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## TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “Board”) of directors of Tysan Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

#### Consolidated Statement of Profit or Loss

	Notes	2022 HK\$'000	2021 HK\$'000
<b>REVENUE</b>	3	<b>2,473,646</b>	2,204,085
Cost of sales		<u>(2,391,600)</u>	<u>(2,121,639)</u>
Gross profit		<b>82,046</b>	82,446
Other income and gains	4	<b>30,149</b>	8,357
Administrative expenses		<b>(73,682)</b>	(91,140)
Other expenses, net		<b>(10,286)</b>	(5,754)
Finance costs	5	<u><b>(2,338)</b></u>	<u>(1,400)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>25,889</b>	(7,491)
Income tax credit/(expense)	7	<u><b>(21,364)</b></u>	<u>7,384</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><b>4,525</b></u>	<u>(107)</u>
Attributable to:			
Ordinary equity holders of the Company		<u><b>4,525</b></u>	<u>(107)</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic		<u><b>HK0.134 cents</b></u>	<u>(HK0.003 cents)</u>
Diluted		<u><b>HK0.134 cents</b></u>	<u>(HK0.003 cents)</u>

## Consolidated Statement of Comprehensive Income

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<u>4,525</u>	<u>(107)</u>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	<u>(1,924)</u>	<u>632</u>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX</b>	<u>(1,924)</u>	<u>632</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>2,601</u></u>	<u><u>525</u></u>
Attributable to:		
Ordinary equity holders of the Company	<u><u>2,601</u></u>	<u><u>525</u></u>

## Consolidated Statement of Financial Position

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>173,895</b>	175,623
Right-of-use assets		<b>101,687</b>	114,333
Prepayments, deposits and other receivables		<b>2,123</b>	1,457
Deferred tax assets		<b>3,754</b>	12,966
		<hr/>	<hr/>
Total non-current assets		<b>281,459</b>	304,379
<b>CURRENT ASSETS</b>			
Inventories		<b>93,111</b>	192,468
Trade receivables	<i>10</i>	<b>124,063</b>	268,869
Contract assets		<b>828,715</b>	638,172
Prepayments, deposits and other receivables		<b>25,046</b>	25,918
Pledged deposit		<b>5,460</b>	–
Cash and cash equivalents		<b>770,299</b>	650,890
		<hr/>	<hr/>
Total current assets		<b>1,846,694</b>	1,776,317
<b>CURRENT LIABILITIES</b>			
Trade and retention payables, accruals and provision	<i>11</i>	<b>561,782</b>	489,229
Other payables, deposits received and receipts in advance		<b>7,066</b>	2,743
Contract liabilities		<b>31,125</b>	82,494
Interest-bearing bank borrowings		<b>23,992</b>	4,899
Lease liabilities		<b>8,684</b>	9,091
Tax payable		<b>5,336</b>	224
		<hr/>	<hr/>
Total current liabilities		<b>637,985</b>	588,680
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,208,709</b>	1,187,637
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,490,168</b>	1,492,016
		<hr/>	<hr/>

## Consolidated Statement of Financial Position (continued)

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>128,509</b>	52,676
Lease liabilities		<b>4,998</b>	13,208
Deferred tax liabilities		<b>13,472</b>	11,040
		<hr/>	<hr/>
Total non-current liabilities		<b>146,979</b>	76,924
		<hr/>	<hr/>
Net assets		<b>1,343,189</b>	1,415,092
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital		<b>336,603</b>	336,603
Reserves		<b>1,006,586</b>	1,078,489
		<hr/>	<hr/>
Total equity		<b>1,343,189</b>	1,415,092
		<hr/> <hr/>	<hr/> <hr/>

## Notes:

### 1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Contractual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:
  - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

## 2. OPERATING SEGMENT INFORMATION

2022

	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	2,458,718	–	14,928	2,473,646
Intersegment sales	–	–	1,401	1,401
Other income and gains	22,528	–	899	23,427
Total	<u>2,481,246</u>	<u>–</u>	<u>17,228</u>	2,498,474
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(1,401)</u>
Revenue				<u>2,497,073</u>
<b>Segment results</b>	<u>93,926</u>	<u>(2,489)</u>	<u>(70,848)</u>	20,589
Interest income				6,722
Finance costs (other than interest on lease liabilities)				<u>(1,422)</u>
Profit before tax				25,889
Income tax expense				<u>(21,364)</u>
Profit for the year				<u>4,525</u>
<b>Assets and liabilities</b>				
Segment assets	<u>1,356,889</u>	<u>2,538</u>	<u>159,592</u>	1,519,019
Unallocated				609,134
				<u>2,128,153</u>
Segment liabilities	<u>598,831</u>	<u>734</u>	<u>14,090</u>	613,655
Unallocated				171,309
				<u>784,964</u>
<b>Other segment information:</b>				
Depreciation of property, plant and equipment	44,336	–	5,390	49,726
Depreciation of right-of-use assets	7,088	10	6,280	13,378
Impairment of items of property, plant and equipment	–	–	798	798
Impairment of trade receivables	71	–	1,356	1,427
Write-back of impairment of contract assets	(693)	–	–	(693)
Write-down of inventories to net realisable value	–	–	2,989	2,989
Loss/(gain) on disposal of items of property, plant and equipment, net	3,695	–	(869)	2,826
Capital expenditure	<u>51,853</u>	<u>–</u>	<u>735</u>	<u>52,588</u>

