



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 687)



07/08 *interim report*



Contents

	<i>Page</i>
Corporate Information	2
Management Discussion and Analysis	3
Corporate Governance	5
Other Information	6
Unaudited Interim Financial Statements	
Consolidated Income Statement	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Condensed Consolidated Cash Flow Statement	12
Notes to the Unaudited Interim Financial Statements	13



Corporate Information

Board of Directors

Executive Directors

Mr Francis CHEUNG (*Chairman*)
Mr FUNG Chiu Chak Victor
(*Vice Chairman and Managing Director*)
Mr David CHIEN
Miss Jennifer KWOK
Mr CHIU Chin Hung
Mr WONG Kay

Independent Non-Executive Directors

Mr FAN Chor Ho Paul
Mr TSE Man Bun
Mr LUNG Chee Ming George

Audit Committee

Mr FAN Chor Ho Paul (*Chairman*)
Mr TSE Man Bun
Mr LUNG Chee Ming George

Remuneration Committee

Mr Francis CHEUNG (*Chairman*)
Mr FAN Chor Ho Paul
Mr TSE Man Bun

Company Secretary and Qualified Accountant

Mr CHAN Kit Yan, FCPA, FCCA, MBA

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Szeto & Yeung

Principal Bankers

BNP Paribas Hong Kong Branch
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Clarendon House
Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

6/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Branch Registrars in Hong Kong

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

HKSE Stock Code

687

Website

www.tysan.com



Management Discussion and Analysis

For the six months ended 30 September 2007, the Group recorded a turnover of HK\$749 million, representing a growth of 12% (30 September 2006: HK\$666 million) while profit attributable to equity holders of the Company has more than tripled to HK\$42 million (30 September 2006: HK\$13.5 million).

Hong Kong Market

Foundation Piling

With actual recovery of the Hong Kong economy and the continued strong growth of Macau's construction sector, the Group's foundation division has benefited from such buoyant momentum. For the period under review, turnover of the Group's foundation division increased by 13% to HK\$572 million while contribution to profit rose by 64% to HK\$59 million as compared to HK\$36 million in the last corresponding period. The Group's major contracts on hand include, inter alia, the Hong Kong Housing Authority's project in Ma On Shan, the Hong Kong Housing Society's project in Sham Shui Po and the Venetian Parcels 5 and 6 project in Macau.

Other Construction Related Sectors

During the period under review, turnover and contribution of the Group's electrical and mechanical engineering division and building construction division were about HK\$109 million and HK\$3 million respectively. With the recovery of the construction industry sector and improved market sentiment, the Group expects the divisions to bring profitable returns.

During the period under review, the Group's machinery leasing and trading division remained profitable while turnover increased by 24% to HK\$18 million. As a result of the improved construction sector, the machinery leasing market has become more active and the Group thus expects this division to provide steady returns.

PRC Market

Property development and investment

The Group has commenced the pre-sale of its residential development project in Shanghai, The Waterfront. The project comprises 9 towers of 993 units with a total area of about 147,000 sqm. Since June 2006, 5 towers have been launched for pre-sale and the response has been overwhelming. Completion of the first phase of the project is expected to be in the second half of this financial year and thus a portion of the pre-sale proceeds will be booked as revenues then.

With the support of the Central Government, Tianjin's economy has continued its momentum. The Group is thus optimistic about the pre-sale in 2008 of its residential development project located along the Haihe river in Tianjin, The Riverside.

With accelerating foreign interest in China and the general expectation of further Renminbi appreciation, there is a growing demand for investment grade properties. The Group's investment properties in Shanghai and Tianjin, which have continued to enjoy steady recurrent income and satisfactory occupancy rates, fit well to the profile.

Prospects

As far as the construction industry is concerned, Hong Kong is poised for robust growth with the government's pledge to implement 10 major infrastructure projects in the coming years. Despite lingering concerns on the subprime issue of the United States which may cause some volatility in the financial market, the construction industry is experiencing an upturn. In the case of Macau, it is apparent that the investment activities associated with the opening up of the gaming industry have created a whole new territory for the construction industry. Against such positive backdrop, the construction industry is likely to sustain its recent buoyancy and the Group is well positioned and qualified to capitalize on such opportunities.



