

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 2023. During the year under review, the Group recorded a loss attributable to ordinary equity holders of the Company of HK\$13 million, equivalent to a loss of HK0.39 cents per share of the Company (the “Share”) (31 December 2022: profit of HK\$5 million, equivalent to an earning of HK0.13 cents per Share) while turnover was HK\$2,703 million (31 December 2022: HK\$2,474 million).

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 2022: HK\$0.015) per Share to shareholders whose names appear on the Company’s register of members on 7 June 2024.

No interim dividend was declared for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$0.01 per Share).

Subject to the shareholders’ approval at the forthcoming annual general meeting to be held on 30 May 2024, the proposed final dividend will be paid on 28 June 2024.

Business Review

Foundation Piling

During the year under review, turnover of the Group’s foundation piling segment was about HK\$2,703 million (31 December 2022: HK\$2,459 million). The segment recorded a profit of approximately HK\$25 million (31 December 2022: profit of HK\$94 million). The decrease in segment profit for the year under review was principally attributable to the need to allocate additional resources to deal with unforeseen ground conditions and site constraints in a project.

The Group’s major contracts on hand include various commercial and residential development projects at Kowloon Inland Lot No. 11273, junction of Sai Yee Street and Argyle Street, Mong Kok, Fanling Sheung Shui Town Lot No. 278 at Area 24, Fanling Sheung Shui Town Lot No. 279 at Area 25, Lot No. 4354 in D.D. 124, Kiu Cheong Road, Kiu Tau Wai, rental housing projects at Fanling North Area 15 East Phase 2 and Tung Chung Area 42.

Prospects

Tender flow from public section remains robust as more projects such as affordable housing, site formation and infrastructure projects are rolled out. Land in new development areas, including the Northern Metropolis, and railway property development projects will be introduced to meet the government’s supply target for the medium term. Although competition remains keen, the construction industry will continue to benefit from these projects as they are implemented.

The property market in Hong Kong is expected to remain slow as a result of persistently elevated interest rates. With the relaxation of property cooling measures for residential properties and financing ratios for property relating lending, the property market will likely stabilize.

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 2023, the Group's cash on hand was about HK\$747 million (31 December 2022: HK\$770 million) while total assets and net assets were about HK\$1,915 million (31 December 2022: HK\$2,128 million) and HK\$1,283 million (31 December 2022: HK\$1,343 million), respectively. Total liabilities were about HK\$632 million (31 December 2022: HK\$785 million), out of which financial liabilities were about HK\$420 million (31 December 2022: HK\$558 million) and the remaining were mainly accruals, contract liabilities and current or deferred tax provision.

As at 31 December 2023, the Group had interest-bearing borrowings of about HK\$129 million (31 December 2022: HK\$153 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 2023 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 2023, the Group invested about HK\$62 million on purchase of machinery and equipment. As at 31 December 2023, 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 2023, an office premise of the Group with a carrying amount of about HK\$115 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 decreased from about HK\$461 million as at 31 December 2022 to about HK\$332 million as at 31 December 2023. Save for the above, the Group did not have any other material contingent liabilities.

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Remuneration Guidelines and Employment

The Group, including its subsidiaries in Hong Kong, Macau and Mainland China, employed 791 employees as at 31 December 2023. 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.

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
20 March 2024