

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 687)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “Board”) of directors (the “Directors”) of Tysan Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020. During the period under review, the Group recorded a turnover of HK\$1,469 million (period ended 30 June 2019: HK\$1,346 million) and a loss attributable to ordinary equity holders of the Company of HK\$92 million (period ended 30 June 2019: loss of HK\$1,121 million), representing a loss of HK\$0.03 per ordinary share of the Company (“Share”) (period ended 30 June 2019: a loss of HK\$0.33 per Share).

#### **BUSINESS REVIEW**

##### **Foundation Piling**

For the period under review, turnover of the Group’s foundation piling segment was HK\$1,451 million (30 June 2019: HK\$1,251 million) and the segment recorded a loss of HK\$72 million (30 June 2019: HK\$66 million). The loss was mainly due to market factors such as labour shortages, rising operating costs, low margin jobs awarded in prior years and market competitions which remain intense.

The Group’s major contracts on hand include, inter alia, a public housing project at Pak Tin Estate Phase 10, the private development project at New Kowloon Inland Lot No. 6549, the commercial development projects at Kai Tak twin towers, Taikoo Place Phase 2B, Tsuen Wan Town Lot No. 428 on Ma Kok Street, Tsuen Wan Town Lot No. 49 on Sha Tsui Road, Tuen Mun Town Lot No. 544, Inland Lot No. 9065 on Gage Street and Graham Street, and Hutchison House redevelopment, and the residential development projects at Pak Shek Kok Tai Po Town Lot No. 244 Tai Po, New Kowloon Inland Lot No. 6551 and Tai Po Town Lot No. 157, Sai Sha, Shap Sz Heung.

## **Investment Activities**

### *Disposal of a Subsidiary of the Company*

On 22 November 2019, Tysan Investment Limited (“Tysan Investment”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of the entire issued capital of Uni-Genius Investments Limited and shareholder’s loan owed to Tysan Investment at a total consideration of HK\$343,200,000. Completion of this disposal took place on 5 March 2020. Details of the said disposal have been set out in the announcement of the Company dated 22 November 2019.

## **PROSPECTS**

COVID-19 continues to weigh on Hong Kong’s economy. Due to a new wave of the infections, the government has imposed tighter social distancing measures, which are devastating for many service-related industries.

While we expect the Group’s short-term business prospects to remain challenging, our main business, foundation piling and construction, is showing signs of improvement. We are fortunate in the sense that the foundation piling sector is relatively insulated from the impacts of COVID-19; demand for the Group’s foundation piling work remains stable, driven by the resilience of Hong Kong’s residential market and construction activities. As a matter of fact, we have seen a mild pick-up of new businesses in our foundation piling and construction segment in recent months. While competition remains keen and profit margins are tight, we are cautiously optimistic that the worst times are behind us. As we have taken the past year to critically examine our existing set-up (including our people and our fleet of equipment) and re-align our focus on driving bottom-line profits, we expect our financial performance to gradually improve in the near future.

In light of the challenging economic conditions, the Group will be prudent in assessing potential investment opportunities in properties. The Group remains in a net cash position and we would have the ability to raise meaningful capital for potential property investments should we come across any good opportunities in the sector.

## **FINANCIAL REVIEW**

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

As at 30 June 2020, the Group’s cash on hand was about HK\$568 million (31 December 2019: HK\$2,892 million) while total assets and net assets were about HK\$2,316 million (31 December 2019: HK\$4,900 million) and HK\$1,444 million (31 December 2019: HK\$2,322 million), respectively. Total liabilities were about HK\$872 million (31 December 2019: HK\$2,578 million), out of which financial liabilities were about HK\$572 million (31 December 2019: HK\$2,214 million) and the remaining were mainly accruals and provision, contract liabilities and current or deferred tax provision.

