



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

RESULTS

The Board of Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September, 2002 as follows:

Condensed Consolidated Profit and Loss Account

	Notes	Six months ended 30th September, 2002	
		Unaudited HK\$'000	Unaudited HK\$'000 (Restated)
TURNOVER	2	688,303	720,357
Cost of sales		(636,309)	(653,647)
Gross profit		51,994	66,710
Other revenue	3	8,774	5,293
Selling expenses		(1,242)	(456)
Administrative expenses		(16,090)	(15,705)
Other operating expenses		(1,428)	(4,258)
Provision for impairment of fixed assets		—	(10,254)
PROFIT FROM OPERATING ACTIVITIES		42,008	41,330
Finance costs		(7,031)	(12,656)
Share of losses of associates		—	(2)
PROFIT BEFORE TAX	4	34,977	28,672
Tax	5	(10,175)	(4,883)
PROFIT BEFORE MINORITY INTERESTS		24,802	23,789
Minority interests		(14,702)	(13,036)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		10,100	10,753
EARNINGS PER SHARE (in cents)	6		
Basic		1.38	1.47
Diluted		N/A	1.47

Notes

1. Basis of preparation and accounting policies

The unaudited condensed financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31st March 2002 except that the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

The adoption of these SSAPs do not have any material impact on accounting policies and financial results of the Group except that certain comparative figures have been reclassified to conform with the new disclosure requirements.

2. Segment information

(a) Business segments

The following tables present revenue and profit/(loss) for the Group's business segments for the six months ended 30th September.

	E&M engineering and building construction		Machinery leasing and trading		Property investment and development		Unallocated	Eliminations	Consolidated
	2002	2001	2002	2001	2002	2001			
Segment revenue:									
Sales to external customers	358,285	599,777	284,225	143,548	11,129	12,972	43,961	45,701	76,683
Intersegment sales	224	—	—	2,287	19,517	280	330	—	(3,811)
Total	358,499	599,777	284,225	145,835	30,646	13,252	44,291	46,031	72,872
Segment results	15,743	38,539	11,641	6,640	(3,763)	(13,368)	20,292	21,541	13,338
Interest income									892
Dividend income									2
Profit from operating activities									42,008
Finance costs									(7,031)
Share of losses of associates									—
Profit before tax									34,977
Tax									(10,175)
Profit before minority interests									24,802
Minority interests									(14,702)
Net profit from ordinary activities attributable to shareholders									10,100

(b) Geographical segments

The following tables present revenue and profit/(loss) for the Group's geographical segments for the six months ended 30th September.

	Hong Kong		Elsewhere in the PRC		Unallocated		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
Segment revenue:								
Sales to external customers	574,907	667,972	113,396	52,385	—	—	688,303	720,357
Segment results	24,576	34,571	30,948	20,919	(14,410)	(14,947)	41,114	40,543
3. Other revenue								
Interest income							892	777
Insurance claims							427	631
Foreign exchange gains, net							—	206
Gain on disposal of fixed assets							1,548	717
Unrealised holding gains on short term listed investments							21	12
Negative goodwill recognised as income during the period							1,897	1,897
Dividend income from listed investments							2	10
Others							3,987	1,043
4. Profit before tax							8,774	5,293

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

	2002	2001
Amortisation of goodwill	516	1,147
Depreciation	42,365	46,979
Interest expenses	9,369	13,996
Less: Amount capitalised in properties under development	(2,338)	(1,340)
5. Tax	7,031	12,656

5. Tax

	2002	2001
Provision for tax in respect of profit for the period:		
People's Republic of China:		
Hong Kong	3,827	1,990
Elsewhere	7,350	4,016
Overprovision in prior year:		
People's Republic of China:		
Hong Kong	(2)	—
Elsewhere	—	(123)
Deferred tax	(1,000)	(1,000)
6. Earnings per share	10,175	4,883

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) 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. Earnings per share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,100,000 (2001: HK\$10,753,000) and on the weighted average number of 731,865,903 (2001: 731,865,903) ordinary shares in issue during the period.

Diluted earnings per share has not been shown as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

The comparative figure of fully diluted earnings per share for the period ended 30th September 2001 was based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,753,000 and on the weighted average number of 731,865,903 ordinary shares in issue during the period plus the weighted average number of 859,843 potential dilutive ordinary shares deemed to be issued in respect of the outstanding share options during the period.

7. Comparative figures

Certain comparative amounts have been restated to conform with the current period's presentation.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30th September, 2002, the Group's turnover and net profit attributable to shareholders was HK\$688.3 million and HK\$10.1 million respectively.

