



# TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

### 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 30 September 2004 as follows:

#### Condensed Consolidated Profit and Loss Account

	Notes	Six months ended 30 September	
		2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
<b>TURNOVER</b>	2	<b>307,459</b>	335,853
Cost of sales		(275,872)	(307,885)
Gross profit		<b>31,587</b>	27,968
Other revenue and gains	3	<b>7,982</b>	10,048
Selling expenses		(643)	(463)
Administrative expenses		(15,028)	(14,606)
Other operating expenses		(1,299)	(3,222)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>22,599</b>	19,725
Finance costs		(3,674)	(4,197)
<b>PROFIT BEFORE TAX</b>	4	<b>18,925</b>	15,528
Tax	5	(2,673)	(818)
<b>PROFIT BEFORE MINORITY INTERESTS</b>		<b>16,252</b>	14,710
Minority interests		(10,830)	(8,033)
<b>NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>5,422</b>	6,677
<b>EARNINGS PER SHARE</b>	6		
Basic		<b>0.71cents</b>	0.91cents
Diluted		<b>0.70cents</b>	0.91cents

#### 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 Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of presentation adopted in the preparation of these interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2004.

##### 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 30 September.

	Foundation piling		E&M engineering and building construction		Machinery leasing and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Segment revenue:																
Sales to external customers	174,271	199,090	74,700	83,046	9,210	4,816	47,657	43,403	1,620	5,498	—	—	—	—	307,459	335,853
Intersegment sales	2,800	(11)	483	—	1,483	674	—	300	—	—	—	—	(3,806)	(963)	—	—
Total	176,271	199,079	75,183	83,046	10,693	5,490	47,657	43,703	1,620	5,498	—	—	(3,806)	(963)	307,459	335,853
Segment results																
Interest income															372	674
Dividend income from listed investments															—	1
Profit from operating activities															22,599	19,725
Finance costs															(3,674)	(4,197)
Profit before tax															18,925	15,528
Tax															(2,673)	(818)
Profit before minority interests															16,252	14,710
Minority interests															(10,830)	(8,033)
Net profit from ordinary activities attributable to shareholders															5,422	6,677

###### (b) Geographical segments

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

	Hong Kong		Elsewhere in the PRC		Unallocated		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
Segment revenue:								
Sales to external customers	258,688	287,470	48,771	48,383	—	—	307,459	335,853
Segment results	13,305	18,183	21,460	15,495	(12,538)	(14,628)	22,227	19,050

### 3 Other revenue and gains

	Six months ended 30 September 2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
Interest income	372	674
Insurance claims	35	1,159
Gain on disposal of fixed assets	2,309	1,895
Gain on disposal of an investment property	—	3,000
Unrealised holding gains on short term listed investments	4	26
Negative goodwill recognised as income during the period	1,897	1,897
Subsidy received from PRC local authority	1,745	—
Dividend income from listed investments	—	1
Others	1,620	1,396
	<b>7,982</b>	<b>10,048</b>

### 4 Profit before tax

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

	Six months ended 30 September 2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
Amortisation of goodwill	87	2,365
Depreciation	29,986	35,234
Interest expenses	5,047	6,211
Less: Amount capitalised in properties under development	(1,373)	(2,014)
	<b>3,674</b>	<b>4,197</b>

### 5 Tax

	Six months ended 30 September 2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
Provision for tax in respect of profit for the period:		
People's Republic of China:		
Hong Kong	1,655	1,391
Elsewhere	4,185	3,345
Overprovision in prior year:		
People's Republic of China:		
Hong Kong	(1,070)	—
Elsewhere	(17)	(1,518)
	<b>4,753</b>	<b>3,218</b>
Deferred tax	(2,080)	(2,400)
	<b>2,673</b>	<b>818</b>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 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 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\$5,422,000 (2003: HK\$6,677,000) and on the weighted average number of 758,870,821 (2003: 731,865,903) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders of HK\$5,422,000 (2003: HK\$6,677,000). The weighted average number of ordinary shares used in the calculation is 758,870,821 (2003: 731,865,903) ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average of 11,133,542 (2003: 5,631,579) ordinary shares assumed to have issued at no consideration on the deemed exercise of all share options during the period.

### BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2004, the Group's turnover and net profit attributable to shareholders were approximately HK\$307.5 million and HK\$5.4 million respectively.

