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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the “Board”) of Tysan Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2015 together with the comparative figures for the year ended 31 March 2014 as follows:

Consolidated Statement of Profit or Loss

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	2	4,836,413	3,504,393
Cost of sales		<u>(3,977,313)</u>	<u>(2,859,975)</u>
Gross profit		859,100	644,418
Other income and gains	3	42,319	33,161
Selling expenses		(42,431)	(51,926)
Administrative expenses		(46,889)	(89,338)
Changes in fair value of investment properties		33,121	37,494
Other expenses, net		(7,303)	(23,009)
Finance costs	4	(14,706)	(23,108)
Share of profits of associates		—	3,301
Loss on disposal of interests in associates	9(b)	—	(11,335)
PROFIT BEFORE TAX	5	823,211	519,658
Income tax expense	6	(317,045)	(240,694)
PROFIT FOR THE YEAR		<u>506,166</u>	<u>278,964</u>
Attributable to:			
Ordinary equity holders of the Company		399,394	270,020
Non-controlling interests		106,772	8,944
		<u>506,166</u>	<u>278,964</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK45.66 cents</u>	<u>HK30.90 cents</u>
Diluted		<u>N/A</u>	<u>HK30.90 cents</u>

Details of dividends are disclosed in note 7 to this announcement.

Consolidated Statement of Comprehensive Income

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	506,166	278,964
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	851	(3,102)
Release of exchange difference upon disposal of an associate	—	(936)
Release of exchange difference upon liquidation of a subsidiary	<u>(7,492)</u>	<u>—</u>
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	<u>(6,641)</u>	<u>(4,038)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>499,525</u>	<u>274,926</u>
Attributable to:		
Ordinary equity holders of the Company	394,550	265,200
Non-controlling interests	<u>104,975</u>	<u>9,726</u>
	<u>499,525</u>	<u>274,926</u>

Consolidated Statement of Financial Position

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		391,967	395,006
Investment properties		618,317	532,976
Properties under development		1,210,048	789,290
Prepayments, deposits and other receivables		1,918	7,859
Interests in an associate	9(a)	—	—
Other assets		1,350	1,350
Available-for-sale investment		1,249	1,250
Deferred tax assets		55,829	34,572
		<hr/>	<hr/>
Total non-current assets		2,280,678	1,762,303
CURRENT ASSETS			
Properties under development		65,506	382,669
Inventories		14,182	13,609
Properties held for sale		646,659	604,640
Amounts due from customers for contract works		160,041	107,127
Trade receivables	10	1,016,641	777,797
Prepayments, deposits and other receivables		70,490	74,742
Tax prepaid		2,175	2,749
Time deposits		746,432	1,106,219
Restricted cash		24,000	3,241
Cash and bank balances		541,064	441,688
		<hr/>	<hr/>
Total current assets		3,287,190	3,514,481

Consolidated Statement of Financial Position (continued)

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables and accruals	11	923,682	634,075
Other payables, deposits received and receipts in advance		56,658	37,753
Derivative financial instruments		—	4,113
Amounts due to customers for contract works		686,495	739,788
Deposits received		110,378	200,567
Interest-bearing bank borrowings		143,278	252,112
Tax payable		266,870	107,846
		<hr/>	<hr/>
Total current liabilities		2,187,361	1,976,254
		<hr/>	<hr/>
NET CURRENT ASSETS		1,099,829	1,538,227
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		3,380,507	3,300,530
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		224,621	333,954
Deferred tax liabilities		223,317	255,299
		<hr/>	<hr/>
Total non-current liabilities		447,938	589,253
		<hr/>	<hr/>
Net assets		2,932,569	2,711,277
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		87,466	87,466
Reserves		2,654,608	2,394,504
		<hr/>	<hr/>
		2,742,074	2,481,970
Non-controlling interests		190,495	229,307
		<hr/>	<hr/>
Total equity		2,932,569	2,711,277
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

- (a) The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

- (b) The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

(b) (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 1(a), the Group expects to adopt the amendments for the accounting period commencing from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

