents (30 September 2013: Nil) per ordinary share of the Company for the six months ended 30 September 2014. The interim dividend will be payable on 29 December 2014 to shareholders whose names appear on the Company's register of members on 8 December 2014.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 4 December 2014 to Monday, 8 December 2014, both dates inclusive, during which period no transfer of Shares will be effected. In order to qualify for entitlement of the interim dividend for the six months ended 30 September 2014, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Registrars 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 Wednesday, 3 December 2014.



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 Listing Rules 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 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 2014 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 2014, 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 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, were as follows:

Long positions in shares of associated corporations of the Company:

Name of director	Name of associated corporations	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 Engineering Company Limited	800	—	800	8
	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 2014, 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 2014, there was no outstanding share option under the 2002 Share Option Scheme.

During the period ended 30 September 2014, 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 2014 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 2014, 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 the 655,999,427 Shares by virtue of their equity interests in Tides Holdings II Ltd..
2. This party was deemed to have interests in the 73,044,520 Shares by virtue of its equity interests in 8007748 Canada Inc..

Apart from the foregoing, as at 30 September 2014, 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.

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 contain 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	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>		
REVENUE	3	2,347,230	2,312,796
Cost of sales		(1,980,519)	(2,010,223)
Gross profit		366,711	302,573
Other income and gains	4	18,777	14,950
Selling expenses		(23,052)	(27,893)
Administrative expenses		(26,958)	(43,088)
Changes in fair value of investment properties		30,834	2,375
Other expenses, net		(4,722)	(11,035)
Finance costs		(8,118)	(11,756)
Share of profits of associates		—	2,781
PROFIT BEFORE TAX	5	353,472	228,907
Income tax expense	6	(139,807)	(133,047)
PROFIT FOR THE PERIOD		213,665	95,860
Attributable to:			
Ordinary equity holders of the Company		185,259	91,505
Non-controlling interests		28,406	4,355
		213,665	95,860
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		21.18 cents	10.46 cents
Diluted		21.18 cents	10.46 cents

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



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
PROFIT FOR THE PERIOD	213,665	95,860
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	22,683	32,028
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	22,683	32,028
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	236,348	127,888
Attributable to:		
Ordinary equity holders of the Company	207,777	122,889
Non-controlling interests	28,571	4,999
	236,348	127,888

Unaudited Condensed Interim Financial Statements

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 September 2014 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2014 <i>HK\$'000</i> <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	391,801	395,006
Investment properties		640,850	532,976
Properties under development		983,943	789,290
Prepayments, deposits and other receivables		2,750	7,859
Interests in an associate	10	—	—
Other assets		1,350	1,350
Available-for-sale investment		1,260	1,250
Deferred tax assets		56,871	34,572
Total non-current assets		<u>2,078,825</u>	<u>1,762,303</u>
CURRENT ASSETS			
Properties under development		393,726	382,669
Inventories		15,104	13,609
Properties held for sale		452,041	604,640
Amounts due from customers for contract works		156,779	107,127
Trade receivables	11	978,452	777,797
Prepayments, deposits and other receivables		69,967	74,742
Tax prepaid		2,481	2,749
Time deposits		1,097,684	1,106,219
Restricted cash		92,484	3,241
Cash and bank balances		356,838	441,688
Total current assets		<u>3,615,556</u>	<u>3,514,481</u>
CURRENT LIABILITIES			
Trade payables and accruals	12	968,476	634,075
Other payables, deposits received and receipts in advance		52,675	37,753
Derivative financial instruments		2,113	4,113
Amounts due to customers for contract works		787,871	739,788
Deposits received		86,800	200,567
Interest-bearing bank borrowings		294,247	252,112
Tax payable		228,628	107,846
Total current liabilities		<u>2,420,810</u>	<u>1,976,254</u>
NET CURRENT ASSETS		<u>1,194,746</u>	<u>1,538,227</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,273,571</u>	<u>3,300,530</u>



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Financial Position (Cont'd)

	<i>Notes</i>	As at 30 September 2014 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2014 <i>HK\$'000</i> <i>Audited</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,273,571	3,300,530
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		278,777	333,954
Deferred tax liabilities		234,636	255,299
Total non-current liabilities		513,413	589,253
Net assets		2,760,158	2,711,277
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	87,466	87,466
Reserves		2,514,814	2,394,504
Non-controlling interests		2,602,280	2,481,970
		157,878	229,307
Total equity		2,760,158	2,711,277

