TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

RESULTS

The Board of Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2005 as follows:

Condensed Consolidated Profit and Loss Account

	Notes	Six months ended 30 September 2005 *Unaudited* HK$'000	2004 *Unaudited* HK$'000
TURNOVER	3	**397,260**	307,459
Cost of sales		**(363,659)**	(275,872)
Gross profit		**33,601**	31,587
Other revenue and gains	4	**7,288**	7,982
Selling expenses		**(501)**	(643)
Administrative expenses		**(15,138)**	(15,028)
Other operating expenses		**(1,424)**	(1,299)
Surplus arising from revaluation of investment properties		**43,160**	—
Finance costs		**(8,233)**	(3,674)
PROFIT BEFORE TAX	5	**58,753**	18,925
Tax	6	**(3,054)**	(2,673)
PROFIT FOR THE PERIOD		**55,699**	16,252
ATTRIBUTABLE TO:			
Equity holders of the parent		**24,133**	5,422
Minority interests		**31,566**	10,830
		55,699	16,252
EARNINGS PER SHARE	7		
Basic		**3.15 cents**	0.71 cents
Diluted		**3.11 cents**	0.70 cents

Condensed Consolidated Balance Sheet

	As at 30 September 2005 *Unaudited* HK$'000	As at 31 March 2005 *Restated* HK$'000
NON-CURRENT ASSETS		
Fixed assets	**111,135**	120,533
Investment properties	**1,042,720**	995,540
Land lease prepayments	**1,491**	1,509
Properties under development	**408,593**	311,934
Interests in associates	**234**	234
Negative goodwill	**—**	(24,340)
Other assets	**1,499**	1,499
Deferred tax assets	**2,580**	1,877
	1,568,252	1,408,786
CURRENT ASSETS		
Financial assets measured at fair value through profit or loss	**356**	432
Inventories	**10,260**	10,151
Properties held for sale	**11,689**	11,468
Amounts due from customers for contract works	**119,270**	99,381
Trade receivables	**166,114**	145,026
Other receivables, prepayments and deposits	**31,104**	32,128
Tax prepaid	**1,620**	1,774
Cash and bank balances	**276,482**	138,027
	616,895	438,387
CURRENT LIABILITIES		
Trade payables and accruals	**151,540**	142,791
Other payables, deposits received and received in advance	**41,943**	40,164
Amounts due to customers for contract works	**6,051**	19,373
Interest-bearing bank loans and borrowings	**133,909**	123,918
Current portion of finance leases payables	**—**	250
Tax payable	**3,799**	2,340
	337,242	328,836
NET CURRENT ASSETS	**279,653**	109,551
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,847,905**	1,518,337
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and borrowings	**507,497**	271,286
Deferred tax liabilities	**4,259**	6,256
	511,756	277,542
	1,336,149	1,240,795
CAPITAL AND RESERVES		
Equity attributable to equity holders of the parent		
Issued capital	**76,496**	76,496
Reserves	**637,941**	574,899
	714,437	651,395
Minority interests	**621,712**	589,400
	1,336,149	1,240,795

Notes

1. **Basis of preparation and accounting policies**

(a) **Basis of preparation**

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report should be read in conjunction with the annual accounts for the year ended 31 March 2005.

The interim financial report contains condensed consolidated financial statements which are in compliance with the Hong Kong Financial Reporting Standards ("HKFRSs") in issue that came into effect on 1 January 2005, with the exception as detailed in note 2 to the interim financial report.

The accounting policies used in the preparation of the interim financial report are consistent with those adopted in the annual report and financial statements for the year ended 31 March 2005, except that the Group has changed some of its accounting policies following its adoption of the new/revised HKFRSs for the first time for the current period's interim financial report.

(b) **Changes in accounting policies**

Adoption of the following new/revised HKFRSs, which include all HKASs and applicable Interpretations ("HKAS-INTs and HK-INTs"), that necessitated material changes in accounting policies or presentation of financial statements are summarised as follows:

(i) **Leasehold land**

The adoption of HKAS 17 "Leases" has resulted in a change in the accounting policy relating to leasehold land, where the leasehold land was reclassified from fixed assets to land lease prepayments. The up-front prepayments made for the leasehold land are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior periods, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment. Apart from the presentational change with comparatives restated, this change in accounting policy does not have any effect on the interim financial report.

(ii) **Investment properties**

The adoption of HKAS 40 "Investment Property" has resulted in a change in the accounting policy for the Group's investment properties, whereby changes in fair value are recognised in the profit and loss account.