2015	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	3,752,214	991,260	13,128	79,811	4,836,413
Intersegment sales	—	—	—	—	—
Other income and gains	5,079	8,751	781	1,268	15,879
Total	<u>3,757,293</u>	<u>1,000,011</u>	<u>13,909</u>	<u>81,079</u>	<u>4,852,292</u>
Segment results	<u>320,938</u>	<u>580,102</u>	<u>(40,356)</u>	<u>(49,207)</u>	811,477
Interest income					26,211
Fair value gains on derivative instruments - transaction not qualifying as hedge					229
Finance costs					<u>(14,706)</u>
Profit before tax					823,211
Income tax expense					<u>(317,045)</u>
Profit for the year					<u>506,166</u>

2. OPERATING SEGMENT INFORMATION (continued)

2015	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets and liabilities					
Segment assets	<u>1,611,410</u>	<u>2,209,243</u>	<u>662,224</u>	<u>280,555</u>	4,763,432
Unallocated					<u>804,436</u>
					<u>5,567,868</u>
Segment liabilities	<u>1,408,780</u>	<u>332,232</u>	<u>24,619</u>	<u>11,582</u>	1,777,213
Unallocated					<u>858,086</u>
					<u>2,635,299</u>
Other segment information:					
Depreciation	56,742	1,120	288	20,763	78,913
Impairment of items of property, plant and equipment	—	—	—	2,000	2,000
Impairment of trade receivables	—	—	—	387	387
Impairment of other receivables	—	—	1,069	—	1,069
Loss/(gain) on disposal and write-off of items of property, plant and equipment	406	(62)	113	(277)	180
Loss on disposal of an investment property	—	—	161	—	161
Loss on disposal of subsidiaries	—	—	91	699	790
Changes in fair value of investment properties	—	(60,815)	27,694	—	(33,121)
Capital expenditure	<u>62,497</u>	<u>1,027</u>	<u>54,971</u>	<u>19,234</u>	<u>137,729</u>

2. OPERATING SEGMENT INFORMATION (continued)

2014	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	2,471,234	967,630	13,181	52,348	3,504,393
Intersegment sales	—	—	—	—	—
Other income and gains	3,505	3,128	443	2,064	9,140
Total	<u>2,474,739</u>	<u>970,758</u>	<u>13,624</u>	<u>54,412</u>	<u>3,513,533</u>
Segment results	<u>188,605</u>	<u>428,770</u>	<u>15,083</u>	<u>(105,124)</u>	527,334
Interest income					23,865
Fair value losses on investments at fair value through profit or loss, net					(427)
Fair value losses on derivative instruments - transaction not qualifying as hedge					(128)
Dividend income from listed investments					156
Finance costs					(23,108)
Share of profits of associates					3,301
Loss on disposal of interests in associates					(11,335)
Profit before tax					519,658
Income tax expense					(240,694)
Profit for the year					<u>278,964</u>

2. OPERATING SEGMENT INFORMATION (continued)

2014	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets and liabilities					
Segment assets	<u>1,155,077</u>	<u>2,001,993</u>	<u>677,242</u>	<u>298,932</u>	4,133,244
Unallocated					<u>1,143,540</u>
					<u>5,276,784</u>
Segment liabilities	<u>1,135,381</u>	<u>428,065</u>	<u>10,421</u>	<u>38,316</u>	1,612,183
Unallocated					<u>953,324</u>
					<u>2,565,507</u>
Other segment information:					
Depreciation	54,623	1,745	1,509	17,981	75,858
Impairment of trade receivables	—	—	—	194	194
Impairment of other assets	—	—	—	20	20
Impairment of other receivables	—	—	1,217	—	1,217
Loss/(gain) on disposal and write-off of items of property, plant and equipment	18,316	(76)	1,015	(1,923)	17,332
Changes in fair value of investment properties	—	(14,058)	(23,436)	—	(37,494)
Capital expenditure	<u>48,496</u>	<u>352</u>	<u>1,872</u>	<u>15,000</u>	<u>65,720</u>

During the year ended 31 March 2015, the financial results of the machinery leasing and trading and electrical and mechanical (“E&M”) engineering segments of the Group, which were reported as separate segments in prior years’ financial statements, and head office and corporate expenses, which were reported as unallocated results in prior years’ financial statements, are reported in aggregate under the “corporate and others” segment. Comparative figures of the segment information have been reclassified to conform with the current year’s presentation.