Unaudited Condensed 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 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 (note 7)	—	—	—	—	—	(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
At 1 April 2013 (audited)	87,266	560,322	819	5,050	244,783	1,440,319	2,338,559	31,410	2,369,969
Profit for the period	—	—	—	—	—	91,505	91,505	4,355	95,860
Other comprehensive income for the period:									
Exchange difference on translation of foreign operations	—	—	—	—	31,384	—	31,384	644	32,028
Total comprehensive income for the period	—	—	—	—	31,384	91,505	122,889	4,999	127,888
Exercise of share options (note 13)	200	3,539	(819)	—	—	—	2,920	—	2,920
Final 2013 dividend paid	—	—	—	—	—	(43,633)	(43,633)	—	(43,633)
At 30 September 2013 (unaudited)	87,466	563,861	—	5,050	276,167	1,488,191	2,420,735	36,409	2,457,144

* These reserves accounts comprise the consolidated reserves of HK\$2,514,814,000 (31 March 2014: HK\$2,394,504,000) in the consolidated statement of financial position.



Unaudited Condensed Interim Financial Statements

Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Cash flows from operating activities		
Profit before tax	353,472	228,907
Adjustments for:		
Finance costs	8,118	11,756
Share of profits of associates	—	(2,781)
Interest income	(13,700)	(10,527)
Dividend income from listed investments	—	(139)
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	(1,002)	9,911
Depreciation	37,868	38,639
Fair value gains on investments at fair value through profit or loss, net	—	(170)
Fair value losses/(gains) on derivative financial instruments	120	(162)
Changes in fair value of investment properties	(30,834)	(2,375)
Impairment of other assets	—	20
Reversal for write-down of inventories to net realisable value	—	(72)
Impairment of other receivables	1,070	1,108
Impairment of items of property, plant and equipment	1,913	—
Impairment of an amount due from an associate	3	—
	357,028	274,115
Increase in properties under development and properties held for sale, net	(59,764)	(10,395)
Decrease/(increase) in inventories	(1,495)	2,877
Increase in amounts due from customers for contract works	(49,652)	(28,005)
Increase in trade receivables	(200,655)	(133,207)
Decrease/(increase) in prepayments, deposits and other receivables	4,194	(5,677)
Increase in trade payables and accruals	334,602	579,403
Increase in other payables, deposits received and receipts in advance	14,922	2,394
Increase/(decrease) in amounts due to customers for contract works	48,083	(215,433)
Increase/(decrease) in deposits received	(113,767)	57,611
	333,496	523,683
Cash generated from operations		
Taxes paid in the People's Republic of China (the "PRC"):		
Hong Kong	—	(288)
Elsewhere	(64,833)	(213,459)
Taxes refunded in the PRC:		
Hong Kong	—	3,866
Effect of foreign exchange rate changes, net	(581)	2,090
	268,082	315,892
Net cash flows from operating activities		

Unaudited Condensed Interim Financial Statements

Consolidated Statement of Cash Flows (Cont'd)

	Six months ended 30 September	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Cash flows from investing activities		
Interest received	13,700	10,527
Dividend income from listed investments	—	139
Purchase of items of property, plant and equipment	(34,268)	(32,981)
Additions to investment properties	(53,295)	—
Additions to other assets	—	(140)
Additions to an available-for-sale investment	—	(1,267)
Decrease in equity investments at fair value through profit or loss	—	243,208
Proceeds from disposal of items of property, plant and equipment	3,665	2,279
Decrease/(increase) in amounts due from/loans to associates	(3)	7,054
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	137,485	—
Decrease/(increase) in restricted cash	(89,243)	60,207
Net cash flows from/(used in) investing activities	(21,959)	289,026
Cash flows from financing activities		
Interest paid on bank borrowings	(9,952)	(13,569)
New bank borrowings	95,000	9,248
Repayment of bank borrowings	(108,529)	(56,170)
Issue of new shares	—	2,920
Dividend paid to a non-controlling shareholder of a subsidiary	(100,000)	—
Final dividend paid	(87,467)	(43,633)
Net cash flows used in financing activities	(210,948)	(101,204)
Net increase in cash and cash equivalents	35,175	503,714
Cash and cash equivalents at beginning of period	1,410,422	1,018,452
Effect of foreign exchange rate changes, net	8,925	4,676
Cash and cash equivalents at end of period	1,454,522	1,526,842
Analysis of balances of cash and cash equivalents		
Cash and bank balances	356,838	1,150,863
Non-pledged time deposits with original maturity of less than three months when acquired	1,097,684	375,979
Cash and cash equivalents as stated in the consolidated statement of cash flows	1,454,522	1,526,842



Unaudited Condensed Interim Financial Statements

Notes to the 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 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 2014.