## 2. OPERATING SEGMENT INFORMATION (continued)

2021

	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	2,164,106	–	39,979	2,204,085
Intersegment sales	–	–	1,751	1,751
Other income and gains	5,506	197	382	6,085
Total	<u>2,169,612</u>	<u>197</u>	<u>42,112</u>	2,211,921
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(1,751)</u>
Revenue				<u>2,210,170</u>
<b>Segment results</b>	<u>72,543</u>	<u>(6,164)</u>	<u>(75,110)</u>	(8,731)
Interest income				2,272
Finance costs (other than interest on lease liabilities)				<u>(1,032)</u>
Loss before tax				(7,491)
Income tax credit				<u>7,384</u>
Loss for the year				<u>(107)</u>
<b>Assets and liabilities</b>				
Segment assets	<u>1,504,399</u>	<u>2,431</u>	<u>360,400</u>	1,867,230
Unallocated				<u>213,466</u>
				<u>2,080,696</u>
Segment liabilities	<u>574,423</u>	<u>816</u>	<u>21,526</u>	596,765
Unallocated				<u>68,839</u>
				<u>665,604</u>
<b>Other segment information:</b>				
Depreciation of property, plant and equipment	38,918	–	6,902	45,820
Depreciation of right-of-use assets	6,921	10	9,267	16,198
Impairment of trade receivables	5	–	1,083	1,088
Impairment of contract assets	965	–	–	965
Gain on disposal of items of property, plant and equipment, net	(1,921)	–	(265)	(2,186)
Capital expenditure	<u>34,282</u>	<u>–</u>	<u>103</u>	<u>34,385</u>

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	<u>2,473,646</u>	<u>2,204,085</u>

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

#### (b) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	<u>277,705</u>	<u>291,413</u>

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

### Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's revenue, is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A <sup>1</sup>	562,574	534,653
Customer B <sup>1</sup>	386,029	623,829
Customer C <sup>1</sup>	381,251	N/A <sup>2</sup>
Customer D <sup>1</sup>	<u>290,048</u>	<u>N/A<sup>2</sup></u>

<sup>1</sup> Revenue were derived from foundation piling segment.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the Group's revenue.



### 3. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Machinery trading	12	1,538
Sale of steel platform	12,000	–
Construction services	2,446,718	2,164,106
Machinery engineering services	8,328	20,581
	<u>2,467,058</u>	<u>2,186,225</u>
<i>Revenue from other sources</i>		
Gross rental income from machinery leasing	6,588	17,860
	<u>2,473,646</u>	<u>2,204,085</u>

### 4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	6,722	2,272
Insurance claims	803	399
Subsidy income*	18,826	214
Gain on disposal of items of property, plant and equipment	–	2,186
Foreign exchange gains, net	–	47
Write-back of impairment of contract assets	693	–
Others	3,105	3,239
	<u>30,149</u>	<u>8,357</u>

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

### 5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	1,422	1,032
Interest on lease liabilities	951	481
	<u>2,373</u>	<u>1,513</u>
Less: Interest included in cost of sales	(35)	(113)
	<u>2,338</u>	<u>1,400</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation of property, plant and equipment	49,726	45,820
Depreciation of right-of-use assets	13,378	16,198
Impairment of trade receivables*	1,427	1,088
Impairment/(write-back of impairment) of contract assets*	(693)	965
Impairment of items of property, plant and equipment*	798	–
Loss/(gain) on disposal and write-off of items of property, plant and equipment*	2,826	(2,186)
Write-down of inventories to net realisable value*	<u>2,989</u>	<u>–</u>

\* These amounts are included in “Other expenses, net” or “Other income and gains” in the consolidated statement of profit or loss.

