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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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 2013. During the period under review, the Group recorded a turnover of HK\$2,313 million (30 September 2012: HK\$1,435 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$92 million (30 September 2012: HK\$195 million), representing HK\$0.10 per ordinary share of the Company (“Share”) (30 September 2012: HK\$0.22 per Share).

Business Review

Foundation Piling

For the period under review, turnover of the Group’s foundation division increased by 39% to HK\$1,817 million while contribution to profit increased by 98% to HK\$84 million as compared to the last corresponding period. The Group’s major contracts on hand include, inter alia, Hong Kong Housing Authority’s project in Tuen Mun Area 54, Kerry Properties’s project in So Kwun Wat Tuen Mun and Shangri-La’s hotel project in Hung Hom.

Property Development

Shanghai

For the period under review, the Group's residential project in Shanghai, The Waterfront, recognised HK\$195 million as revenues as compared to HK\$74 million in the last corresponding period. Despite the continuation of the government's restrictive measures on home purchase, the price of the project remains solid and transactions level is satisfactory.

Tianjin

The Riverside's sale results are satisfactory and achieved a revenue of HK\$265 million for the period under review. The Group is confident that the project will remain as a strong player in the market and will continue to yield profitable returns.

Shenyang

The Group's site in Shenyang, located at Huanggu District with a total gross floor area of approximately 165,000 sqm, has commenced construction and the pre-sale program is expected to be launched during the financial year ending 31 March 2015.

Property Investment and Management

The Group's investment properties in Shanghai have started its renovation program and thus some units were left vacant. As a result, turnover of the property investment and management division during the period under review decreased from HK\$12 million in the last corresponding period to HK\$9 million while contribution to profit, including changes in fair value of investment properties, was about breakeven. The Group is of the view that the value of the investment properties will be enhanced after completion of the renovation.

Other Construction Related Sectors

During the period under review, turnover of the Group's electrical and mechanical engineering division and machinery leasing and trading division was HK\$13 million and HK\$12 million respectively with breakeven results. The Group expects market conditions will remain competitive but believes the divisions will achieve profitable returns.

Prospects

The foundation market for the financial year ending 31 March 2014 should continue to be stable. However, the Group expects competition will become more intense in the coming years as overall plant capacity in Hong Kong has largely increased as a result of the boom in the foundation market for the past 3 years. In addition, with most of the casino resorts completing this year, more plant capacity will be added to the Hong Kong market. The Group thus expects to face a competitive market but is confident that with its established market position and management expertise, it will be able to maintain and utilise its competitive advantages.

The Group's business strategy is to continue to be the leader in the foundation industry in Hong Kong and Macau. With the business being led by the same key management, the Company expects to maintain its established market position and will continue to expand its business based on long term client relationship and successful track records.

The China government continues its austerity measures on the property market which the Group believes is healthy for the long term development of the real estate market. The Group remains cautiously positive on the overall outlook of the China property market as its economy continues to grow, and prosper and will continue to seek for new project opportunities in China.

Possible Voluntary Conditional Cash Offer

On 19 August 2013, the Company and Tides Holdings II Ltd. (the "Offeror") jointly announced ("Joint Announcement") that Barclays Capital Asia Limited will, on behalf of the Offeror, subject to the satisfaction or waiver of the Pre-Conditions (as defined in the Joint Announcement), make a possible voluntary conditional cash offer ("Offer") to acquire all the issued shares of the Company ("Shares") (other than those already owned by the Offeror and parties acting in concert with it) at an offer price of HK\$2.86 per Share ("Offer Price"). The Offer Price represents a premium of approximately 59.8% over the average of the closing prices as quoted on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the 90 consecutive trading days up to and including 9 August 2013, being the last trading day before the Joint Announcement of HK\$1.79 per Share. The Blackstone Group L.P.'s real estate group, the parent of the Offeror, is one of the largest opportunistic real estate investment managers in the world. It is also engaged in real estate development in major cities in the People's Republic of China ("PRC") such as Shanghai, Dalian, Nantong and Wuhan. The Blackstone Group L.P. and its affiliates believe that the subject Offer will provide it with an opportunity to enlarge its footprint in the real estate market in the PRC. For details of the Offer, please refer to the Joint Announcement.

