



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2002

RESULTS

The Board of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2002 together with the comparative figures as follows:-

| | Notes | 2002 HK\$'000 | 2001 HK\$'000 (Restated) |
|---|-------|------------------|--------------------------------|
| TURNOVER | | 1,500,079 | 981,227 |
| Cost of sales | | (1,368,308) | (874,928) |
| Gross profit | | 131,771 | 106,299 |
| Other revenue and gains | 3 | 9,622 | 11,604 |
| Selling expenses | | (4,856) | (1,651) |
| Administrative expenses | | (33,717) | (29,867) |
| Surplus/(deficit) arising from revaluation of investment properties | | 1,440 | (48,120) |
| Provision for impairment of fixed assets | | (10,187) | — |
| Other operating expenses | | (10,216) | (5,385) |
| PROFIT FROM OPERATING ACTIVITIES | 4 | 83,857 | 32,880 |
| Finance costs | 5 | (20,910) | (35,726) |
| Share of profits and losses of associates | | (8) | 5 |
| PROFIT/(LOSS) BEFORE TAX | | 62,939 | (2,841) |
| Tax | 6 | (16,733) | (9,094) |
| PROFIT/(LOSS) BEFORE MINORITY INTERESTS | | 46,206 | (11,935) |
| Minority interests | | (25,966) | 7,662 |
| NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS | | 20,240 | (4,273) |
| DIVIDENDS | 7 | | |
| Interim | | 2,927 | — |
| Proposed final | | 2,927 | — |
| | | 5,854 | — |
| EARNINGS/(LOSS) PER SHARE | 8 | | |
| Basic | | 2.77 cents | (0.58 cent) |
| Diluted | | N/A | N/A |

Notes:

1. Impact of new and revised Hong Kong Statements of Standard Accounting Practice

The following recently-issued and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- SSAP 28: "Provisions, contingent liabilities and contingent assets"
- SSAP 29: "Intangible assets"
- SSAP 30: "Business combinations"
- SSAP 31: "Impairment of assets"
- SSAP 32: "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12: "Business combinations - subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of the SSAP and Interpretation which have had a significant effect on the financial statements, are summarised as follows:

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Negative goodwill is recognised in the consolidated profit and loss account depending on the circumstances from which it arose. Interpretation 13 prescribes the application of SSAP 30 to goodwill and negative goodwill arising from acquisitions in previous years which remains eliminated against/credited to consolidated reserves. The adoption of the SSAP and Interpretation has resulted in a prior year adjustment.

The prior year adjustment to arising has resulted in negative goodwill previously credited to the capital reserve of HK\$92,953,000 as at 1 April 2001, being restated as the cost of the negative goodwill as at that date. The cumulative amount of negative goodwill that would have been recognised in the consolidated profit and loss account under the new accounting policy, of HK\$53,439,000 as at 1 April 2001, has been restated as the balance of accumulated recognition as income as at that date.

The effect of this change in accounting policy on the consolidated profit and loss account for the current year was to increase the negative goodwill recognised as income by HK\$3,794,000. The net amount of negative goodwill recognised as income of HK\$53,439,000 as at 1 April 2001 has been adjusted to the balance of retained profits as at that date.

2. Segment information

(a) Business segments

| | E&M | | | | | | | | | | Property | | | | | | | | | | Consolidated | |
|---|-------------------|---------|---------------------------------------|---------|-------------------------------|---------|------------------------------------|---------|----------------------|--------|-------------|----------|--------------|----------|-----------|----------|------|------|------|------|--------------|------|
| | Foundation piling | | engineering and building construction | | Machinery leasing and trading | | Property investment and management | | Property development | | Unallocated | | Eliminations | | 2002 | | 2001 | | 2002 | | 2001 | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Segment revenue: | 1,016,791 | 664,322 | 294,521 | 119,220 | 24,110 | 38,450 | 90,654 | 93,437 | 74,023 | 65,798 | — | — | — | — | 1,500,079 | 981,227 | — | — | — | — | — | — |
| Sales to external customers | 1,016,791 | 664,322 | 294,521 | 119,220 | 24,110 | 38,450 | 90,654 | 93,437 | 74,023 | 65,798 | — | — | — | — | 1,500,079 | 981,227 | — | — | — | — | — | — |
| Intersegment sales | — | — | — | — | 20,190 | 11,898 | 660 | 660 | — | — | — | — | (20,850) | (12,558) | — | — | — | — | — | — | — | — |
| Total | 1,016,791 | 664,322 | 294,521 | 119,220 | 44,300 | 50,348 | 91,294 | 94,097 | 74,023 | 65,798 | — | — | (20,850) | (12,558) | 1,500,079 | 981,227 | — | — | — | — | — | — |
| Segment results | 75,240 | 45,702 | 13,236 | 19,885 | (16,618) | (7,061) | 36,955 | (4,500) | 8,385 | 5,555 | (34,580) | (28,298) | — | — | 82,585 | 31,138 | — | — | — | — | — | — |
| Interest income | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 1,261 | 1,742 | — | — | — | — | — | — |
| Dividend income | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Profit from operating activities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 83,857 | 32,880 | — | — | — | — | — | — |
| Finance costs | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (20,910) | (35,726) | — | — | — | — | — | — |
| Share of profits and losses of associates | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (8) | 5 | — | — | — | — | — | — |
| Profit/(loss) before tax | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 62,939 | (2,841) | — | — | — | — | — | — |
| Tax | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (16,733) | (9,094) | — | — | — | — | — | — |
| Profit/(loss) before minority interests | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 46,206 | (11,935) | — | — | — | — | — | — |
| Minority interests | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (25,966) | 7,662 | — | — | — | — | — | — |
| Net profit/(loss) from ordinary activities attributable to shareholders | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 20,240 | (4,273) | — | — | — | — | — | — |