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>3,507,933</u>	<u>2,064,944</u>	<u>324,695</u>	<u>459,479</u>	<u>1,003,785</u>	<u>979,970</u>	<u>4,836,413</u>	<u>3,504,393</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<u>388,601</u>	<u>414,362</u>	<u>108</u>	<u>310</u>	<u>1,836,140</u>	<u>1,313,059</u>	<u>2,224,849</u>	<u>1,727,731</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately HK\$662,183,000 (2014: HK\$354,277,000) was derived from sales by the foundation piling segment to a single customer.

3. OTHER INCOME AND GAINS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest income	26,211	23,865
Insurance claims	3,458	1,484
Subsidy income*	165	1,295
Foreign exchange gains, net	6,731	319
Fair value gains on derivative instruments – transaction not qualifying as hedge	229	—
Management service income	676	1,694
Dividend income from listed investments	—	156
Others	4,849	4,348
	<u>42,319</u>	<u>33,161</u>

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

4. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts:		
– wholly repayable within five years	13,224	21,548
– wholly repayable over five years	1,482	1,560
	<u>14,706</u>	<u>23,108</u>

5. PROFIT BEFORE TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation	78,913	75,858
Impairment of items of property, plant and equipment	2,000	—
Impairment of trade receivables	387	194
Impairment of other receivables	1,069	1,217
Loss on disposal and write-off of items of property, plant and equipment	180	17,332
Loss on disposal of an investment property	161	—
Loss on disposal of subsidiaries	790	—
Fair value losses/(gains), net:		
Investments at fair value through profit or loss	—	427
Derivative instruments - transaction not qualifying as hedge	(229)	128
Impairment of an amount due from an associate	14	10
Dividend income from listed investments	—	(156)
	<u> </u>	<u> </u>

6. INCOME TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current:		
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	18,371	8,913
Elsewhere	335,623	141,084
	<u> </u>	<u> </u>
	353,994	149,997
Overprovision in the prior years:		
PRC:		
Hong Kong	(39)	(4,199)
Elsewhere	(178)	(28)
	<u> </u>	<u> </u>
	(217)	(4,227)
Deferred tax	(36,732)	94,924
	<u> </u>	<u> </u>
Total tax charge for the year	<u> </u> <u> </u>	<u> </u> <u> </u>

7. DIVIDENDS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid during the year:		
Final in respect of the financial year ended		
31 March 2014 – HK10.0 cents (year ended 31 March 2013: HK5.0 cents) per ordinary share	87,467	43,633
Interim – HK5.0 cents (2014: Nil) per ordinary share	43,733	—
	<u>131,200</u>	<u>43,633</u>
Proposed final dividend:		
Final – HK15.0 cents (2014: HK10.0 cents) per ordinary share	<u>131,200</u>	<u>87,467</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

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 year attributable to ordinary equity holders of the Company of HK\$399,394,000 (2014: HK\$270,020,000), and the number of ordinary shares of 874,665,903 (2014: weighted average number of ordinary shares of 873,778,232) in issue during the year.

For the year ended 31 March 2015, no adjustment has been made to the basic earnings per share amount presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

For the year ended 31 March 2014, the calculation of the diluted earnings per share amount was based on the profit for the year attributable to ordinary equity holders of the Company of HK\$270,020,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, 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 year of 197,309.