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital and liquidity position. As at 30 September 2013, the Group's cash on hand was approximately HK\$1,527 million (31 March 2013: HK\$1,079 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$5,458 million (31 March 2013: HK\$5,074 million) and HK\$2,421 million (31 March 2013: HK\$2,339 million) respectively. As at 30 September 2013, the Group's working capital amounted to HK\$1,632 million (31 March 2013: HK\$1,437 million).

The Group continued to be in a strong financial position. As at 30 September 2013, the Group did not have any net debt gearing and record a net cash balance of HK\$738 million, while the Group's net cash balance as at 31 March 2013 was HK\$243 million. Contingent liabilities in relation to guarantees of performance bonds increased to HK\$532 million as at 30 September 2013 (31 March 2013: HK\$378 million). Certain of the Group's assets with a book value of approximately HK\$227 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. Currency exposure is being closely monitored and forward contracts will be considered when the need arises.

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong and the PRC, employed approximately 1,545 employees as at 30 September 2013. 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 has resolved not to declare an interim dividend (30 September 2012: HK2.0 cents per Share) for the six months ended 30 September 2013.

Consolidated Income Statement

		Six months ended	
		30 September	
		2013	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>
REVENUE	3	2,312,796	1,435,330
Cost of sales		<u>(2,010,223)</u>	<u>(1,359,760)</u>
Gross profit		302,573	75,570
Other income and gains	4	14,950	202,936
Selling expenses		(27,893)	(11,951)
Administrative expenses		(43,088)	(27,599)
Changes in fair value of investment properties		2,375	5,739
Other expenses, net		(11,035)	(11,902)
Finance costs		(11,756)	(5,289)
Share of profits of associates		<u>2,781</u>	<u>1,623</u>
PROFIT BEFORE TAX	5	228,907	229,127
Income tax expense	6	<u>(133,047)</u>	<u>(34,671)</u>
PROFIT FOR THE PERIOD		<u>95,860</u>	<u>194,456</u>
Attributable to:			
Ordinary equity holders of the Company		91,505	195,062
Non-controlling interests		<u>4,355</u>	<u>(606)</u>
		<u>95,860</u>	<u>194,456</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>10.46 cents</u>	<u>22.35 cents</u>
Diluted		<u>10.46 cents</u>	<u>22.35 cents</u>

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

Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
PROFIT FOR THE PERIOD	95,860	194,456
OTHER COMPREHENSIVE INCOME		
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	32,028	2,068
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	32,028	2,068
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	127,888	196,524
Attributable to:		
Ordinary equity holders of the Company	122,889	197,083
Non-controlling interests	4,999	(559)
	127,888	196,524

Consolidated Statement of Financial Position

		As at 30 September 2013 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2013 <i>HK\$'000</i> <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	420,617	434,372
Investment properties		497,004	487,878
Properties under development		677,973	843,946
Deposits paid		—	3,909
Interests in associates	10(a)	50,786	47,860
Other assets		1,350	1,230
Available-for-sale investments		1,267	—
Deferred tax assets		74,172	85,501
		<hr/>	<hr/>
Total non-current assets		1,723,169	1,904,696
CURRENT ASSETS			
Properties under development		555,496	187,880
Investments at fair value through profit or loss		29,335	272,373
Inventories		12,359	15,164
Properties held for sale		552,996	720,600
Amounts due from customers for contract works		127,648	99,643
Trade receivables	11	868,140	735,062
Other receivables, prepayments and deposits		54,113	50,232
Tax prepaid		7,750	9,238
Time deposits		375,979	529,582
Restricted cash		—	60,207
Cash and bank balances		1,150,863	488,870
		<hr/>	<hr/>
Total current assets		3,734,679	3,168,851