In prior periods, investment properties were measured at open market values, with revaluation surplus or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, on a portfolio basis, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve was charged to the profit and loss account. Where a deficit had previously been charged to the profit and loss account and revaluation subsequently arose, that increase was credited to the profit and loss account to the extent of the deficit previously charged.

Since the Group's investment property revaluation reserve had been fully utilized to cover previous revaluation deficits and all subsequent deficits had been charged to the profit and loss account in prior periods, the adoption of HKAS 40 does not result in any financial impact on the Group.

(iii) **Goodwill/negative goodwill**

The adoption of HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets" results in a change in the accounting policy for goodwill/negative goodwill upon business combinations.

Goodwill/negative goodwill

In accordance with HKFRS 3, goodwill is stated at cost but subject to impairment review annually or when there is indication of impairment. In prior periods, goodwill was amortised using the straight line method over its estimated useful life and was assessed for impairment whenever necessary. Under the transitional provisions of HKFRS3, as goodwill had been fully amortised and amounted to nil value as at 31 March 2005, no restatement in retained profits is required.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, negative goodwill after reassessment, is recognised as income immediately as it arises. In prior periods, negative goodwill was recognized as income based on an analysis of the circumstances from which the balance resulted. Under the transitional provisions of HKFRS 3, the Group has derecognised all negative goodwill as at 1 April 2005 with a corresponding increase to retained profits.

(iv) **Financial Instruments**

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy for recognition, measurement and classification of financial assets and liabilities.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and retained profits. The Group has reclassified its short term investments to financial assets measured at fair value through profit or loss as at 1 April 2005. In accordance with HKAS 32, comparative amounts have been reclassified for presentation purpose.

(v) **Presentational changes**

The adoption of HKAS 1 "Presentation of Financial Statements" has resulted in a change in the presentation of minority interests, which are now shown within equity. On the face of the consolidated profit and loss account, minority interests are presented as an allocation of the total profit or loss for the period.

2. **Non-compliance with accounting standard relating to deferred tax arising on revaluation of investment properties**

The directors consider it inappropriate for the Group to adopt the new/revised HKFRSs relating to deferred tax arising on revaluation of investment properties as this would result in the financial statements, in the view of the directors, either not reflecting the commercial substance of the business or being significantly distorted.

HKAS 12 "Income Taxes", together with HKAS-INT 21 "Income Taxes — Recovery of Revalued Non-Depreciable Assets", requires deferred tax to be recognised on any revaluation movements on investment properties. It is further provided that any such deferred tax liability should be calculated at the profits tax rate in the case of assets which the management has no definite intention to sell. The Group has not made such provision in respect of its investment properties since the directors consider that such provision would result in the financial statements not reflecting the commercial substance of the business since, should any sale or structured sale arrangement eventuate, any gain would not be subject to any tax.

Should this aspect of HKAS 12 and HKAS-INT 21 have been adopted, additional deferred tax liabilities amounting to HK$259 million arising from revaluation of certain investment properties of the Group would have been provided.

3. **Segment information**

(a) **Business segments**

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

	Foundation piling 2005 *Unaudited* HK$'000	Foundation piling 2004 *Unaudited* HK$'000	E&M engineering and building construction 2005 *Unaudited* HK$'000	E&M engineering and building construction 2004 *Unaudited* HK$'000	Machinery leasing and trading 2005 *Unaudited* HK$'000	Machinery leasing and trading 2004 *Unaudited* HK$'000	Property investment and management 2005 *Unaudited* HK$'000	Property investment and management 2004 *Unaudited* HK$'000	Property development 2005 *Unaudited* HK$'000	Property development 2004 *Unaudited* HK$'000	Unallocated 2005 *Unaudited* HK$'000	Unallocated 2004 *Unaudited* HK$'000	Eliminations 2005 *Unaudited* HK$'000	Eliminations 2004 *Unaudited* HK$'000	Consolidated 2005 *Unaudited* HK$'000	Consolidated 2004 *Unaudited* HK$'000
Segment revenue:																
Sales to external customers	**285,749**	174,271	**51,754**	74,700	**11,893**	9,211	**47,864**	47,657	**–**	1,620	**–**	–	**–**	–	**397,260**	307,459
Intersegment sales	**–**	2,000	**–**	403	**1,394**	1,403	**–**	–	**–**	–	**–**	–	**(1,394)**	(3,806)	**–**	–
Total	**285,749**	176,271	**51,754**	75,103	**13,287**	10,614	**47,864**	47,657	**–**	1,620	**–**	–	**(1,394)**	(3,806)	**397,260**	307,459
Segment results	**9,404**	11,286	**3,047**	4,972	**2,537**	(3,087)	**68,348**	23,050	**(1,050)**	(1,259)	**(15,759)**	(12,735)	**–**	–	**66,527**	22,227
Interest income															**459**	372
Finance costs															**(8,233)**	(3,674)
Profit before tax															**58,753**	18,925
Tax															**(3,054)**	(2,673)
Profit for the period															**55,699**	16,252