As at 30 June 2020, the Group had total interest-bearing borrowings of HK\$106 million (31 December 2019: HK\$157 million), which included instalment loan of HK\$65 million and guaranteed notes of HK\$41 million (31 December 2019: short term loan of HK\$50 million, instalment loan of HK\$67 million and guaranteed notes of HK\$40 million). Subsequent to the period end, the guaranteed notes have been fully redeemed on 27 July 2020.

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 0.3% as at 30 June 2020.

### **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 all denominated in Hong Kong dollars and mainly subject to floating interest rates, except for the guaranteed notes which is at fixed rate of 7% per annum. Currency exposure is being closely monitored and forward contracts will be considered as required.

### **Capital expenditure and capital commitments**

During the six months ended 30 June 2020, the Group invested about HK\$65 million on purchase of machinery and equipment. As at 30 June 2020, the Group had capital commitments in relation to purchase of machinery and equipment of about HK\$7 million. Capital expenditure is principally financed by internal resources.

### **Pledge of assets**

As at 30 June 2020, office premise of the Group with a carrying amount of about HK\$142 million was pledged to bank to secure the instalment loan 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 HK\$403 million as at 31 December 2019 to HK\$446 million as at 30 June 2020. Save as disclosed 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 the PRC, employed approximately 817 employees as at 30 June 2020. 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.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend (period ended 30 June 2019: HK\$0.21 per Share) for the six months ended 30 June 2020.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2020</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<b>2019</b> <i>HK\$'000</i> <i>(Unaudited)</i>
<b>REVENUE</b>	4	<b>1,469,042</b>	1,346,151
Cost of sales		<u><b>(1,537,254)</b></u>	<u>(1,381,001)</u>
Gross loss		<b>(68,212)</b>	(34,850)
Other income and gains	5	<b>18,998</b>	77,162
Gain/(loss) on disposal of subsidiaries	16	<b>33,930</b>	(692,526)
Selling expenses		–	(5,643)
Administrative expenses		<b>(41,646)</b>	(81,817)
Fair value change of an investment property		–	(105,000)
Other expenses, net		<b>(34,715)</b>	(233,624)
Finance costs		<u><b>(3,502)</b></u>	<u>(29,462)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(95,147)</b>	(1,105,760)
Income tax credit/(expense)	7	<u><b>3,534</b></u>	<u>(15,431)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(91,613)</b></u>	<u>(1,121,191)</u>
Attributable to:			
Ordinary equity holders of the Company		<b>(91,613)</b>	(1,121,181)
Non-controlling interests		–	(10)
		<u><b>(91,613)</b></u>	<u>(1,121,191)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	9	<u><b>(HK2.72 cents)</b></u>	<u>(HK33.31 cents)</u>
Diluted		<u><b>(HK2.72 cents)</b></u>	<u>(HK33.31 cents)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>LOSS FOR THE PERIOD</b>	<u><b>(91,613)</b></u>	<u>(1,121,191)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	<u><b>21,683</b></u>	<u>822</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u><b>21,683</b></u>	<u>822</u>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD</b>	<u><u><b>(69,930)</b></u></u>	<u><u>(1,120,369)</u></u>
Attributable to:		
Ordinary equity holders of the Company	<u><b>(69,930)</b></u>	<u>(1,120,359)</u>
Non-controlling interests	<u><b>-</b></u>	<u>(10)</u>
	<u><u><b>(69,930)</b></u></u>	<u><u>(1,120,369)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2019 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	204,365	177,297
Right-of-use assets		113,934	118,132
Prepayments, deposits and other receivables		1,707	2,008
Deferred tax assets		1,391	–
		<b>321,397</b>	297,437
<b>CURRENT ASSETS</b>			
Inventories		14,789	22,563
Trade receivables	11	253,996	226,660
Contract assets		1,108,010	1,113,421
Prepayments, deposits and other receivables		49,552	38,475
Cash and cash equivalents		568,057	2,891,781
		<b>1,994,404</b>	4,292,900
Assets of disposal groups classified as held for sale	16(a)	–	309,320
		<b>1,994,404</b>	4,602,220
<b>CURRENT LIABILITIES</b>			
Trade and retention payables, accruals and provision	12	673,088	611,816
Dividend payable		–	1,683,018
Other payables, deposits received and receipts in advance		2,207	1,360
Contract liabilities		55,068	46,833
Interest-bearing bank borrowings		4,458	54,135
Guaranteed notes		40,660	40,390
Lease liabilities		12,294	10,121
Tax payable		14,808	50,595
		<b>802,583</b>	2,498,268
<b>NET CURRENT ASSETS</b>		<b>1,191,821</b>	2,103,952