Consolidated Statement of Financial Position (continued)

	<i>Notes</i>	As at 30 September 2013 HK\$'000 Unaudited	As at 31 March 2013 HK\$'000 Audited
CURRENT LIABILITIES			
Trade payables and accruals	12	1,217,703	638,467
Other payables, deposits received and receipts in advance	13	28,002	25,608
Amounts due to customers for contract works		312,728	528,161
Deposits received		198,508	140,897
Interest-bearing bank borrowings		161,635	109,786
Tax payable		184,145	289,164
		<hr/>	<hr/>
Total current liabilities		2,102,721	1,732,083
		<hr/>	<hr/>
NET CURRENT ASSETS		1,631,958	1,436,768
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,355,127	3,341,464
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		627,053	726,042
Derivative financial instruments		5,927	8,205
Loan from an associate	10(b)	31,560	24,560
Deferred tax liabilities		233,443	212,688
		<hr/>	<hr/>
Total non-current liabilities		897,983	971,495
		<hr/>	<hr/>
Net assets		2,457,144	2,369,969
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	14	87,466	87,266
Reserves		2,333,269	2,251,293
		<hr/>	<hr/>
		2,420,735	2,338,559
Non-controlling interests		36,409	31,410
		<hr/>	<hr/>
Total equity		2,457,144	2,369,969
		<hr/> <hr/>	<hr/> <hr/>

Notes to Unaudited 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, property investment and management, machinery leasing and trading, and electrical and mechanical engineering. The Company’s shares (“Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Pursuant to a joint announcement dated 19 August 2013 (“Joint Announcement”), the Company and Tides Holdings II Ltd. (the “Offeror”) jointly announced that Barclays Capital Asia Limited will, on behalf of the Offeror, subject to the satisfaction or waiver of certain pre-conditions (“Pre-Conditions”), make a voluntary conditional cash offer to acquire all the issued shares of the Company (other than those already owned by the Offeror and parties acting in concert it) (“Offer”) and to cancel all the outstanding options of the Company. The making of the Offer is, conditional upon the satisfaction of or waiver of the Pre-Conditions.

2. Basis of preparation and accounting policies

The unaudited consolidated 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 2013.

The accounting policies used in the preparation of the unaudited consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2013, 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 2013.

2. Basis of preparation and accounting policies (continued)

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of amendments to HKAS 1 and HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on the results and financial position of the Group for the current and prior accounting periods.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affected presentation only and had no impact on the Group's financial position or performance.

2. Basis of preparation and accounting policies (continued)

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the unaudited consolidated interim financial statements. HKFRS 13 has been applied prospectively.

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 on 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 consolidated interim financial statements were approved and authorised for issue by the board of directors on 25 November 2013.

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 2013

	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Machinery leasing and trading <i>HK\$'000</i>	Electrical and mechanical engineering <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:								
Sales to external customers	1,816,644	461,504	8,838	12,315	13,495	—	—	2,312,796
Intersegment sales	—	—	—	—	—	—	—	—
Total	1,816,644	461,504	8,838	12,315	13,495	—	—	2,312,796
Segment results	83,547	192,988	1,071	(143)	1,179	(51,426)	—	227,216
Interest income								10,527
Dividend income from listed investments								139
Finance costs								(11,756)
Share of profits of associates								2,781
Profit before tax								228,907
Income tax expense								(133,047)
Profit for the period								95,860

3. Segment information (continued)

For the six months ended 30 September 2012

	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Machinery leasing and trading <i>HK\$'000</i>	Electrical and mechanical engineering <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:								
Sales to external customers	1,308,718	74,853	12,129	13,160	26,470	—	—	1,435,330
Intersegment sales	—	—	—	2,620	42	—	(2,662)	—
Total	1,308,718	74,853	12,129	15,780	26,512	—	(2,662)	1,435,330
Segment results	42,140	23,486	6,793	(1,397)	1,914	154,711	—	227,647
Interest income								5,005
Dividend income from listed investments								141
Finance costs								(5,289)
Share of profits of associates								1,623
Profit before tax								229,127
Income tax expense								(34,671)
Profit for the period								194,456