#### Hong Kong Market

##### Foundation Piling

Despite the gradual rebound of the Hong Kong economy and the steady revival of the property market, the construction industry is still on the verge of a slow recovery. For the period under review, the turnover of the Group's foundation division was HK\$174 million while contribution to profit amounted to HK\$11.3 million. Approximately 59 per cent. of the contracts completed were from the public sector while the balance were from the private sector. The Group's major contracts on hand include, inter alia, Stonecutters Bridge, Housing Authority's Upper Ngau Tau Kok Estate Phases 2 and 3 and the recently awarded HK\$140 million foundation contract of Venetian Hotel in Macau. By establishing its footprint in Macau, the Group not only denotes its capability in expanding beyond the territory of Hong Kong but also signifies the Group's leadership position in the foundation industry.

##### E&M Engineering and Building Construction

During the period under review, the turnover and contribution of the Group's E&M engineering and building construction divisions were about HK\$75 million and HK\$5 million respectively. Despite a very competitive environment, the Group still expects the divisions to yield stable and profitable returns.

### Machinery Hiring and Trading

With the successful completion of a radical restructuring of the Group's machinery hiring and trading division, its turnover during the period under review has increased by over 90% to HK\$9 million with major contribution from the tower cranes market. Though this division still suffers a loss, the Group expects it to fully turnaround in the coming financial year.

### PRC Market

#### Property development and investment

The Group's mid-range priced residential development project in Shanghai's Putuo district, with a total area of about 150,000 sqm overlooking Suzhou river, will be developed in 2 phases with the first phase to commence in the first quarter of 2005. Pre-sale is expected to commence one year after the commencement date. With regards to the residential development project along Tianjin's Haihe River, with a total area of about 75,000 sqm, the project will also be developed in 2 phases with the first phase to commence in the first half of 2005. Likewise, pre-sale will be scheduled a year after the commencement date.

With increasing foreign investments and international focus in China's major cities, 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 financial policy and maintains a sound capital structure with healthy cashflow. As at 30 September 2004, the Group's cash on hand amounted to about HK\$83 million while total assets and net assets amounted to approximately HK\$1,786 million and HK\$670 million respectively. Working capital was about HK\$31 million while net borrowings were approximately HK\$258 million. The total liabilities to total assets gearing ratio was maintained at a prudent level of 30.3 per cent..

As at 30 September 2004, contingent liabilities in relation to guarantees in respect of performance bonds decreased to about HK\$36 million (31 March 2004: HK\$41 million), while certain of the Group's fixed assets with an aggregate net book value of about HK\$322 million (31 March 2004: HK\$328 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. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.

#### Prospects

Though there are still lingering concerns over the outlook of the construction industry, the recent factors are supportive as the Hong Kong economy rebounds and the property market picks up its momentum. Since the market condition of the construction industry will remain competitive, the Group has already strengthened and sharpened its capabilities to cushion out the impact of near term challenge. On the other hand, with the forthcoming development projects in Macau, the Group will capitalize on its well established leadership role in the foundation industry to capture such business opportunities.

China's economy continues to grow at a vigorous pace. Despite mixed opinions on the reasons and effect of the central government's austerity program, one thing for certain is that the property market in China has become more healthy as the weak and non-professional players are being weeded out. In addition, judging from the recent public land auctions, it is apparent that there is a new wave of foreign investments targeting mid-priced good location residential sites in major PRC cities. With increasing foreign investments, strong domestic demand and more open and regulated business environment, the Group is confident that its property projects in Shanghai and Tianjin will be the growth driver of the Group in the coming years.

#### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend (2003: Nil) for the six months ended 30 September 2004.

#### 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 30 September 2004. The Group's remuneration policies are primarily based on prevailing market wages and the performance of the respective companies and individuals concerned. Fringe benefits, including provident fund, medical insurance and training, are provided. In addition, share options may be granted in accordance with the terms of the Group's approved share option scheme.

#### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

#### CODE OF BEST PRACTICE

In the opinion of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period, except that the non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting in accordance with the Company's bye-laws.

#### AUDIT COMMITTEE

Mr. Tse Man Bun has been appointed as an independent non-executive director and a member of the audit committee of the Company with effect from 28 September 2004. The current audit committee comprises three members, Mr. Fan Chor Ho Paul, Mr. Chau Cham Son and Mr. Tse Man Bun, who are independent non-executive directors of the Company. 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 matters including the review of the Group's unaudited interim results for the six months ended 30 September 2004.

#### 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.

As at the date of this announcement, the executive directors of the Company are Mr. Francis Cheung, Mr. Fung Chiu Chak, Victor, Mr. David Chien, Miss Jennifer Kwok, Mr. Chiu Chin Hung and Mr. Wong Kay and the independent non-executive directors are Mr. Fan Chor Ho, Paul, Mr. Chau Cham Son and Mr. Tse Man Bun.

By Order of the Board  
**Francis Cheung**  
Chairman

Hong Kong, 8 December 2004