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2019 HK\$'000 (Audited)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,513,218</b>	2,401,389
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		60,200	62,577
Lease liabilities		4,319	8,737
Deferred tax liabilities		4,612	8,209
Total non-current liabilities		<b>69,131</b>	79,523
Net assets		<b>1,444,087</b>	2,321,866
<b>EQUITY</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	336,603	336,603
Reserves		1,107,484	1,985,263
Total equity		<b>1,444,087</b>	2,321,866

## 1. CORPORATE INFORMATION

Tysan Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 20th Floor, One Island South, No.2 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company and its subsidiaries (the “Group”) is principally engaged in foundation piling and site investigation, property development and investment and investment business. The Company’s shares (“Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The holding company of the Company is Times Holdings II Limited, which is incorporated in Cayman Islands and ultimately controlled by The Blackstone Group Inc., a company listed on The New York Stock Exchange.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

The unaudited condensed 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 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 financial statements for the year ended 31 December 2019.

The unaudited condensed interim financial statements have been prepared under historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair value less costs to sell. The accounting policies used in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2019, except for the changes in accounting policies made after the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) as further detailed in note 2.2 below.

### 2.2 Amendments to HKFRSs adopted by the Group

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 19 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of these amendments to HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board on 21 August 2020.



### 3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provided. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel.

#### For the six months ended 30 June 2020

	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>						
Sales to external customers	1,450,899	-	-	18,143	-	1,469,042
Intersegment sales	-	-	-	-	-	-
Other income and gains	8,181	1,453	-	757	-	10,391
<b>Total</b>	<b>1,459,080</b>	<b>1,453</b>	<b>-</b>	<b>18,900</b>	<b>-</b>	<b>1,479,433</b>
<b>Segment results</b>	<b>(71,672)</b>	<b>(25,607)</b>	<b>(45)</b>	<b>(3,330)</b>		<b>(100,654)</b>
Interest income						8,607
Finance costs (other than interest on lease liabilities)						(3,100)
Loss before tax						(95,147)
Income tax credit						3,534
Loss for the period						<b>(91,613)</b>

#### For the six months ended 30 June 2019

	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>						
Sales to external customers	1,251,425	23,366	55,920	15,440	-	1,346,151
Intersegment sales	103,368	-	-	-	(103,368)	-
Other income and gains	681	18,885	-	949	-	20,515
<b>Total</b>	<b>1,355,474</b>	<b>42,251</b>	<b>55,920</b>	<b>16,389</b>	<b>(103,368)</b>	<b>1,366,666</b>
<b>Segment results</b>	<b>(65,998)</b>	<b>(803,792)</b>	<b>(103,203)</b>	<b>(160,994)</b>		<b>(1,133,987)</b>
Interest income						56,647
Finance costs (other than interest on lease liabilities)						(28,420)
Loss before tax						(1,105,760)
Income tax expense						(15,431)
Loss for the period						<b>(1,121,191)</b>

#### 4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Construction services	1,450,899	1,251,425
Machinery engineering services	12,357	9,809
Machinery trading	30	197
Sales of properties held for sale	–	18,381
Management services	–	55,920
	<u>1,463,286</u>	<u>1,335,732</u>
<i>Revenue from other sources</i>		
Gross rental income from properties held for sale and investment property operating leases	–	4,985
Gross rental income from machinery leasing	5,756	5,434
	<u>5,756</u>	<u>5,434</u>
	<u>1,469,042</u>	<u>1,346,151</u>