(b) Geographical segments

| | Hong Kong | | Elsewhere in the PRC | | Unallocated | | Consolidated | |
|-----------------------------|-----------|----------|----------------------|----------|-------------|----------|--------------|----------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue: | 1,338,595 | 825,188 | 161,484 | 156,039 | — | — | 1,500,079 | 981,227 |
| Sales to external customers | 1,338,595 | 825,188 | 161,484 | 156,039 | — | — | 1,500,079 | 981,227 |
| Segment results | 71,027 | 56,083 | 46,147 | 3,353 | (34,589) | (28,298) | 82,585 | 31,138 |

3. Other revenue and gains

| | 2002 HK\$'000 | 2001 HK\$'000 |
|---|------------------|------------------|
| Interest income | 1,261 | 1,742 |
| Insurance claims | 1,965 | 211 |
| Foreign exchange gains, net | 166 | 712 |
| Unrealised holding gains on short term listed investments | 48 | 18 |
| Negative goodwill recognised as income during the year | 3,794 | 3,793 |
| Others | 2,388 | 5,128 |
| | 9,622 | 11,604 |

4. Profit from operating activities

The Group's profit from operating activities is arrived at after charging/(crediting):

| | 2002 HK\$'000 | 2001 HK\$'000 |
|---|------------------|------------------|
| Goodwill: | | |
| Amortisation for the year | 1,032 | 2,249 |
| Impairment arising during the year | 4,550 | — |
| | 5,582 | 2,249 |
| Depreciation | 94,349 | 84,528 |
| Gain on disposal of short term listed investments | — | (131) |
| Loss on disposal of an investment property | — | 995 |
| Dividend income from listed investments | (11) | — |

5. Finance costs

| | 2002 HK\$'000 | 2001 HK\$'000 |
|--|------------------|------------------|
| Interest on bank loans and overdrafts wholly repayable within five years | 20,958 | 16,130 |
| Interest on bank loans wholly repayable after five years | — | 4,699 |
| Interest on other loans | 427 | 2,068 |
| Interest on convertible notes | — | 4,045 |
| Premium on redemption of convertible notes | — | 5,093 |
| Interest on finance leases | 1,688 | 4,037 |
| Total interest | 23,073 | 36,072 |
| Less: Interest capitalised | (2,163) | (346) |
| | 20,910 | 35,726 |

6. Tax

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. 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.

Provision for tax in respect of profit for the year:

| | 2002 HK\$'000 | 2001 HK\$'000 |
|---|------------------|------------------|
| People's Republic of China: | | |
| Hong Kong | 2,550 | 5,369 |
| Elsewhere | 11,166 | 5,572 |
| Underprovision/(overprovision) in prior year: | | |
| People's Republic of China: | | |
| Hong Kong | (210) | 457 |
| Elsewhere | (138) | (504) |
| Deferred tax | 13,368 | 10,894 |
| | 3,365 | (1,800) |
| | 16,733 | 9,094 |

7. Dividends

| | 2002 HK\$'000 | 2001 HK\$'000 |
|---|------------------|------------------|
| Interim - 0.4 HK cent (2001: Nil) per ordinary share | 2,927 | — |
| Proposed final - 0.4 HK cent (2001: Nil) per ordinary share | 2,927 | — |
| | 5,854 | — |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at forthcoming annual general meeting.

During the year, the Group adopted the revised SSAP 9 "Events after the balance sheet date". The effect of this change in accounting policy as at 31 March 2002, is that the current year's proposed final dividend of HK\$2,927,000 has been included in the proposed final dividend reserve account within the capital and reserves section of the balance sheet as at that date, whereas in previous years it would have been recognised as a current liability at the balance sheet date.

8. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the year of HK\$20,240,000 (2001: net loss of HK\$4,273,000) and the weighted average of 731,865,903 (2001: 731,865,903) ordinary shares in issue during the year.