## 7. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current:</b>		
Provision for tax in respect of profit for the year:		
The People's Republic of China (“PRC”):		
Hong Kong	9,705	–
Elsewhere	<u>6</u>	<u>11</u>
	9,711	11
Underprovision/(overprovision) in the prior years:		
PRC:		
Hong Kong	(10)	195
Elsewhere	<u>–</u>	<u>(6)</u>
	(10)	189
<b>Deferred tax</b>	<u>11,663</u>	<u>(7,584)</u>
Total tax charge/(credit) for the year	<u>21,364</u>	<u>(7,384)</u>

## 8. DIVIDENDS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends declared and paid during the year:		
Final in respect of the financial year ended 31 December 2021 – HK\$0.015 per ordinary share (year ended 31 December 2020: Nil)	<b>50,491</b>	–
Interim – HK\$0.01 (2021: HK\$0.01) per ordinary share	<b>33,660</b>	33,660
	<u><b>84,151</b></u>	<u>33,660</u>
Proposed final dividend:		
Final – HK\$0.015 (2021: HK\$0.015) per ordinary share	<u><b>50,491</b></u>	<u>50,491</u>

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

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings (2021: loss) per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$4,525,000 (2021: loss of HK\$107,000), and the number of ordinary shares of 3,366,035,709 (2021: 3,366,035,709) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the share options did not have a dilutive effect on the basic earnings/(loss) per share amount presented.

## 10. TRADE RECEIVABLES

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 days, and are subject to periodic review by management.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	<b>122,816</b>	267,249
91 to 180 days	<b>376</b>	240
181 to 365 days	<b>214</b>	723
Over 365 days	<b>657</b>	657
	<b><u>124,063</u></b>	<u>268,869</u>

As at 31 December 2022, included in the Group's trade receivables was an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK\$104,000 (2021: HK\$1,606,000), which was repayable on credit terms similar to those offered to the major customers of the Group. TBC is controlled by Mr. Fung Chiu Chak, Victor, who is an executive director of the Company.

## 11. TRADE AND RETENTION PAYABLES, ACCRUALS AND PROVISION

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables:		
Within 90 days	<b>328,417</b>	261,774
91 to 180 days	<b>644</b>	198
Over 180 days	<b>25</b>	27
	<b><u>329,086</u></b>	<u>261,999</u>
Retention payables	<b>56,373</b>	55,736
Accruals	<b>141,515</b>	136,819
Provision	<b>34,808</b>	34,675
	<b><u>561,782</u></b>	<u>489,229</u>

The trade and retention payables are non-interest-bearing. Trade payables are normally settled on 90-day terms. For retention payables in respect of construction contracts, the due dates are normally within one year after the completion of the construction work.

## 12. CONTINGENT LIABILITIES

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Guarantees in respect of performance bonds in relation to subsidiaries	<u><b>461,254</b></u>	<u>413,628</u>

## 13. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property, plant and equipment: – contracted, but not provided for	<u><b>16,463</b></u>	<u>15,908</u>

## **DIVIDEND**

The Board of directors of the Company (the “Directors”) has resolved to recommend a final dividend payment of HK\$0.015 (year ended 31 December 2021: HK\$0.015) per share of the Company (the “Share”) to shareholders whose names appear on the Company’s register of members on 12 June 2023.

An interim dividend of HK\$0.01 per Share was declared for the six months ended 30 June 2022 (period ended 30 June 2021: HK\$0.01).

Subject to the shareholders’ approval at the forthcoming annual general meeting to be held on 1 June 2023, the proposed final dividend will be paid on 3 July 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

- (i) The Register of Members of the Company will be closed from Thursday, 25 May 2023 to Thursday, 1 June 2023 (both dates inclusive) during which period no transfer of Share will be registered, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the forthcoming annual general meeting to be held on 1 June 2023. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on 1 June 2023, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 24 May 2023.
- (ii) From Wednesday, 7 June 2023 to Monday, 12 June 2023 (both dates inclusive) during which period no transfer of Share will be registered, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 June 2023.

## **BUSINESS REVIEW**

### **Foundation piling**

During the year under review, turnover of the Group’s foundation piling segment was about HK\$2,459 million (31 December 2021: HK\$2,164 million). The segment recorded a profit of approximately HK\$94 million (31 December 2021: profit of HK\$73 million). The profit was mainly due to focusing strategically on securing profit-generating projects and improving costs control and efficiency.

The Group's major contracts on hand include various commercial and residential development projects at New Kowloon Inland Lot No. 6610 at Kai Tak Area 1E Site 1, Inland Lot No. 9065 on Gage Street and Graham Street, various projects at Tai Po Town Lot No. 157, Sai Sha, Shap Sze Heung, Fanling Sheung Shui Town Lot No. 278 at Area 24, Fanling Sheung Shui Town Lot No. 279 at Area 25 and West Kowloon Cultural District Zones 2B & 2C, rental housing project at Fanling North Area 15 East Phase 1 and Phase 2.