9. INTERESTS IN AN ASSOCIATE

(a)	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	<u>373</u>	<u>359</u>
	373	359
Less: Impairment	<u>(373)</u>	<u>(359)</u>
	<u>—</u>	<u>—</u>

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

(b) Disposals of associates

- (i) On 16 August 2013 (as amended by a supplemental agreement dated 22 November 2013), Tysan Construction Company Limited (“TCCL”), a wholly-owned subsidiary of the Company, and Mr. Fung Chiu Chak, Victor (“Mr. Fung”), an executive director of the Company, entered into a sale and purchase agreement pursuant to which, TCCL disposed of its 49% equity interest in Tysan Building Construction Company Limited (“TBC”), and the interest-free shareholder’s loan of HK\$7,350,000 owing by TBC to TCCL, at a cash consideration of HK\$17,150,000 (of which HK\$9,800,000 is for the disposal of the equity interest and HK\$7,350,000 is for settlement of the shareholder’s loan) to Mr. Fung (“Tysan Building Construction Disposal”). The Tysan Building Construction Disposal was completed on 17 January 2014.

Upon the completion of the Tysan Building Construction Disposal, the Group did not have any interest in TBC and its subsidiaries. The loss on the Tysan Building Construction Disposal of HK\$2,184,000, representing the difference between the equity interest disposal consideration of HK\$9,800,000 and the Group’s interests in TBC as at the date of disposal of approximately HK\$11,984,000, was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

Immediately after the completion of the Tysan Building Construction Disposal, TBC, which is controlled by Mr. Fung, became a related company of the Group.

9. INTERESTS IN AN ASSOCIATE (continued)

(b) Disposals of associates (continued)

- (ii) On 16 August 2013 (as amended by a supplemental agreement dated 22 November 2013), Tysan Investment Limited (“TIL”), a wholly-owned subsidiary of the Company, and Miss Jennifer Kwok, a then executive director of the Company, entered into a sale and purchase agreement pursuant to which, TIL disposed of its 40% equity interest in Tysan Trading Company Limited (“TTCL”) and the interest-free shareholder’s loan of HK\$800,000 owing by TTCL to TIL, at a cash consideration of HK\$4,400,000 (of which HK\$3,600,000 is for the disposal of the equity interests and HK\$800,000 is for the settlement of the shareholder’s loan) to Miss Jennifer Kwok (“Tysan Trading Disposal”). The Tysan Trading Disposal was completed on 17 January 2014.

Upon the completion of the Tysan Trading Disposal, the Group did not have any interest in TTCL and its subsidiaries. The loss on the Tysan Trading Disposal of HK\$9,151,000, representing the difference between the disposal consideration of HK\$3,600,000 for the equity interest and the Group’s interests in TTCL as at the date of disposal of approximately HK\$13,687,000, net of the release of related exchange fluctuation reserve upon disposal of approximately HK\$936,000, was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

Immediately after the completion of the Tysan Trading Disposal, TTCL, which was controlled by Miss Jennifer Kwok, became a related company of the Group until the resignation of Miss Jennifer Kwok as an executive director with effect from 1 July 2014.

Further details of the Tysan Building Construction Disposal and the Tysan Trading Disposal are set out in the Company’s circular dated 25 November 2013.

10. TRADE RECEIVABLES

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:

	2015	2014
	<i>HK\$’000</i>	<i>HK\$’000</i>
Trade receivables:		
Within 90 days	629,061	463,772
91 to 180 days	117	1,231
181 to 360 days	10,388	1,789
Over 360 days	2,180	771
	641,746	467,563
Retention receivables	374,895	310,234
	1,016,641	777,797

Included in the trade receivables is an amount due from a related company of HK\$254,000 (2014: HK\$6,405,000), which is repayable on similar credit terms to those offered to the major customers of the Group.

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.

11. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables:		
Within 90 days	296,839	147,805
91 to 180 days	1,849	438
Over 180 days	1,560	1,995
	<u>300,248</u>	<u>150,238</u>
Retention payables	184,246	152,494
Accruals	439,188	331,343
	<u>923,682</u>	<u>634,075</u>

12. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Guarantees in respect of performance bonds in relation to subsidiaries	<u>416,775</u>	<u>533,328</u>

13. COMMITMENTS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Property, plant and equipment and investment properties:		
– contracted, but not provided for	6,586	58,803
– authorised, but not contracted for	—	8,907
	6,586	67,710
(b) Construction works relating to properties under development:		
– contracted, but not provided for	878,527	1,104,842
– authorised, but not contracted for	271,758	491,816
	1,150,285	1,596,658
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
– within one year	58,700	10,129
– in the second to fifth years, inclusive	3,267	6,032
	61,967	16,161

14. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

- (a) On 18 March 2015, Tysan Property Development & Investment Limited (“TPDIL”), a wholly-owned subsidiary of the Company, and the non-controlling shareholder of Sparkle Key Limited, entered into a sale and purchase agreement pursuant to which, TPDIL acquired a 3% equity interest in Sparkle Key Limited from the non-controlling shareholder and the interest-free shareholder’s loan of HK\$10,800,000 owing by Sparkle Key Limited to the non-controlling shareholder at a cash consideration of HK\$15,000,000 (of which HK\$4,200,000 is for the acquisition of the equity interest in Sparkle Key Limited and HK\$10,800,000 is for the settlement of the shareholder’s loan) (“Sparkle Key Acquisition”). The Sparkle Key Acquisition was completed on 18 March 2015.

Upon the completion of the Sparkle Key Acquisition, Sparkle Key Limited became an indirectly wholly-owned subsidiary of the Company. The Sparkle Key Acquisition did not result in any change in control by the Company over Sparkle Key Limited and such acquisition was accounted for as an equity transaction. Accordingly, the debit balance of HK\$3,246,000, between the consideration of HK\$15,000,000, and the aggregate of the carrying amount of non-controlling interest of HK\$954,000 and the loan from the then non-controlling shareholder of HK\$10,800,000, was recorded in the retained profits in the equity.

- (b) On 16 August 2013 (as amended by a supplemental agreement dated 22 November 2013), Duncan Properties Limited, an indirect wholly-owned subsidiary of the Company, and Tysan Building Construction (China) Limited (“TBCCL”), a wholly-owned subsidiary of TBC which was a then 49% owned associate, entered into a sale and purchase agreement pursuant to which, Duncan Properties Limited acquired a 20% equity interest in Great Prosper Limited from TBCCL and the interest-free shareholder’s loan of HK\$31,560,000 owing by Great Prosper Limited to TBCCL at a cash consideration of HK\$129,412,000 (of which HK\$97,852,000 is for the acquisition of the equity interest in Great Prosper Limited and HK\$31,560,000 is for the settlement of the shareholder’s loan) (“Great Prosper Acquisition”).

TBCCL has undertaken that, immediately after the completion of the Great Prosper Acquisition, it applied the proceeds of HK\$129,412,000 received from the Great Prosper Acquisition in repayment of all its shareholder’s loan and distributed the remaining balance by way of dividend to its sole shareholder, TBC, prior to the consummation of the Tysan Building Construction Disposal (note 9(b) (i)). TBC then distributed the whole amount being received as dividend to its then shareholders. Since the Group owned a 49% equity interest in TBC, the Group received a dividend of HK\$63,412,000 from TBC. As the Group directly held 80% and indirectly held 9.8% equity interests in Great Prosper Limited through Duncan Properties Limited and the 49%-owned then associate, TBC, respectively, the Group effectively acquired a 10.2% interest in Great Prosper Limited through the Great Prosper Acquisition. The Great Prosper Acquisition was completed on 14 January 2014.

Upon the completion of the Great Prosper Acquisition, Great Prosper Limited became an indirect wholly-owned subsidiary of the Company. The Great Prosper Acquisition did not result in any change in control by the Company over Great Prosper Limited and such acquisition was accounted for as an equity transaction. Accordingly, the debit balance of HK\$32,989,000, between the net cash outflow of HK\$66,000,000, being the consideration of HK\$129,412,000 and the dividend received of HK\$63,412,000, and the aggregate amounts of the carrying amount of non-controlling interest of HK\$16,916,000 and 51% share of the loan from the then associate of HK\$31,560,000, of HK\$16,095,000, was recorded in the retained profits in the equity during the year ended 31 March 2014. The remaining 49% share of the loan from the then associate of HK\$15,465,000 was eliminated with interest in an associate.

Further details of the Great Prosper Acquisition are set out in the Company’s circular dated 25 November 2013.

15. PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 16 August 2013 (as amended by supplemental agreements dated 18 August 2013 and 22 November 2013), the Company and Fortunate Pool Limited (“Fortunate Pool”) entered into a sale and purchase agreement pursuant to which, the Company disposed of its 40% equity interest in Tysan Foundation (Hong Kong) Limited and an interest-free shareholder’s loan owing by Tysan Foundation (Hong Kong) Limited to the Company, to Fortunate Pool for a cash consideration of HK\$157,000,000 (of which HK\$125,000,000 is for the acquisition of the equity interest in Tysan Foundation (Hong Kong) Limited and HK\$32,000,000 is for the settlement of an interest-free shareholder’s loan) (“Tysan Foundation (Hong Kong) Disposal”). The Tysan Foundation (Hong Kong) Disposal was completed on 17 January 2014.

Immediately after the completion of the Tysan Foundation (Hong Kong) Disposal, Tysan Foundation (Hong Kong) Limited became a 60%-owned subsidiary of the Company. The financial results of Tysan Foundation (Hong Kong) Group continued to be consolidated into the Company’s consolidated financial statements and such disposal was accounted for as an equity transaction.

The debit difference of HK\$48,087,000 between the consideration for the equity interest of HK\$125,000,000 and the carrying amount of non-controlling interests of HK\$173,087,000 was recorded in the retained profits in the equity during the year ended 31 March 2014.

Further details of the Tysan Foundation (Hong Kong) Disposal are set out in the Company’s circular dated 25 November 2013.

16. DISPOSAL OF SUBSIDIARIES

- (a) On 11 December 2014, TPDIL, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its equity interest in Tremend Yield Limited and the rights and benefits in the interest-free shareholder's loan of HK\$6,404,000 owing by Tremend Yield Limited to TPDIL, at a cash consideration of HK\$21,875,000, to Mr. Fung ("Tremend Yield Disposal"). The Tremend Yield Disposal was completed on 19 December 2014. Tremend Yield Limited is a property investment company whose main asset is a shop in Tai Kok Tsui, Kowloon for commercial use.

	<i>HK\$'000</i>
Net assets disposed of:	
Investment property	22,530
Deposits	1
Bank balances	279
Accruals	(24)
Other payables and deposits received	(167)
Tax payable	(93)
Deferred tax liability	(560)
Loan from the Group	(6,404)
	<hr/>
	15,562
Loan from the Group assigned	6,404
Loss on disposal of a subsidiary	(91)
	<hr/>
	21,875
	<hr/> <hr/>
Satisfied by:	
Cash consideration	21,875
	<hr/> <hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the Tremend Yield Disposal is as follows:

	<i>HK\$'000</i>
Cash consideration	21,875
Bank balances disposed of	(279)
	<hr/>
Net inflow of cash and cash equivalents in respect of the Tremend Yield Disposal	21,596
	<hr/> <hr/>

16. DISPOSAL OF SUBSIDIARIES (continued)

- (b) On 11 December 2014, TCCL, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its equity interest in Tysan Engineering Company Limited (“TECL”) and the rights and benefits in the interest-free shareholder’s loan of HK\$6,433,000 owing by TECL to TCCL, at a cash consideration of HK\$5,794,000, to Mr. Fung (“Tysan Engineering Disposal”). The Tysan Engineering Disposal was completed on 19 December 2014. TECL and its subsidiaries are principally engaged in the provision of E&M engineering services. Immediately after the completion of the Tysan Engineering Disposal, TECL, which is controlled by Mr. Fung, became a related company of the Group.

	<i>HK\$’000</i>
Net assets disposed of:	
Amounts due from customers for contract works	6,857
Trade receivables	4,619
Prepayments, deposits and other receivables	90
Bank balances	1,534
Trade payables and accruals	(2,514)
Other payables	(162)
Amounts due to customers for contract works	(748)
Interest-bearing bank borrowings	(400)
Loan from the Group	(6,433)
Loan from a non-controlling shareholder	(2,757)
Non-controlling interests	(26)
	<u>60</u>
Loan from the Group assigned	6,433
Loss on disposal of subsidiaries	(699)
	<u>5,794</u>
Satisfied by:	
Cash consideration	<u>5,794</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Tysan Engineering Disposal is as follows:

	<i>HK\$’000</i>
Cash consideration	5,794
Bank balances disposed of	(1,534)
	<u>4,260</u>
Net inflow of cash and cash equivalents in respect of the Tysan Engineering Disposal	<u>4,260</u>

Further details of the Tremend Yield Disposal and the Tysan Engineering Disposal were disclosed in the Company’s announcement dated 11 December 2014.