4. Other income and gains

	Six months ended 30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	10,527	5,005
Insurance claims	862	—
Gain on disposal of investment properties	—	478
Gain on disposal of non-current asset classified as held for sale*	—	191,872
Management service income	947	781
Subsidy income**	902	106
Dividend income from listed investments	139	141
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	942	4,553
	<u>14,950</u>	<u>202,936</u>

* On 7 December 2011, the Group entered into a formal sale and purchase agreement with an independent third party to dispose of an owner-occupied property being the whole floor of 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at a total cash consideration of HK\$315,000,000. On 31 May 2012, the disposal was completed and a gain of HK\$191,872,000 was resulted.

** 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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	38,639	40,709
Fair value losses/(gains), net:		
Investments at fair value through profit or loss	(170)	231
Derivative instruments – transaction not qualifying as hedge	(162)	1,290
Gain on disposal of investment property	—	(478)
Gain on disposal of non-current asset classified as held for sale	—	(191,872)
Loss on disposal and write-off of items of property, plant and equipment	9,911	4,469
Reversal for write-down of inventories to net realisable value	(72)	(31)
Write-off of inventories	—	430
Impairment/(write-back of impairment) of other assets	20	(100)
Finance costs	11,756	5,289
	<u>11,756</u>	<u>5,289</u>

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China ("PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	2,757	4,780
Elsewhere	104,187	23,036
Overprovision in prior periods:		
PRC:		
Hong Kong	(4,140)	—
Elsewhere	(23)	—
	<u>102,781</u>	27,816
Deferred tax	<u>30,266</u>	6,855
	<u><u>133,047</u></u>	<u><u>34,671</u></u>

7. Dividends

	Six months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend - Nil (2012: HK2.0 cents per ordinary share)	<u>—</u>	<u>17,453</u>

A final dividend of HK5.0 cents per ordinary share, representing a total of approximately HK\$43,633,000, for the year ended 31 March 2013 was approved in the Company's Annual General Meeting on 1 August 2013 and paid on 6 September 2013.

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\$91,505,000 (2012: HK\$195,062,000), and the weighted average number of ordinary shares of 874,447,324 (2012: 872,665,903) in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2013 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$91,505,000 (2012: HK\$195,062,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that period of 874,447,324 (2012: 872,665,903), 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 393,539 (2012: 23,505).

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$36,890,000 (30 September 2012: HK\$67,395,000) to expand its business. Property, plant and equipment with a net book value of HK\$12,190,000 were disposed of and written off by the Group during the six months ended 30 September 2013 (30 September 2012: HK\$4,767,000) resulting in a net loss on disposal/written off of HK\$9,911,000 (30 September 2012: HK\$4,469,000).

10. Interests in associates and loan from an associate

(a)

	As at 30 September 2013 HK\$'000	As at 31 March 2013 HK\$'000
Share of net assets	40,575	37,595
Amounts due from associates	2,410	2,464
Loans to associates	8,150	8,150
	<u>51,135</u>	<u>48,209</u>
Less: Impairment	(349)	(349)
	<u><u>50,786</u></u>	<u><u>47,860</u></u>

The amounts due from associates and loans to associates are unsecured, interest-free and have no fixed terms of repayment.

(b) The loan from an associate included in the Group's non-current liabilities of HK\$31,560,000 (31 March 2013: HK\$24,560,000) is unsecured, interest-free and will not be repayable within 12 months from 30 September 2013.

(c) The Group's trade receivables balances with the associates are disclosed in note 11 to this announcement.

