

Chairman's Statement

I am pleased to present the annual report of Tysan Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) for the year ended 31 December 2022. During the year under review, the Group recorded a profit attributable to equity holders of the Company of HK\$5 million, equivalent to an earning of HK0.134 cents per share of the Company (“Share”) (31 December 2021: loss of HK\$0.1 million, equivalent to a loss of HK0.003 cents per Share) while turnover was HK\$2,474 million (31 December 2021: HK\$2,204 million).

Dividend

The board (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 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.

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.

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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.

On behalf of the Board

Justin WAI
Chairman

Hong Kong
27 March 2023