Management Discussion and Analysis

With the implementation of various administrative measures to strike for a soft landing, China achieved a Gross Domestic Product growth of 11.5% in the first three quarters as compared to 10.7% in 2006. It is expected that tighter measures will be adopted by the Central Government in the coming months. As the China market is relatively resilient, the Group believes these measures will build a solid foothold for the economy and is confident of the sustainability and continued positive outlook of the property market.

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital structure. As at 30 September 2007, the Group's cash on hand amounted to about HK\$545 million (31 March 2007: HK\$604 million) while total assets and net assets (excluding minority interests) amounted to approximately HK\$3,552 million (31 March 2007: HK\$2,991 million) and HK\$736 million (31 March 2007: HK\$680 million) respectively. Working capital was about HK\$305 million (31 March 2007: HK\$273 million). Due to substantial cash received as a result of the pre-sale of The Waterfront, the Group did not have any gearing but instead recorded a net cash balance of HK\$126 million as at 30 September 2007. Net borrowings and net debt to equity (including minority interests) gearing ratio as at 31 March 2007 were HK\$23 million and 2 per cent. respectively.

As at 30 September 2007, the Group's contingent liabilities in relation to guarantees in respect of performance bonds was about HK\$148 million (31 March 2007: HK\$142 million) and that to mortgage loans arranged for certain end users of the Group's properties was about HK\$251 million (31 March 2007: HK\$104 million). The Group has pledged certain of its assets with an aggregate book value of about HK\$500 million (31 March 2007: HK\$1,046 million) to secure certain banking facilities of the Group. The Group's bank borrowings were denominated either in Hong Kong dollars or Renminbi. Currency exposure in Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.

Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,130 employees as at 30 September 2007. The Group's remuneration policies are primarily based on prevailing market trend and 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.

Interim Dividend

The Board has resolved to declare an interim dividend of HK 1 cent (2006: Nil) per ordinary share for the six months ended 30 September 2007. The interim dividend will be payable on or before 8 January 2008 to shareholders whose names appear on the Company's register of members on 31 December 2007.

Closure of Register of Members

The register of members of the Company will be closed from 27 to 31 December 2007 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2007, all transfers for shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 December 2007.



Corporate Governance

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (“the 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 Bye-laws 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 Bye-laws 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 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 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 comprises three members, Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George who are independent non-executive directors of the Company. The Chairman of the Audit Committee is Mr. Fan Chor Ho Paul.

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 directors.

The unaudited interim financial statements of the Group for the six months ended 30 September 2007 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.



Other Information

Directors' and Chief Executive's Interests in Securities of the Company and its Associated Corporations

As at 30 September 2007, the interests and short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

Long positions in shares of the Company:

Name of directors	Number of ordinary shares held and nature of interest				Percentage of the Company's issued share capital
	Personal	Corporate	Other	Total	
Mr. Francis Cheung	11,180,600	256,325,000 ⁽¹⁾	54,247,200 ⁽²⁾	321,752,800	38.4%
Mr. Fung Chiu Chak Victor	59,237,600	—	—	59,237,600	7.1%
Mr. David Chien	98,021,020	—	—	98,021,020	11.7%
Miss Jennifer Kwok	16,500,000	—	—	16,500,000	2.0%
Mr. Chiu Chin Hung	5,000,000	—	—	5,000,000	0.6%
Mr. Wong Kay	10,765,000	—	—	10,765,000	1.3%
Mr. Tse Man Bun	442,000	—	—	442,000	0.1%

Long positions in share options of the Company:

The interests of the directors and chief executives of the Company in the share options of the Company are detailed in the "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below.

Long positions in shares of associated corporations of the Company:

Name of directors	Name of associated corporations	Number of ordinary shares held and nature of interest		
		Personal	Corporate	Total
Mr. Fung Chiu Chak Victor	Tysan Building Construction Company Limited	—	5,100,000	5,100,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	20	—	20
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200

Notes:

- 171,237,000 shares were held by Power Link Investments Limited and 85,088,000 shares were held by Long Billion International Limited. Both of these companies were controlled by Mr. Francis Cheung.
- Such shares were held by a discretionary trust the founder of which is Mr. Francis Cheung.