11. Trade receivables

The Group has established credit policies that follow local industry practice. The average normal credit periods offered to trade customers other than for retention receivables are within 90 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 2013 HK\$'000	As at 31 March 2013 HK\$'000
Trade receivables	877,144	743,938
Impairment	(9,004)	(8,876)
	<u>868,140</u>	<u>735,062</u>

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 2013 HK\$'000	As at 31 March 2013 HK\$'000
Trade receivables:		
Within 90 days	574,863	456,725
91 to 180 days	2,087	751
181 to 360 days	178	14,105
Over 360 days	194	194
	<u>577,322</u>	<u>471,775</u>
Retention receivables	290,818	263,287
	<u>868,140</u>	<u>735,062</u>

Included in the trade receivables are amounts due from associates of HK\$300,000 (31 March 2013: HK\$618,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

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 2013 HK\$'000	As at 31 March 2013 HK\$'000
Trade payables:		
Within 30 days	180,509	214,364
31 to 90 days	60,502	2,719
91 to 180 days	251	224
Over 180 days	1,086	4,190
	<hr/> 242,348	<hr/> 221,497
Retention payables	151,413	79,759
Accruals	823,942	337,211
	<hr/> 1,217,703 <hr/>	<hr/> 638,467 <hr/>

13. Other payables, deposits received and receipts in advance

As at 31 March 2013, included in other payables, deposits received and receipts in advance are the deposits of HK\$6,000,000 received from Fortunate Pool Limited (“Fortunate Pool”), a company wholly owned by Mr. Fung Chiu Chak Victor for the proposed disposal of 40% of the issued shares of Tysan Foundation (Hong Kong) Limited pursuant to a sale and purchase agreement dated 12 November 2012 (as amended by a supplemental agreement dated 21 December 2012) between the Company and Fortunate Pool (collectively, the “Rescinded Sale and Purchase Agreement”). As the conditions to the Rescinded Sale and Purchase Agreement had not been fulfilled by 30 June 2013, Fortunate Pool elected to rescind the agreement and the Company refunded all the monies paid by Fortunate Pool, being HK\$6,000,000, without interest and neither party had any claims against the other party. During the commercial negotiations between the Offeror and the Company in connection with the Offer, the withdrawal of the legal proceedings HCMP 2892 of 2012, HCMP 207 of 2013 and HCMP 814 of 2013 taken out by Mr. David Chien in the High Court of Hong Kong (collectively, the “Chien Legal Proceedings”) was one of the Pre-Conditions to the Offer. Parties to the Chien Legal Proceedings were aware of the Offer and wished to achieve a full and final settlement of the Chien Legal Proceedings, and a settlement agreement (“Settlement Agreement”) was accordingly entered into on 16 August 2013. The parties to the Chien Legal Proceedings, amongst others, entered into the Settlement Agreement pursuant to which Mr. David Chien agreed to (i) stay the Chien Legal Proceedings and vacate the relevant hearing dates and file the relevant consent summons with the High Court of Hong Kong within 3 business days after the date of the Settlement Agreement; and (ii) unconditionally withdraw the Chien Legal Proceedings and file the relevant consent summons with the High Court of Hong Kong within 3 business days of the relevant independent shareholders of the Company approving the special deal transactions and the non-exempt connected transactions. Further information of which has been disclosed in the circular of the Company issued on 25 November 2013 (the “November 2013 Circular”). By two sealed copy orders by consent sealed on 22 August 2013 and 23 August 2013 respectively, the High Court of Hong Kong ordered that all further proceedings in the Chien Legal Proceedings be stayed and that the hearing date for leave to appeal against an interim order granted by the High Court of Hong Kong in the legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 respectively be vacated. The Company is a party to the Settlement Agreement in respect of the legal proceeding HCMP 841 of 2013. In that proceeding, although the Company is the respondent, what Mr. David Chien is seeking from the court is the right to represent the Company and he is not suing the Company for damages or other substantive remedies other than costs. The other provisions of the Settlement Agreement do not directly involve the Company and are mainly in respect of settling the rights and remedies of Mr. David Chien and the other Directors involved in the Chien Legal Proceedings against one another. The Settlement Agreement does not involve any payment on the part of the Company save for bearing its own costs and Mr. David Chien bears his own costs, and each party is released from all actions, demands and claims from the other party. For further information of the Chien Legal Proceedings, please refer to the announcements published by the Company dated 7 January 2013, 18 January 2013, 25 January 2013, 28 February 2013, 23 April 2013, 6 May 2013, 7 May 2013, 10 May 2013, 31 May 2013, 7 June 2013, 21 June 2013, 19 August 2013 and 23 August 2013. Further information of the Settlement Agreement has been disclosed in the November 2013 Circular.