DIVIDEND

The Board has resolved to recommend a final dividend payment of HK\$0.15 (year ended 31 March 2014: HK\$0.10) per share to shareholders whose names appear on the Company's register of members on 17 August 2015. An interim dividend of HK\$0.05 was declared for the six months ended 30 September 2014 (period ended 30 September 2013: Nil). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before 7 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

- (i) from Wednesday, 5 August 2015 to Friday, 7 August 2015 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged 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 Tuesday, 4 August 2015; and
- (ii) from Thursday, 13 August 2015 to Monday, 17 August 2015 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged 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, 12 August 2015.

BUSINESS REVIEW

Hong Kong Market

Foundation Piling

Turnover of the Group's foundation division increased by 52% to HK\$3,752 million for the year under review. Its net contribution increased by 1.7 times to HK\$321 million as compared to HK\$189 million last year, driven by increased construction activities and public spending on infrastructure. The Group's major contracts on hand include, inter alia, the Passenger Clearance Building for the HK-Zhuhai-Macau Bridge, public housing developments in Tung Chung Area 39, Pak Tin Estates, Kai Tak and the former Wholesale Food Market at Cheung Sha Wan, private residential developments in Kai Tak, Tseung Kwan O, and Kwun Tong and commercial development in Wong Chuk Hang and Quarry Bay. EBITDA for the foundation piling segment increased by 56%, from HK\$245 million to HK\$381 million for the year under review. The overall EBITDA margin for the segment remained at 10% as per last year.

PRC Market

Property Development

The Waterfront

During the year under review, the Group's residential project in Shanghai, The Waterfront, recognized a revenue of HK\$569 million as compared to HK\$449 million in the same period last year and contribution to profit of HK\$414 million (2014: HK\$258 million).

The unsold area of The Waterfront as at 31 March 2015 is outlined below:

- Residential: about 6,100 sqm;
- Car Park: about 73 car park units;
- Non-Residential: about 4,800 sqm, representing primarily street front retail shops and a historic building.

The residential market sentiment has improved after the Chinese government relaxed the tightening policies in 2015. The Waterfront is a unique development and the remaining inventory is relatively small. We expect price of the remaining units to escalate due to limited supply.

The Riverside

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

The unsold area of The Riverside as at 31 March 2015 is outlined below:

- Residential: about 25,500 sqm;
- Car Park: about 165 car park units;
- Non-Residential: about 3,900 sqm, representing primarily street front retail shops and The Riverside's clubhouse.

For the year under review, a revenue of HK\$418 million was recognized as compared to HK\$515 million in the same period last year and contribution to profit decreased from HK\$199 million of last year to HK\$166 million. The Group is confident that The Riverside can maintain the sales velocity and price of the remaining units which are of high quality and unique design.

The Pinnacle

The site in Shenyang is located at Huanggu District with a site area of about 41,209 sqm and a GFA of about 165,000 sqm. The Pinnacle comprises of both residential and commercial development. Construction works are in progress and will be completed in mid 2016 as scheduled. With the opening of the Sales Office on 1 May 2015, the Group expects to commence pre-sales in the financial year of 2015 – 2016, subject to market conditions.

EBITDA for the property development segment increased by 34%, from HK\$449 million to HK\$603 million for the year under review. The overall EBITDA margin increased by 15% from 46% to 61% for the year ended 31 March 2015.

Property Investment and Management

Since the completion of the renovation works in mid-2014, the Group's investment properties in Shanghai have continued to provide steady recurring income. During the period under review, turnover of the property investment division maintained at HK\$13 million.