Other Information

Save as disclosed above, as at 30 September 2007, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

The Company currently operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, independent non-executive directors and other employees of the Group.

Details of the share options granted and outstanding during the period are as follows:

Name or category of eligible participants	Number of options		Number of options outstanding as at 30 September 2007	Date of Grant	Exercise period	Exercise price HK\$	Share Price at grant date** HK\$
	outstanding as at 1 April 2007	Granted during the period*					
Directors							
Mr. Francis Cheung	—	8,000,000	8,000,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Mr. Fung Chiu Chak Victor	—	8,000,000	8,000,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Mr. David Chien	—	3,000,000	3,000,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Miss Jennifer Kwok	—	3,500,000	3,500,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Mr. Chiu Chin Hung	—	2,500,000	2,500,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Mr. Wong Kay	—	5,000,000	5,000,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
Employees (in aggregate)	—	5,000,000	5,000,000	24.08.2007	24.08.2007 to 23.08.2011	0.82	0.87
	—	35,000,000	35,000,000				

* Each grantee was allowed to exercise up to 25% of the share options granted from the date of grant up to and including 23 August 2008. Thereafter, the percentage of the share options which may be exercised by each grantee was increased to 50% for the period from 24 August 2008 up to and including 23 August 2009, to 75% for the period from 24 August 2009 up to and including 23 August 2010, and further to 100% for the period from 24 August 2010 up to and including 23 August 2011.

** The share price disclosed is the closing price on the trading day immediately prior to the date of grant.

During the period, 35,000,000 share options of fair value of approximately HK\$15,798,000 were granted under the Scheme and approximately HK\$3,888,000 was recognized as expense in the consolidated income statement. The fair value was valued by an independent valuer and determined using the Binomial Option Pricing Model. Significant inputs into the calculation included the share prices and the exercise price. Furthermore, the calculation took into account of expected volatility rate of 56.4%, expected dividend yield of 0%, risk free interest rates ranged from 4.012% to 4.166% and expected life of 4 years. Any changes in the subjectivity input assumptions may materially affect the estimation of the fair value of an option.

No share options were exercised, cancelled or lapsed during the period ended 30 September 2007.



Other Information

Save for the above, at no time during the period ended 30 September 2007 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or chief executive or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire such rights in any other body corporate.

Substantial Shareholders

As at 30 September 2007, the following interests of more than 5% of the issued share capital of the Company were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company:

Name	Number of shares	Percentage of the issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	20.5%
Eastern Glory Development Limited ⁽²⁾	171,237,000	20.5%
Goldcrest Enterprises Limited ⁽²⁾	171,237,000	20.5%
Bofield Holdings Limited ⁽²⁾	171,237,000	20.5%
Long Billion International Limited ⁽¹⁾	85,088,000	10.2%

Notes:

1. The above interests of Power Link Investments Limited and Long Billion International Limited have also been disclosed as corporate interests of Mr. Francis Cheung in the section headed "Directors' and Chief Executive's interests in Securities of the Company and its Associated Corporations" above.
2. These parties were deemed to have interests in 171,237,000 shares by virtue of their equity interests in Power Link Investments Limited.

Save as disclosed above, no other person (other than the directors or chief executives of the Company) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Disclosures Pursuant to Rule 13.21 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of one of the Company's loan agreements, which contains covenants requiring performance obligations of the controlling shareholder of the Company. Pursuant to a facility agreement entered into by the Company and a wholly-owned subsidiary of the Company with a syndicate of banks and financial institutions on 6 March 2007 for a four-year term loan facility of up to HK\$185,000,000, a termination event would arise if Mr. Francis Cheung, the controlling shareholder of the Company, ceased to own and control either directly or indirectly in aggregate at least 30% of the shareholdings and voting rights in the Company.

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.