14. Share capital

	As at 30 September 2013 HK\$'000	As at 31 March 2013 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 2013: 872,665,903) ordinary shares of HK\$0.10 each	<u>87,466</u>	<u>87,266</u>

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

15. Contingent liabilities

	As at 30 September 2013 HK\$'000	As at 31 March 2013 HK\$'000
Guarantees given to a financial institution in connection with general credit facilities granted to associates	51,280	51,280
Guarantees in respect of performance bonds granted to:		
– subsidiaries	494,920	342,818
– an associate	<u>36,959</u>	<u>35,229</u>
	<u>583,159</u>	<u>429,327</u>

16. Commitments

	As at 30 September 2013 HK\$'000	As at 31 March 2013 HK\$'000
(a) Capital expenditure for property, plant and equipment – contracted, but not provided for	<u>2,661</u>	<u>10,208</u>
(b) Capital commitments in respect of construction works relating to properties under development:		
– contracted, but not provided for	1,251,813	1,300,361
– authorised, but not contracted for	<u>207,808</u>	<u>248,493</u>
	<u>1,459,621</u>	<u>1,548,854</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	13,887	26,322
In the second to fifth years, inclusive	<u>6,304</u>	<u>6,249</u>
	<u>20,191</u>	<u>32,571</u>

17. Related party transactions

- a) For the six months ended 30 September 2013, compensation to key management personnel of the Group amounted to HK\$15,620,000 (2012: HK\$14,236,000).
- b) Details of the Group's balances with its associates as at the end of the reporting period are included in notes 10 and 11 to this announcement. Guarantees given by the Group to financial institution in connection with general credit facilities granted to its associate at the end of the reporting period are included in note 15 to this announcement.

During the period ended 30 September 2013, Tysan Trading Company Limited (“TTCL”) and Tysan Building Construction Company Limited (“TBC”), associates of the Group, paid management fee of HK\$587,400 and HK\$360,000 (2012: HK\$421,200 and HK\$360,000) to the Group, respectively. These transactions were entered into by the Group and its associates in accordance with the terms of the agreements.

18. Partial disposal of interest in a subsidiary

On 30 June 2012, the Group disposed of its 5% equity interest in Jetroyal Limited, a then 80%-owned subsidiary, to a director of Jetroyal Limited at a consideration of HK\$68,000. The difference of approximately HK\$813,000 between the consideration and the non-controlling interest's share of assets and liabilities at the date of disposal was debited to the Group's retained profits.

Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Practices Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Main Board of the Stock Exchange save for the following deviations:

Code Provision A4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

Independent non-executive directors of the Company (“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 the non-executive Directors need not be appointed for a specific term.

Code Provision A4.2 stipulates every director should be subject to retirement by rotation at least once every three years.

According to the Bye-laws, at each annual general meeting, one third of the Directors shall retire from office by rotation provided that notwithstanding anything therein. The chairman of the Board 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 continuation 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 more effective planning and execution of long-term business strategy. 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 Company, nominate and monitor external auditors and provide advice and comments to the Board of Directors.

The unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2013 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the period.

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.

By Order of the Board
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 25 November 2013

As at the date of this announcement, the executive Directors are Mr. Francis Cheung, Mr. Fung Chiu Chak, Victor, Mr. David Chien, Miss Jennifer Kwok, Mr. Chiu Chin Hung, Mr. Lau Kin Fai and Mr. Harvey Jackel Cheung, and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.

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