(b) **Geographical segments**

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

	Hong Kong 2005 Unaudited HK$'000	Hong Kong 2004 Unaudited HK$'000	Elsewhere in the PRC 2005 Unaudited HK$'000	Elsewhere in the PRC 2004 Unaudited HK$'000	Unallocated 2005 Unaudited HK$'000	Unallocated 2004 Unaudited HK$'000	Consolidated 2005 Unaudited HK$'000	Consolidated 2004 Unaudited HK$'000
Segment revenue:								
Sales to external customers	**349,828**	258,688	**47,432**	48,771	**—**	—	**397,260**	307,459
Segment results	**16,689**	13,305	**65,355**	21,460	**(15,517)**	(12,538)	**66,527**	22,227

4. **Other revenue and gains**

	Six months ended 30 September 2005 HK$'000	2004 HK$'000
Interest income	**459**	372
Gain on disposal of fixed assets	**5,691**	2,309
Unrealised holding gains on financial assets measured at fair value through profit or loss	**—**	4
Negative goodwill recognised as income during the period	**—**	1,897
Foreign exchange gains, net	**678**	—
Write back of provision on doubtful debts	**260**	—
Others	**200**	3,400
	7,288	7,982

5. **Profit before tax**

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September 2005 HK$'000	2004 HK$'000
Amortisation of goodwill	**—**	87
Depreciation	**23,578**	29,986
Loss on disposal of an investment property	**109**	—
Unrealised holding loss on financial assets measured at fair value through profit or loss	**76**	—
Interest expenses	**10,258**	5,047
Less: Amount capitalised in properties under development	**(2,025)**	(1,373)
	8,233	3,674

6. **Tax**

	Six months ended 30 September 2005 HK$'000	2004 HK$'000
Provision for tax in respect of profit for the period:		
People's Republic of China:		
Hong Kong	**467**	1,655
Elsewhere	**5,287**	4,185
Overprovision in prior period:		
People's Republic of China:		
Hong Kong	**—**	(1,070)
Elsewhere	**—**	(17)
	5,754	4,753
Deferred tax	**(2,700)**	(2,080)
	3,054	2,673

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. **Earnings per share**

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the parent of HK$24,133,000 (2004: HK$5,422,000) and on 764,965,903 (2004: weighted average number of 758,870,821) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent of HK$24,133,000 (2004: HK$5,422,000). The weighted average number of ordinary shares used in the calculation is 764,965,903 (2004: 758,870,821) ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average of 10,649,351 (2004: 11,133,542) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend (2004: Nil) for the six months ended 30 September 2005.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2005, the Group's turnover increased by 29% to HK$397.3 million (30 September 2004: HK$307.5 million) while profit attributable to equity holders of the Company was approximately HK$24.1 million as compared to HK$5.4 million in the last corresponding period.

Hong Kong Market

Foundation Piling

The macroeconomic environment of Hong Kong is relatively benign with a mixture of positive and negative factors such as falling unemployment rate on one hand and higher interest rates on the other. Overall, the local construction sector remains competitive but industry wide consolidation has benefited the larger players. For the period under review, the turnover of the Group's foundation division was HK$286 million while contribution to profit amounted to HK$9.4 million. Approximately 55 per cent. of the turnover was derived from the private sector while the balance was from the public sector. The Group's major contracts on hand include, inter alia, Henderson's HK$130 million foundation contract in Kwun Tong, Housing Authority's Upper Wong Tai Sin Estate Phase 3, Citic's project in Cheung Sha Wan and Venetian's Sands Casino Phase 2 extension in Macau.

Other Construction Related Sectors

During the period under review, the turnover and contribution of the Group's electrical and mechanical engineering division and building construction division were about HK$52 million and HK$3 million respectively. Despite a very competitive environment, the Group still expects the divisions to yield stable and profitable returns.