Unaudited Interim Financial Statements

Consolidated Income Statement

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
REVENUE	2	749,140	665,993
Cost of sales		<u>(660,484)</u>	<u>(604,668)</u>
Gross profit		88,656	61,325
Other income and gains	3	13,508	3,443
Selling expenses		(4,500)	(353)
Administrative expenses		(19,097)	(17,639)
Changes in fair value of investment properties		933	3,040
Other expenses		(4,724)	(2,981)
Finance costs		<u>(8,875)</u>	<u>(12,531)</u>
PROFIT BEFORE TAX	4	65,901	34,304
Tax	5	<u>(10,393)</u>	<u>(11,681)</u>
PROFIT FOR THE PERIOD		<u>55,508</u>	<u>22,623</u>
Attributable to:			
Equity holders of the Company		41,960	13,511
Minority interests		<u>13,548</u>	<u>9,112</u>
		<u>55,508</u>	<u>22,623</u>
DIVIDEND	6	<u>8,375</u>	<u>—</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>5.01 cents</u>	<u>1.61 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>



Unaudited Interim Financial Statements

Consolidated Balance Sheet

	Notes	As at 30 September 2007 HK\$'000 <i>Unaudited</i>	As at 31 March 2007 HK\$'000 <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8	116,202	131,218
Investment properties		1,126,480	1,122,780
Prepaid land lease payments		1,384	1,401
Properties under development		189,968	500,668
Deposit in respect of acquisition of office premise		13,189	—
Other assets		1,040	1,040
Total non-current assets		<u>1,448,263</u>	<u>1,757,107</u>
CURRENT ASSETS			
Properties under development		721,229	199,930
Equity investments at fair value through profit or loss		7,406	876
Inventories		14,917	9,954
Properties held for sale		11,110	11,289
Amounts due from customers for contract works		80,700	93,473
Trade receivables	9	319,222	262,582
Other receivables, prepayments and deposits		378,863	41,188
Tax prepaid		26,607	10,667
Time deposits		56,666	39,830
Restricted cash		225,184	352,449
Cash and bank balances		262,727	211,897
Total current assets		<u>2,104,631</u>	<u>1,234,135</u>
CURRENT LIABILITIES			
Trade payables and accruals	10	224,501	239,045
Other payables, deposits received and receipts in advance		64,946	65,329
Amounts due to customers for contract works		82,423	86,857
Deposits received from pre-sale of properties under development		1,203,521	372,980
Interest-bearing bank borrowings		211,863	189,489
Tax payable		12,244	7,590
Total current liabilities		<u>1,799,498</u>	<u>961,290</u>
NET CURRENT ASSETS		<u>305,133</u>	<u>272,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,753,396</u>	<u>2,029,952</u>
NON-CURRENT LIABILITIES			
Deposits received from pre-sale of properties under development		—	127,870
Interest-bearing bank borrowings		206,444	437,517
Deferred tax liabilities		231,073	224,833
Total non-current liabilities		<u>437,517</u>	<u>790,220</u>
Net assets		<u>1,315,879</u>	<u>1,239,732</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		83,746	83,746
Reserves		652,165	596,466
		<u>735,911</u>	<u>680,212</u>
Minority interests		579,968	559,520
Total equity		<u>1,315,879</u>	<u>1,239,732</u>