#### 5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	8,607	56,647
Insurance claims	543	558
Subsidy income*	7,386	–
Foreign exchange gains, net	–	12,174
Others	2,462	7,783
	<u>2,462</u>	<u>7,783</u>
	<u>18,998</u>	<u>77,162</u>

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

## 6. LOSS BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation of property, plant and equipment	<b>26,276</b>	25,352
Depreciation of right-of-use assets	<b>7,054</b>	9,835
Fair value losses on financial assets at fair value through profit or loss*	–	201,485
Loss on disposal and write-off of items of property, plant and equipment#	<b>10,237</b>	1,832
Impairment of trade receivables*	<b>278</b>	428
Impairment of right-of-use assets*	–	23,538
Impairment of goodwill*	–	2,034
Impairment of assets of disposal groups classified as held for sale*	–	580
Write-off of inventories*	<b>272</b>	–
Foreign exchange differences, net*	<b>25,085</b>	(12,174)

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

# Loss on disposal and write-off of items of property, plant and equipment of HK\$2,701,000 (2019: Nil) and HK\$7,536,000 (2019: HK\$1,832,000) is included in “Cost of sales” and “Other expenses, net”, respectively.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China (“PRC”) have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Current:</b>		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	<b>157</b>	9,463
Elsewhere	<b>273</b>	6,232
	<b>430</b>	15,695
Overprovision in the prior years:		
PRC:		
Hong Kong	<b>(225)</b>	–
Elsewhere	<b>(1,438)</b>	(1,139)
	<b>(1,663)</b>	(1,139)
<b>Deferred tax</b>	<b>(2,301)</b>	875
Total tax charge/(credit) for the period	<b>(3,534)</b>	15,431

## 8. DIVIDENDS

		Six months ended 30 June	
		2020	2019
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Dividends declared during the period:			
Special dividend – HK\$0.24 (2019: HK\$1.48) per ordinary share	(a)	807,849	4,981,733
Interim dividend – Nil (2019: HK\$0.21 per ordinary share)	(b)	–	706,867
		<u>807,849</u>	<u>5,688,600</u>

### Notes:

- (a) A special dividend of HK\$0.24 per ordinary share, totaling approximately HK\$807,849,000, was approved by the Board on 23 March 2020, and was paid on 29 April 2020. During the period ended 30 June 2019, a special dividend of HK\$1.48 per ordinary share, totaling approximately HK\$4,981,733,000, was approved by the Board on 3 June 2019 and was paid on 4 July 2019.
- (b) The Board has resolved not to declare an interim dividend for six months ended 30 June 2020 (period ended 30 June 2019: HK\$0.21 per ordinary share).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$91,613,000 (2019: HK\$1,121,181,000), and the weighted average number of ordinary shares of 3,366,035,709 (2019: 3,365,942,891) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2020. No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2019 in respect of a dilution as the impact of the share options had an anti-dilutive effect in the basic loss per share amounts presented.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with a cost of HK\$64,805,000 (2019: HK\$37,921,000, excluding property, plant and equipment acquired through a business combination disclosed in note 17 to this announcement). Property, plant and equipment with a net carrying amount of HK\$11,461,000 were disposed of and written off by the Group during the six months ended 30 June 2020 (2019: HK\$2,880,000) resulting in a net loss on disposal and written off of HK\$10,237,000 (2019: net loss of HK\$1,832,000).