As expected, the Group's machinery hiring and trading division finally turnaround after a series of strategic actions and restructuring exercise by the management. During the period under review, the division recorded a turnover of HK$11.9 million and a contribution of HK$ 2.5 million. With the division back on track, the Group expects it to provide steady returns.

PRC Market

Property development and investment

The Group's residential development project in Shanghai's Putuo district, The Waterfront, with a total area of about 147,000 sqm overlooking Suzhou River, will commence its pre-sale in the first half of 2006. With its strategic location adjacent to the subway station and light rail and the impressive river view, the Group is optimistic about the coming launch of the project. In relation to the residential development project along Tianjin's Haihe River, with a total area of about 75,000 sqm, the project has commenced works and pre-sale is scheduled to be in the second half of 2006.

With the continued influx of expatriates into China's major cities and the upward revaluation of Rmb, the Group's investment properties in Shanghai and Tianjin are continued to enjoy steady recurrent income and satisfactory occupancy rates.

Capital Structure and Liquidity

The Group continues to adopt a prudent financial policy and maintains a sound capital structure. As at 30 September 2005, the Group's cash on hand amounted to about HK$276 million (31 March 2005: HK$138 million) while total assets and net assets amounted to approximately HK$2,185 million (31 March 2005: HK$1,847 million) and HK$714 million (31 March 2005: HK$651 million) respectively. Working capital was about HK$280 million (31 March 2005: HK$110 million) while net borrowings were approximately HK$365 million (31 March 2005: HK$257 million). The total liabilities to total assets gearing ratio was 39 per cent. as compared to 33 per cent. as at 31 March 2005.

As at 30 September 2005, contingent liabilities in relation to guarantees in respect of performance bonds was about HK$55 million (31 March 2005: HK$41 million), while certain of the Group's assets with an aggregate net book value of about HK$596 million (31 March 2005: HK$347 million) have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.

Prospects

Although the Hong Kong construction market has not picked up its momentum, Macau is actually experiencing unprecedented growth. As first mover to Macau's foundation market, the Group is now successfully capitalizing on opportunities in Macau. Despite interest rates rise and the spike of oil prices, Hong Kong's economy is expected to grow at a healthy pace with the forecast in GDP growth for 2005 being revised from 4.5% - 5.5% to 7%. With continuous effort to strengthen its competitive edge and its leadership position in the industry, the Group is cautiously optimistic about the prospects of the foundation business.

As China's GDP this year is expected to be around the same as in 2004 which was 9.5%, the recent austerity measures did not actually slowdown economic growth. The series of macro-economic measures instituted to curb speculative activities did achieve its goals and have now stabilized the real estate market and encouraged healthy growth. With increasing foreign investments, healthy business environment and rising affluence, the property market in Shanghai and Tianjin are expected to demonstrate strong momentum to fuel the Group's future earnings growth.

Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 30 September 2005. The Group's remuneration policies are primarily based on prevailing market wages and the performance of the respective companies and individuals concerned. Fringe benefits, including provident fund, medical insurance and training, are provided. In addition, share options may be granted in accordance with the terms of the Group's approved share option scheme.

CORPORATE GOVERNANCE

As at 30 September 2005, the Company has complied with the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules 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. The 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 of the Company in accordance with the articles of association of the Company. As such, the Board is of the view that the non-executive directors of the Company 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 articles of association of the Company, 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 and the managing director of the Company shall not be subject to retirement by rotation or 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 believes that the roles of 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 of the Board and the managing director of the Company should not be subject to retirement by rotation.

Audit Committee

The Group's audit committee has adopted new terms of reference on 20 September 2005 in order to comply with the requirements of the code provisions of the CG Code. The Group's audit committee comprises three members, Mr. Fan Chor Ho Paul, Mr. Chau Cham Son and Mr. Tse Man Bun, who are independent non-executive directors of the Company. The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 September 2005.

Remuneration Committee

The Company established a remuneration committee on 20 September 2005 in accordance with the requirements of the CG Code. The remuneration committee comprises two independent non-executive Directors, namely Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and one executive Director, Mr. Francis Cheung.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of 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 had purchased, sold or redeemed any of the Company's listed securities during the period.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraphs 46(1) to 46(9) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange of Hong Kong Limited in due course.

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

By Order of the Board
Francis Cheung
Chairman

Hong Kong, 8th December 2005