Unaudited Interim Financial Statements



Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Issued capital	Share premium account	Share option reserve	Statutory reserves	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Proposed dividend	Total	Minority interests	Total equity
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Balance at 1 April 2007	83,746	518,437	—	5,283	44,073	16,111	12,562	680,212	559,520	1,239,732
Exchange realignment and total income and expense for the period	—	—	—	50	22,363	—	—	22,413	14,869	37,282
recognized directly in equity	—	—	—	—	—	41,960	—	41,960	13,548	55,508
Profit for the period	—	—	—	—	—	—	—	—	—	—
Total income and expense for the period	—	—	—	50	22,363	41,960	—	64,373	28,417	92,790
Dividends paid	—	—	—	—	—	—	(12,562)	(12,562)	(7,969)	(20,531)
Interim dividend	—	—	—	—	—	(8,375)	8,375	—	—	—
Equity-settled share option arrangements	—	—	3,888	—	—	—	—	3,888	—	3,888
Transfer from retained profits	—	—	—	73	—	(73)	—	—	—	—
Balance at 30 September 2007	83,746	518,437	3,888	5,406	66,436	49,623	8,375	735,911	579,968	1,315,879
Balance at 1 April 2006	83,746	518,437	—	4,617	14,361	(14,084)	—	606,477	501,715	1,108,192
Exchange realignment and total income and expense for the period	—	—	—	18	14,648	—	—	14,666	8,645	23,311
recognised directly in equity	—	—	—	—	—	13,511	—	13,511	9,112	22,623
Profit for the period	—	—	—	—	—	—	—	—	—	—
Total income and expense for the period	—	—	—	18	14,648	13,511	—	28,177	17,757	45,934
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	(3,920)	(3,920)
Balance at 30 September 2006	83,746	518,437	—	4,635	29,009	(1,173)	—	634,654	515,552	1,150,206



Unaudited Interim Financial Statements

Condensed Consolidated Cash Flow Statement

	2007 HK\$'000 <i>Unaudited</i>	2006 HK\$'000 <i>Unaudited</i>
Net cash inflow from operating activities	769,921	234,326
Net cash outflow from investing activities	(444,670)	(96,655)
Net cash inflow/(outflow) from financing activities	(250,273)	16,686
Net increase in cash and cash equivalents	74,978	154,357
Cash and cash equivalents at beginning of period	250,533	240,112
Effect of foreign exchange rate changes, net	(6,118)	3,335
Cash and cash equivalents at end of period	<u>319,393</u>	<u>397,804</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	262,727	370,640
Time deposits	<u>56,666</u>	<u>27,164</u>
	<u>319,393</u>	<u>397,804</u>



Unaudited Interim Financial Statements

Notes to Unaudited Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited 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 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") and should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2007.

During this period, the Group has applied for the first time, a number of new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and interpretations issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2007. The adoption of these new standards had no material effect on the results or financial position of the Group for the current or prior accounting periods.

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 unaudited interim financial statements were approved and authorized for issue by the board of directors on 12 December 2007.



Unaudited Interim Financial Statements

2. Segment information

(a) Business segments

The following table presents revenue and profit/(loss) for the Group's business segments for the six months ended 30 September:

	Foundation piling		E&M engineering and building construction		Machinery leasing and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	571,768	504,470	108,623	99,582	17,067	13,585	51,422	48,109	260	247	-	-	-	-	749,140	665,993
Intersegment sales	-	7	-	2,396	1,384	1,255	-	-	-	-	-	-	(1,384)	(3,658)	-	-
Total	571,768	504,477	108,623	101,978	18,451	14,840	51,422	48,109	260	247	-	-	(1,384)	(3,658)	749,140	665,993
Segment results	59,342	35,963	2,814	1,537	258	559	34,015	27,323	(5,096)	(1,675)	(17,345)	(17,898)	-	-	73,988	45,809
Share option expenses	(282)	-	(101)	-	-	-	-	-	(626)	-	(2,879)	-	-	-	(3,888)	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,676	1,015
Dividend income from listed investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,875)	(12,531)
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,901	34,304
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,393)	(11,681)
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,508	22,623

(b) Geographical segments

The following table presents revenue for the Group's geographical segments for the six months ended 30 September:

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	397,420	395,076	300,299	223,105	51,421	47,812	749,140	665,993



Unaudited Interim Financial Statements

3. Other income and gains

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Interest income	4,676	1,015
Gain on disposal of an investment property	4,164	—
Gain on disposal and write-off of property, plant and equipment, net	914	—
Gain on sale of equity investments at fair value through profit or loss	1,415	—
Write back of provision for impairment of trade receivables	129	726
Foreign exchange gains, net	1,003	—
Others	1,207	1,702
	<u>13,508</u>	<u>3,443</u>