Hong Kong Market

Foundation Piling

The prolong sluggish real estate market has undoubtedly extended the winter season for the construction industry. As a result, for the period under review, the turnover of the Group's foundation division decreased to HK\$358.5

million while contribution to profit amounted to HK\$15.7 million. However, since the Group has already anticipated such phenomenon and thereby took measures to improve its efficiency, it is thus well prepared to face the severe climate. With regards to the Group's outstanding works, over 80% are from the private sector while the remaining are from the public sector. The Group has secured many school project works and other major contracts on hand include, inter alia, private sector projects in Hung Hom Bay KIL11110, Hoi Fai Road KIL11158 and Ma Tau Kok.

E&M Engineering and Building Construction

During the period under review, the turnover of the Group's E&M engineering and building construction divisions increased 42% to HK\$204.3 million while contribution increased 34% to HK\$11.6 million. Against a very competitive environment, the Group still expects the divisions to yield stable returns.

Machinery Hiring and Trading

Though the local tower cranes market remains weak, the overall pricing has ended its vicious downward spiral path. For the period under review, the Group's trading in tower cranes has picked up some momentum with Korea and Taiwan being the most active partners. In order to further improve its operating efficiency, the Group will continue to downsize its tower cranes division, reduce costs and expand into other construction related product lines.

PRC Market

Property Investment and Development

The Group has completed its residential development project, Tiffany Court located in Changning, Shanghai, in the end of November 2002, one month ahead of schedule. The project has been a success with over 95% of the units sold before completion. The confidence in the economic prospects among locals and foreigners is one of the major forces that has driven the growth of Shanghai's property market. The Group will commence Phase 1 of its newly acquired site in Putuo, Shanghai, early next year. The project site, which overlooks Suzhou river with Jingan district situated across, will be developed into a mid-range priced residential complex of about 150,000 sqm mainly targeting to the increasingly affluent local young white-collars. In view of the rising demand for affordable housing in Shanghai's domestic mass market, the Group is confident in the success of the project. With the Group's experienced and dedicated property management team and a growing expatriate population, the Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates.

Capital Structure and Liquidity

The Group continues to adopt a prudent financing policy and sustains a sound capital structure with healthy cashflow. As at 30th September 2002, the Group's cash on hand amounted to HK\$164 million while total assets and net assets were HK\$1,841 million and HK\$647 million respectively. As compared to 31st March 2002, working capital has improved by 14% to HK\$108 million. The Group's net borrowings were HK\$227 million, a reduction of 27% as compared to HK\$312 million as at 31st March 2002. The total liabilities to total assets gearing ratio was maintained at a healthy level of 37.9% (31st March 2002: 39.6%). As at 30th September 2002, contingent liabilities were HK\$138 million in relation to guarantees of performance bonds while certain of the Group's fixed assets and investment properties with a book value of approximately HK\$268 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 has been arranged for its PRC subsidiaries. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated by its PRC properties.

In view of the prevailing relatively low interest rates, the Group has just raised a HK\$150 million 3-year term loan mainly to refinance its higher cost HK\$100 million term loan raised in June 2001. The facility, arranged by Industrial and Commercial Bank of China (Asia) Limited and BNP Paribas, was well received and more importantly, signifies the overall financial strength of and the bankers' confidence in the Group.

Prospects

The government's recent nine-point stimulus package is a booster which aims mainly at controlling the supply side of the real estate formula. In order for Hong Kong's flagging property market to rebound, consumers' confidence, the vital component of the demand side, must somehow be revived. Since unemployment rate remains at record high levels and economic outlook remains uncertain, the road to recovery will undoubtedly be long and winding. Since the Group believes in "survival of the fittest", it has already gone through a strategic organization workout which gave it a flexible lean structure. The Group is thus confident that when the right climate returns, it will be one of the best performers in the market to benefit.

Contrary to Hong Kong's doldrums, China's rapid economic growth, rising per capital income, soaring confidence and flood of foreign investment are creating opportunities for its real estate sector. With such buoyant background, coupled with the Group's experience and understanding of the local law and government authorities and its ability to control costs as a project manager, the Group is confident in its diversification into China's property market. Such strategic move has not only created a balancing effect on the Group's business, industry and geographical risks but also established a strong foothold and competitive advantage for the Group to capture on China's opportunities.

Audit Committee

The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30th September 2002.

Interim Dividend

The Board has resolved not to declare an interim dividend (2001: HK0.40 cent) for the six months ended 30th September 2002.

Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 30th September 2002. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
CHEUNG FRANCIS
Chairman

Hong Kong, 13th December 2002