Diluted earnings/(loss) per share has not been shown for either year as the share options and convertible notes outstanding during these years had an anti-dilutive effect on the basic earnings/(loss) per share for both years.

9. Reserves

| | Share premium account HK\$'000 | Capital reserve HK\$'000 | Statutory reserves HK\$'000 | Exchange fluctuation reserve HK\$'000 | Retained profits/(Accumulated losses) HK\$'000 | Total HK\$'000 |
|---|-----------------------------------|-----------------------------|--------------------------------|--|---|-------------------|
| At 1 April 2000: | | | | | | |
| As previously reported | 508,577 | 92,953 | 3,158 | 3,691 | (11,594) | 596,785 |
| Prior year adjustments: | | | | | | |
| SSAP 30 - restatement to non-current assets section of consolidated balance sheet of negative goodwill on acquisition of subsidiaries | — | (92,953) | — | — | 49,646 | (43,307) |
| As restated | 508,577 | — | 3,158 | 3,691 | 38,052 | 553,478 |
| Exchange realignments | — | — | — | (520) | — | (520) |
| Net profit for the year (as restated) | — | — | — | — | (4,273) | (4,273) |
| At 31 March 2001 | 508,577 | — | 3,158 | 3,171 | 33,779 | 548,685 |
| At 1 April 2001: | | | | | | |
| As previously reported | 508,577 | 92,953 | 3,158 | 3,171 | (19,660) | 588,199 |
| Prior year adjustments: | | | | | | |
| SSAP 30 - restatement to non-current assets section of consolidated balance sheet of negative goodwill on acquisition of subsidiaries | — | (92,953) | — | — | 53,439 | (39,514) |
| As restated | 508,577 | — | 3,158 | 3,171 | 33,779 | 548,685 |
| Exchange realignments | — | — | — | 549 | — | 549 |
| Net profit for the year | — | — | — | — | 20,240 | 20,240 |
| Interim dividend | — | — | — | — | (2,927) | (2,927) |
| Proposed final dividend | — | — | — | — | (2,927) | (2,927) |
| Transfer from retained profits | — | — | 240 | — | (240) | — |
| At 31 March 2002 | 508,577 | — | 3,398 | 3,720 | 47,925 | 563,620 |

DIVIDEND

The Board has resolved to declare a final dividend of 0.4 HK cent (2000/01: Nil) per share to shareholders whose names appear on the Company's register of members on the close of 28 August, 2002. The final dividend will be paid on or before 6 September, 2002. This, together with the interim dividend of 0.4 HK cent (2000/01: Nil) per share already paid to shareholders on 18 January 2002, will bring the year's total dividend to 0.8 HK cent.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 August 2002 to 28 August 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tengis Limited, at 4/F Hutchison House, 10 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on 20 August 2002.

BUSINESS REVIEW

For the year under review, the Group recorded a turnover of HK\$1,500 million, representing an increase of 53 per cent. (2001: HK\$981 million), and a consolidated net profit attributable to shareholders of HK\$20.2 million, a healthy turnaround as compared to a loss of HK\$4.3 million last year.

Hong Kong Market

Hong Kong's economy is going through a fundamental structural change and many industries are in the stage of adjustment and consolidation. Companies downsizing and restructuring exercise have seriously affected the labour market and unemployment rate has surged from 4.4% at the end of 2000 to a recent high of 7.4%. The 10-month freeze of the Home Ownership Scheme flats since September 2001 and the sluggish property market have undoubtedly cast extra burden to the construction sector. Against such a bleak backdrop, the Group still managed to make a profit for the year under review.

Foundation Piling

Foundation Piling is the Group's core business in Hong Kong. During the year under review, turnover of the foundation division was HK\$1,017 million while net contribution amounted to over HK\$75 million. Approximately 30% of the Group's contracts during the year under review were from the public sector while the remaining were from the private sector. The Group's major contracts on hand include, inter alia, Hong Kong Housing Authority's project in Fanling Area 36 Phases 3 and 4 and Lei Muk Shue Estate Phase 4. In view of the prolonged downturn of Hong Kong's economy, the Group has taken corresponding measures to safeguard its competitiveness in the market.

Other Construction Related Sectors

During the year under review, the turnover of the Group's electrical and mechanical division and building division increased by 1.5 times to HK\$295 million while operating profit amounted to HK\$13 million. With the flexibility in their operating structure, the Group still expects stable and profitable returns from the divisions despite a dull setting of the property market.

It has been another harrowing year for the tower cranes market and the prospect for recovery remains remote. As a result, the Group's machinery hiring and trading arm still suffered a loss. For the period under review, the Group has written down the value of its tower cranes by HK\$10.2 million. As planned, the Group has started to downsize its fleet of tower cranes, reduce costs and expand into other construction equipment product lines.

PRC Market

The Group's principal activities in the PRC comprises property investment and development in Shanghai and Tianjin, both of which are municipalities directly under the Central Government.