## 11. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables	<b>255,263</b>	227,649
Impairment	<b>(1,267)</b>	(989)
	<b><u>253,996</u></b>	<u>226,660</u>

An ageing 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>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Within 90 days	<b>250,778</b>	216,429
91 to 180 days	<b>2,787</b>	9,676
181 to 365 days	<b>399</b>	555
Over 365 days	<b>32</b>	–
	<b><u>253,996</u></b>	<u>226,660</u>

Included in the trade receivables is an amount due from a related company of HK\$136,000 (31 December 2019: HK\$280,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

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

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

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2019 HK\$'000 (Audited)</b>
Trade payables:		
Within 90 days	353,801	286,045
91 to 180 days	683	30
Over 180 days	193	144
	<u>354,677</u>	<u>286,219</u>
Retention payables	93,869	68,257
Accruals	184,365	220,078
Provision	40,177	37,262
	<u>673,088</u>	<u>611,816</u>

As at 30 June 2020, retention payables, amounting to HK\$86,272,000 (31 December 2019: HK\$43,669,000) were expected to be repayable within twelve months after the end of the reporting period.

## 13. SHARE CAPITAL

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2019 HK\$'000 (Audited)</b>
Authorised:		
6,000,000,000 ordinary shares of HK\$0.10 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:		
3,366,035,709 ordinary shares of HK\$0.10 each	<u>336,603</u>	<u>336,603</u>

## 14. CONTINGENT LIABILITIES

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2019 HK\$'000 (Audited)</b>
Guarantees in respect of performance bonds in relation to subsidiaries	<u>445,597</u>	<u>403,267</u>

## 15. COMMITMENTS

	As at <b>30 June 2020</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2019 <i>HK\$'000</i> <i>(Audited)</i>
Property, plant and equipment: – contracted, but not provided for	<u><b>6,868</b></u>	<u>68,322</u>

## 16. DISPOSAL OF SUBSIDIARIES

### For the period ended 30 June 2020

#### (a) Disposal of Uni-Genius Investments Limited

On 22 November 2019, Tysan Investment, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with HNA Finance I Co., Ltd. (“HNA Finance I”), the former controlling shareholder of the Company, to dispose of its entire equity interest in Uni-Genius Investments Limited (“Uni-Genius”) and assign all amounts which Uni-Genius owed to Tysan Investment at a cash consideration of HK\$343,200,000 (the “Uni-Genius Disposal”). The principal activity of Uni-Genius was trading of financial products and holding of an unlisted wealth management investment in a fund. As at 31 December 2019, the disposal group classified as held for sale included the assets of Uni-Genius of HK\$309,320,000. The Uni-Genius Disposal was completed on 5 March 2020.

	<i>HK\$'000</i>
Net liabilities disposed of:	
Financial asset at fair value through profit or loss	309,270
Loan from the Group	<u>(321,963)</u>
	(12,693)
Loan from the Group assigned	321,963
Gain on disposal of a subsidiary credited to profit or loss	<u>33,930</u>
	<u><u>343,200</u></u>
Satisfied by:	
Cash consideration	<u><u>343,200</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the Uni-Genius Disposal during the period is as follows:

	<i>HK\$'000</i>
Cash consideration and net inflow of cash and cash equivalents in respect of the Uni-Genius Disposal	<u><u>343,200</u></u>

## 16. DISPOSAL OF SUBSIDIARIES (CONT'D)

### For the period ended 30 June 2019

#### (b) Disposal of Twinpeak Assets Limited

On 15 February 2019, Omnilink Assets Limited (“Omnilink”), a wholly-owned subsidiary of the Company, disposed of its entire equity interest in Twinpeak Assets Limited and assigned all amounts which Twinpeak Assets Limited owed to Omnilink as at that date to an independent third party, Fabulous New Limited, at a final cash consideration of HK\$5,192,449,000 (the “Twinpeak Disposal”). The principal assets of Twinpeak Assets Limited comprised all the issued share capital of Milway Development Limited, the owner of the development under construction on New Kowloon Inland Lot No. 6563 on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong.