## **PROSPECTS**

As COVID-19 restrictions have been lifted, we continue to see momentum in our business. Demand for our services is strong, evidenced by strong tender flow from both public and private sectors. As large-scale government-led projects such as the Northern Metropolis kick off, we expect that demand will remain healthy over the medium term.

While inflationary pressure on fuel and raw material costs have somewhat abated, chronic shortage of skilled labor in the construction industry remains to be an issue. Competition from our peers has also been strong, which partially offsets the aforementioned effect that strong customer demand has on our business volume and margins.

The Group continues to be cautiously optimistic about our core foundation and piling business. Our strong balance sheet will enable the Group to take on large-scale tenders or to make significant new investments when opportunities arise.

## **FINANCIAL REVIEW**

### **Financial position, liquidity and financial resources**

As at 31 December 2022, the Group's cash on hand was about HK\$770 million (31 December 2021: HK\$651 million) while total assets and net assets were about HK\$2,128 million (31 December 2021: HK\$2,081 million) and HK\$1,343 million (31 December 2021: HK\$1,415 million), respectively. Total liabilities were about HK\$785 million (31 December 2021: HK\$666 million), out of which financial liabilities were about HK\$558 million (31 December 2021: HK\$400 million) and the remaining were mainly accruals, contract liabilities and current or deferred tax provision.

As at 31 December 2022, the Group had interest-bearing borrowings of about HK\$153 million (31 December 2021: HK\$58 million).

The Group's gearing ratio, calculated on the basis of net debt (including financial liabilities less cash on hand) divided by total equity of the Group, was Nil as at 31 December 2022 as the Group had a net cash position.

### **Funding and treasury policy**

The Group continues to maintain a prudent funding and treasury policy and sustain a sound good capital structure with healthy cash flows. Surplus funds are maintained in the form of deposits with leading banks. Borrowings are denominated in Hong Kong dollar and subject to floating interest rates. Currency exposure is being closely monitored and forward contracts will be considered as required.

## **Capital expenditure and capital commitments**

During the year ended 31 December 2022, the Group invested about HK\$53 million on purchase of machinery and equipment. As at 31 December 2022, the Group had capital commitments in relation to purchase of machinery and equipment of about HK\$16 million. Capital expenditure is principally financed by internal resources.

## **Pledge of assets**

As at 31 December 2022, an office premise of the Group with a carrying amount of about HK\$122 million and a bank deposit of about HK\$5 million were pledged to banks to secure the instalment loans granted to the Group.

## **Contingent liabilities**

Contingent liabilities in relation to corporate guarantees provided by the Group to banks for issue of performance bonds increased from about HK\$414 million as at 31 December 2021 to about HK\$461 million as at 31 December 2022. Save for the above, the Group did not have any other material contingent liabilities.

## **REMUNERATION GUIDELINES AND EMPLOYMENT**

The Group, including its subsidiaries in Hong Kong, Macau and Mainland China, employed 814 employees as at 31 December 2022. The Group's remuneration guidelines are primarily based on prevailing market salary levels and the performance of the respective business units 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.

## **PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has fully complied with, and there has been no derivation from the principles of good corporate governance and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2022.

## **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2022.



## **AUDIT COMMITTEE**

The Group's audit committee ("Audit Committee") comprises four members, namely, Mr. Li Kit Chee, Mr. Lung Chee Ming, George, Ms. Chow Wai Lee and Ms. Jennifer Kwok who are Independent Non-executive Directors. The Audit Committee conducted a review with the management of such accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters including the review of the Group's consolidated results and financial statements for the year ended 31 December 2022.

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

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's results for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

## **APPRECIATION**

On behalf of the Board, I would also like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the year and to thank all our shareholders for their support.

By order of the Board  
**TYSAN HOLDINGS LIMITED**  
**Justin Wai**  
*Chairman*

Hong Kong, 27 March 2023

*As at the date of this announcement, the executive Directors are Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai; the Non-executive Directors are Mr. Justin Wai, Mr. Vikram Garg, Mr. Yuen Pak Man, Ms. Gu Ye and Ms. Hou Xiangjia; and the Independent Non-executive Directors are Mr. Lung Chee Ming, George, Mr. Li Kit Chee, Ms. Chow Wai Lee and Ms. Jennifer Kwok.*

*Company website: [www.tysan.com](http://www.tysan.com)*