4. Profit before tax

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

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Depreciation	19,128	17,924
Recognition of prepaid land lease payments	18	17
(Gain)/loss on disposal of an investment property	(4,164)	228
(Gain)/loss on disposal and write-off of property, plant and equipment, net	(914)	1,893
Interest expenses	18,724	21,000
Less : Interest capitalized in properties under development	(9,849)	(8,469)
	<u>8,875</u>	<u>12,531</u>



Unaudited Interim Financial Statements

5. Tax

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	3,986	87
Elsewhere	8,247	8,009
Underprovision in prior period:		
PRC:		
Elsewhere	(32)	14
Deferred tax	<u>12,201</u> <u>(1,808)</u>	<u>8,110</u> <u>3,571</u>
	<u>10,393</u>	<u>11,681</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. Dividend

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Interim dividend HK1 cent (2006 : Nil) per ordinary share	<u>8,375</u>	<u>—</u>

Notes:

- A final dividend of HK1.5 cents per ordinary share, totally approximately HK\$12,562,000 for the year ended 31 March 2007 was approved in the Company's Annual General Meeting on 24 August 2007 and paid on 10 September 2007.
- An interim dividend in respect of six months ended 30 September 2007 of HK1 cent per ordinary share, amounting to HK\$8,375,000 was approved at the board meeting on 12 December 2007. The interim dividend is not recognized as a liability as at 30 September 2007, but will be reflected as an appropriation of retained profits for the year ending 31 March 2008.



Unaudited Interim Financial Statements

7. Earnings per share

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$41,960,000 (2006: HK\$13,511,000) and the 837,465,903 (2006: 837,465,903) ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme are the only dilutive potential ordinary shares. No diluted earnings per share has been presented for the six months ended 30 September 2007 because the Company's share options outstanding had no diluting effect on the basic earnings per share for that period. For the period ended 30 September 2006, no diluted earnings per share was presented as there was no dilutive potential ordinary shares.

8. Property, plant and equipment

During the period, the Group acquired assets with a cost of HK\$16,302,000 (2006 : HK\$43,993,000) to expand its business. Assets with a net book value of HK\$12,349,000 were disposed of by the Group during the six months ended 30 September 2007 (2006 : HK\$4,510,000) resulting in a net gain on disposal of HK\$914,000 (2006 : net loss of HK\$1,893,000).

9. Trade receivables

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
Trade receivables:		
Within 90 days	219,455	179,695
91 to 180 days	950	593
181 to 360 days	303	3,736
Over 360 days	214	89
	<hr/>	<hr/>
Retention receivables	220,922	184,113
	98,300	78,469
	<hr/>	<hr/>
	<u>319,222</u>	<u>262,582</u>

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 90 days, and are subject to periodic review by management.



Unaudited Interim Financial Statements

10. Trade payables and accruals

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
Trade payables:		
Within 30 days	94,007	112,769
31 to 90 days	48,053	46,913
91 to 180 days	3,863	938
Over 180 days	1,355	275
	<hr/>	<hr/>
	147,278	160,895
Retention payables	27,828	19,981
Accruals	49,395	58,169
	<hr/>	<hr/>
	224,501	239,045
	<hr/> <hr/>	<hr/> <hr/>

11. Contingent liabilities

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
Guarantees in respect of performance bonds	148,080	141,785
	<hr/> <hr/>	<hr/> <hr/>



Unaudited Interim Financial Statements

As at 30 September 2007, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchases of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$250,720,000 (31 March 2007 : HK\$103,796,000).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the financial statements.

12. Commitments

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
(a) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	11,820	11,888
In the second to fifth years inclusive	10,575	8,024
	<u>22,395</u>	<u>19,912</u>
(b) Capital expenditure in respect of investment properties, office premise and machinery		
Authorised, but not contracted for	16,572	13,351
Contracted, but not provided for	138,270	7,309
	<u>154,842</u>	<u>20,660</u>

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK\$383,724,000 as at 30 September 2007 (31 March 2007: HK\$428,890,000).



Unaudited Interim Financial Statements

13. Related party transactions

For the six months ended 30 September 2007, compensation to key management personnel of the Group amounted to HK\$8,704,000 (2006 : HK\$8,460,000).