	<i>HK\$'000</i>
Net liabilities disposed of:	
Properties under development	7,531,449
Prepayments, deposits and other receivables	118
Pledged bank balances	37,469
Restricted cash	1,276,396
Cash and cash equivalents	7,064
Trade and retention payables and accruals	(31,378)
Other payables, deposits received and receipt in advance	(80)
Interest-bearing bank borrowings	(2,936,063)
Loan from the Group	(6,489,641)
	<u>(604,666)</u>
Loan from the Group assigned	6,489,641
Loss on disposal of subsidiaries debited to profit or loss	(692,526)
	<u>5,192,449</u>
Satisfied by:	
Cash consideration	<u>5,192,449</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Twinpeak Disposal during the period ended 30 June 2019 is as follows:

	<i>HK\$'000</i>
Cash consideration	5,192,449
Pledged bank balances disposed of	(37,469)
Cash and cash equivalents disposed of	(7,064)
	<u>5,147,916</u>

Details of the Twinpeak Disposal were set out in the Company’s announcements dated 1 February 2019 and 15 February 2019 and the circular dated 25 February 2019.



## 17. BUSINESS COMBINATION

### For the period ended 30 June 2019

On 28 February 2019, Fundamental Assets IV Limited (“Fundamental Assets IV”), a wholly-owned subsidiary of the Company, and Jinshang International Investment Company Limited (“Jinshang International”), an independent third party, entered into a sale and purchase agreement, pursuant to which, Fundamental Assets IV agreed to purchase and Jinshang International agreed to sell the entire issued capital of Superior Choice Holdings Limited (“Superior Choice”) and the loans owned by Superior Choice and its subsidiary to Jinshang International at cash consideration of HK\$700,000,000 (subject to adjustment) (the “Superior Choice Acquisition”). The principal assets of Superior Choice comprise all the issued share capital of Excel Pointer Limited, the sole legal and beneficial owner of a property known as “CentreHollywood” located at No. 151 Hollywood Road, Hong Kong. The Superior Choice Acquisition was completed on 28 February 2019 and the final consideration was agreed at HK\$698,018,000.

The fair value of the identifiable assets and liabilities of Superior Choice and Excel Pointer Limited (collectively referred as the “Superior Choice Group”) as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	174
Investment property	700,000
Prepayments, deposits and other receivables	369
Cash and cash equivalents	349
Trade payables and accruals	(636)
Other payables, deposits received and receipt in advance	(2,066)
Tax payable	(321)
Deferred tax liabilities	(1,885)
Loans from the shareholder	(338,687)
	<hr/>
Total identifiable net assets at fair value	357,297
Loans from the shareholder assigned to the Group	338,687
Goodwill on acquisition	2,034
	<hr/>
	698,018
	<hr/> <hr/>
Satisfied by:	
Cash consideration	700,000
Other receivable	(1,982)
	<hr/>
Total consideration	698,018
	<hr/> <hr/>

## 17. BUSINESS COMBINATION (CONT'D)

### For the period ended 30 June 2019 (Cont'd)

The Group incurred transaction costs of HK\$4,025,000 for this transaction of which HK\$3,291,000 were recorded during the period ended 30 June 2019. These transaction costs had been expensed and were included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the net outflow of cash and cash equivalents in respect of the Superior Choice Acquisition during the period ended 30 June 2019 is as follows:

	<i>HK\$'000</i>
Cash consideration	(700,000)
Cash and cash equivalents acquired	<u>349</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(699,651)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(3,291)</u>
	<u><u>(702,942)</u></u>

## 18. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this announcement, the Group had the following transactions with related parties during the period ended 30 June 2020:

- (a) For the period ended 30 June 2020, compensation to key management personnel of the Group amounted to HK\$6,853,000 (period ended 30 June 2019: HK\$27,158,000).
- (b) Details of the Group's balance with a related company as at the end of the reporting period are included in note 11 to this announcement.
- (c) During the period ended 30 June 2020, the Group recorded licence income of HK\$77,000 from Tysan Building Construction Company Limited ("TBC") (period ended 30 June 2019: HK\$55,000) for sub-lease of a closed storage place.

TBC is ultimately controlled by Mr. Fung Chiu Chak, Victor, an executive director of the Company.