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 2014, 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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.

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 19 November 2014.

Unaudited Condensed Interim Financial Statements

Notes to the 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		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment revenue:										
Sales to external customers	1,776,028	1,816,644	523,140	461,504	2,842	8,838	45,220	25,810	2,347,230	2,312,796
Intersegment sales	—	—	—	—	—	—	—	—	—	—
Total	1,776,028	1,816,644	523,140	461,504	2,842	8,838	45,220	25,810	2,347,230	2,312,796
Segment results	97,667	83,547	307,837	192,988	(29,951)	1,071	(27,663)	(50,390)	347,890	227,216
Interest income									13,700	10,527
Dividend income										
from listed investments									—	139
Finance costs									(8,118)	(11,756)
Share of profits of associates									—	2,781
Profit before tax									353,472	228,907
Income tax expense									(139,807)	(133,047)
Profit for the period									213,665	95,860

For the six months ended 30 September 2014, the financial results of machinery leasing and trading and electrical and mechanical engineering segments of the Group, which were reported as separate segments in prior years' financial statements, are reported in aggregate under "corporate and others" segment for the purpose of resources allocation and performance assessment. Comparative figures of the segment information have been reclassified to conform with the current period's presentation.



Unaudited Condensed Interim Financial Statements

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

4. Other income and gains

	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Interest income	13,700	10,527
Insurance claims	1,013	862
Gain on disposal and write-off of items of property, plant and equipment, net	1,002	—
Management service income	414	947
Subsidy income *	378	902
Dividend income from listed investments	—	139
Fair value gains, net:		
Investments at fair value through profit or loss	—	170
Derivative instruments – transaction not qualifying as hedge	—	162
Foreign exchange gains, net	—	299
Others	2,270	942
	18,777	14,950

* 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	
	2014 HK\$'000	2013 HK\$'000
Depreciation	37,868	38,639
Fair value losses/(gains), net:		
Investments at fair value through profit or loss*	—	(170)
Derivative instruments – transaction not qualifying as hedge*	120	(162)
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net*	(1,002)	9,911
Reversal for write-down of inventories to net realisable value*	—	(72)
Impairment of items of property, plant and equipment*	1,913	—
Impairment of other assets*	—	20
Impairment of other receivables*	1,070	1,108

* These amounts are included in "Other expenses, net" or "Other income and gains" in the consolidated statement of profit or loss, except for loss on disposal and write-off of HK\$5,745,000 of items of property, plant and equipment was included in "Cost of sales" in the consolidated statement of profit or loss for the six months ended 30 September 2013.

Unaudited Condensed Interim Financial Statements

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

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	
	2014	2013
	HK\$'000	HK\$'000
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	7,255	2,757
Elsewhere	176,880	104,187
	<u>184,135</u>	<u>106,944</u>
Overprovision in prior periods:		
PRC:		
Hong Kong	(9)	(4,140)
Elsewhere	(17)	(23)
	<u>(26)</u>	<u>(4,163)</u>
Deferred tax	(44,302)	30,266
	<u><u>139,807</u></u>	<u><u>133,047</u></u>

7. Dividends

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Interim dividend – HK5.0 cents (2013: Nil) per ordinary share	<u>43,733</u>	<u>—</u>

Notes:

- (a) A final dividend of HK10.0 cents per ordinary share, representing a total of approximately HK\$87,467,000, for the year ended 31 March 2014 was approved in the Company's Annual General Meeting on 14 August 2014 and paid on 12 September 2014.
- (b) An interim dividend in respect of six months ended 30 September 2014 of HK5.0 cents per ordinary share, amounting to HK\$43,733,000 was approved at the board meeting on 19 November 2014. The interim dividend has not been recognised as a liability in the condensed interim financial statements.



Unaudited Condensed Interim Financial Statements

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

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\$185,259,000 (2013: HK\$91,505,000), and the weighted average number of ordinary shares of 874,665,903 (2013: 874,447,324) in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2014 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$185,259,000 (2013: HK\$91,505,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that period of 874,665,903 (2013: 874,447,324), 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 nil (2013: 393,539).