PROSPECTS

The Group expects Hong Kong's foundation piling industry to stay healthy in the next few years. This is driven by strong construction activities in both public and private sectors. For the fiscal year 2015-16, the government's capital spending on infrastructure is estimated to reach about HK\$76 billion; this represents about 13% above the 5-year average. The government has carried out land use reviews continuously on sites available for residential use and increased the land supply to cope with the overwhelming housing needs, resulting in a marked increase in both public and private housing development activities. Major infrastructure projects and land development projects being undertaken or planned include the revitalization of Kowloon East, development of Tung Chung New Town Extension, East Lantau Metropolis, Kai Tak Fantasy project and implementing new railway projects. The Group is well-positioned to benefit from the high level of construction activities while maintaining its leading market position in Hong Kong.

While the Group's foundation business has performed very well in the past financial year, challenges remain with continuing cost inflation and increasingly competitive market landscape. However, with the current works in the pipeline, and barring any unforeseen circumstances, it is expected that the division will continue to yield profits in the current financial year.

In China, the overall property market sentiment has improved significantly subsequent to the PRC government's announcement to support the property market in early March 2015. The new policies on mortgages and the housing provident fund for first and second home buyers, the lowering of interest rates and bank's reserve requirement ratio, and the lifting of business tax on the sale of units purchased for more than two years, have stimulated demand in the market. In addition, our product offers unique value proposition to our potential customers, which will be beneficial to our residential sales campaigns.

The Group will maintain a prudent investment and financing strategy and continue to strengthen its efficiency and seek opportunities to maximize the interests of its shareholders.

FINANCIAL REVIEW

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2015, the Group's cash on hand was approximately HK\$1,311 million (31 March 2014: HK\$1,551 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$5,568 million (31 March 2014: HK\$5,277 million) and HK\$2,742 million (31 March 2014: HK\$2,482 million), respectively. As at 31 March 2015, the Group's working capital amounted to HK\$1,100 million. As at 31 March 2015, the Group did not have any net debt and recorded a net cash balance of HK\$944 million, while the Group recorded a net cash balance HK\$965 million as at 31 March 2014. Contingent liabilities in relation to guarantees of performance bonds decreased from HK\$533 million as at 31 March 2014 to HK\$417 million as at 31 March 2015. Certain of the Group's assets with a book value of approximately HK\$183 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were primarily denominated in Hong Kong dollars, with a few loan facilities in Euro. Currency exposure has been monitored and forward contracts will be considered as required.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed approximately 1,518 employees as at 31 March 2015. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 March 2015 except for the following deviations:

CG 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 and 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 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 and independent non-executive directors of the Company do not be appointed for a specific term.

CG Code Provision A4.2 stipulates that 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 of the Company shall retire from office by rotation provided that notwithstanding anything therein. The chairman of the Board (the “Chairman”) and the managing director of the Company (the “Managing Director”) shall not be subject to retirement by rotation or 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 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 and the Managing Director should not be subject to retirement by rotation.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the Company’s directors, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2015.

AUDIT COMMITTEE

The terms of reference of the Group's Audit Committee were revised with effect from 11 June 2015. The Group's Audit Committee comprises four members, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, who are independent non-executive directors of the Company. The Committee conducted a review with the management such accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's consolidated results and financial statements for the year ended 31 March 2015.

The Committee has also met with the external auditors of the Company, Messrs. Ernst & Young, and reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's results for the year ended 31 March 2015 as set out in this preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the year and to thank all our shareholders for their support to the Group. Furthermore, I would like to express my sincere gratitude to our former Executive Director, Miss Jennifer Kwok, whose resignation became effective on 1 July 2014, for her invaluable contribution to the Group during the tenure of her office.

On behalf of the Board
TYSAN HOLDINGS LIMITED
WANG TIANBING
Chairman

Hong Kong, 11 June 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Fung Chiu Chak, Victor; Mr. Chiu Chin Hung and Mr. Lau Kin Fai; the non-executive Directors of the Company are Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Yang Han Hsiang, Mr. Justin Wai and Mr. Law Yiu Fat Richard; and the independent non-executive Directors of the Company are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.

Company website: www.tysan.com