- (d) During the period from 1 January 2019 to 27 March 2019, the Group recorded a management fee income of HK\$14,208,000 from HKICIM Fund II, L.P. ("Fund II"), HK\$9,004,000 from HKICIM Fund III, L.P. ("Fund III") and HK\$7,068,000 from HKICIM Fund V, L.P. ("Fund V"), respectively.

Fund II, Fund III and Fund V are non-wholly-owned subsidiaries of HNA Holding Group Co., Ltd., which in turn is the holding company of HNA Finance I, the former controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Fund II, Fund III and Fund V ceased to be related companies of the Company.

## 18. RELATED PARTY TRANSACTIONS (CONT'D)

Save as disclosed elsewhere in this announcement, the Group had the following transactions with related parties during the period ended 30 June 2020: (Cont'd)

- (e) During the period from 1 January 2019 to 27 March 2019, interest expenses of HK\$1,976,000 and HK\$1,737,000 were charged by Tysan Land (Shanghai) Limited (“Tysan Shanghai”) and Tysan Property Development (Tianjin) Company Limited (“Tysan Tianjin”), respectively. The interest expenses were charged at the interest rate published by The People’s Bank of China (“PBOC”).

Tysan Shanghai and Tysan Tianjin are wholly-owned subsidiaries of HNA Shou Fu Investment Co., Ltd. (“HNA Shou Fu”), a subsidiary of HNA Group Co., Ltd., which in turn is the holding company of HNA Finance I, the former controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Tysan Shanghai and Tysan Tianjin ceased to be related companies of the Company.

- (f) During the period from 1 January 2019 to 27 March 2019, the Group was charged HK\$19,000 by Hainan Marine Construction Project Management Contracting Co., Limited (“Hainan Marine Construction”) in relation to the provision of a platform for managing, editing and searching building information model (“BIM”) documents and BIM models (“BIM platform”).

Hainan Marine Construction is a non-wholly-owned subsidiary of HNA Group Co., Ltd., which in turn is the holding company of HNA Finance I, the former controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Hainan Marine Construction ceased to be a related company of the Company.

These transactions were entered into by the Group and its related companies in accordance with the terms of the respective agreements.

## CORPORATE GOVERNANCE

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange save for the following deviations:

***Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.***

Three non-executive Directors (“Non-executive Directors”), namely Mr. Justin Wai, Mr. Wang Tianbing and Mr. Yuen Pak Man, and two independent non-executive Directors (“Independent Non-executive Directors”), namely Mr. Lung Chee Ming, George and Mr. Li Kit Chee 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 aforesaid Non-executive Directors and Independent Non-executive Directors do not have to be appointed for a specific term.

Two Non-executive Directors, namely Ms. Gu Ye and Ms. Hou Xiangjia, and two Independent Non-executive Directors, namely Ms. Chow Wai Lee and Ms. Jennifer Kwok are appointed for a specific term of three years, subject to renewal after the expiry of the then current term. They are also 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.

***Code Provision A.7.1 stipulates that for regular board meetings and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).***

Board papers for most Board meetings have been sent in compliance with the Code Provision A.7.1 except for the ad-hoc Board meeting held to consider a profit warning announcement on 19 February 2020. As more time was needed to collate information for such meeting, Board papers were sent to the Directors less than 3 days before the intended date of the Board meeting.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee (“Audit Committee”) of the Group 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 Chairman of the Audit Committee is Mr. Li Kit Chee.

The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control systems of the Group, review the Group’s financial information, compliance and provide advice and comments to the Board.

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2020 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”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry, all the Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the period under review.

## **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.

By order of the Board  
**Tysan Holdings Limited**  
**Fung Chiu Chak, Victor**  
*Vice Chairman*

Hong Kong, 21 August 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai; the non-executive directors of the Company are Mr. Justin Wai, Mr. Wang Tianbing, Mr. Yuen Pak Man, Ms. Gu Ye and Ms. Hou Xiangjia; and the independent non-executive directors of the Company 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)*