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$39,180,000 (30 September 2013: HK\$36,890,000) to expand its business. Property, plant and equipment with a net book value of HK\$2,663,000 were disposed of and written off by the Group during the six months ended 30 September 2014 (30 September 2013: HK\$12,190,000) resulting in a net gain on disposal/written off of HK\$1,002,000 (30 September 2013: net loss of HK\$9,911,000).

10. Interests in an associate

	As at 30 September 2014 <i>HK\$'000</i>	As at 31 March 2014 <i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	362	359
	<hr/>	<hr/>
	362	359
Less: Impairment	(362)	(359)
	<hr/>	<hr/>
	—	—
	<hr/> <hr/>	<hr/> <hr/>

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

Unaudited Condensed Interim Financial Statements

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

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 2014 HK\$'000	As at 31 March 2014 HK\$'000
Trade receivables	978,646	777,991
Impairment	(194)	(194)
	978,452	777,797

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 2014 HK\$'000	As at 31 March 2014 HK\$'000
Trade receivables:		
Within 90 days	639,027	463,772
91 to 180 days	518	1,231
181 to 360 days	14,777	1,789
Over 360 days	2,296	771
	656,618	467,563
Retention receivables	321,834	310,234
	978,452	777,797

Included in the trade receivables is an amount due from a related company of HK\$32,000 (31 March 2014: HK\$6,405,000), which is repayable on similar credit terms to those offered to the major customers of the Group.



Unaudited Condensed Interim Financial Statements

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

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 2014 HK\$'000	As at 31 March 2014 HK\$'000
Trade payables:		
Within 90 days	359,033	147,805
91 to 180 days	590	438
Over 180 days	935	1,995
	<u>360,558</u>	<u>150,238</u>
Retention payables	192,000	152,494
Accruals	415,918	331,343
	<u>968,476</u>	<u>634,075</u>

13. Share capital

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
874,665,903 (31 March 2014: 874,665,903) ordinary shares of HK\$0.10 each	<u>87,466</u>	<u>87,466</u>

During the period ended 30 September 2013, 2,000,000 share options were exercised resulting in 2,000,000 shares being issued, with exercise proceeds of HK\$2,920,000.

14. Contingent liabilities

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
Guarantees in respect of performance bonds in relation to subsidiaries	<u>576,531</u>	<u>533,328</u>

Unaudited Condensed Interim Financial Statements

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

15. Commitments

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
(a) Capital expenditure for property, plant and equipment and investment properties		
- contracted, but not provided for	1,275	58,803
- authorised, but not contracted for	3,308	8,907
	<u>4,583</u>	<u>67,710</u>
(b) Capital commitments in respect of construction works relating to properties under development:		
- contracted, but not provided for	957,549	1,104,842
- authorised, but not contracted for	444,130	491,816
	<u>1,401,679</u>	<u>1,596,658</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	10,215	10,129
In the second to fifth years, inclusive	2,028	6,032
	<u>12,243</u>	<u>16,161</u>

16. Related party transactions

- (a) For the six months ended 30 September 2014, compensation to key management personnel of the Group amounted to HK\$16,198,000 (2013: HK\$15,620,000).
- (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.

Subsequent to the resignation of Miss Jennifer Kwok as an executive director of the Company with effect from 1 July 2014, Tysan Trading Company Limited ("TTCL") ceased to be a related company of the Group. During the period from 1 April 2014 to 30 June 2014, TTCL paid management fee of HK\$110,000 (2013: HK\$587,000) to the Group.

During the period ended 30 September 2014, Tysan Building Construction Company Limited ("TBC"), a related company of the Group, paid management fee of HK\$267,000 (2013: HK\$360,000) to the Group.

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 2014, TBC subcontracted engineering and mechanical works of approximately HK\$2,600,000 to Tysan Engineering (H.K.) Company Limited, a subsidiary of the Company. These transactions were in accordance with the terms of the agreements.



Unaudited Condensed Interim Financial Statements

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

17. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Liabilities measured at fair value:

	As at 30 September 2014				As at 31 March 2014			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial instruments	—	2,113	—	2,113	—	4,113	—	4,113

The Group did not have any financial assets measured at fair value as at 30 September 2014 (31 March 2014: Nil).

During the period ended 30 September 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

The fair values of derivative financial instruments, including interest rate swaps, are measured using forward price method. The model incorporates various market observable inputs including the current market price and interest rate curves.

18. Comparative amounts

As detailed in note 3 to the condensed interim financial statements, certain comparative amounts have been reclassified to confirm with the current period's presentation.

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

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