



TYSAN HOLDINGS LIMITED

泰昇集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

Interim Report

2021

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Management Discussion and Analysis

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 2021. During the period under review, the Group recorded a turnover of approximately HK\$1,109 million (period ended 30 June 2020: HK\$1,469 million) and a loss attributable to ordinary equity holders of the Company of about HK\$8 million (period ended 30 June 2020: loss of HK\$92 million), representing loss of about HK\$0.002 per ordinary share of the Company (“Share”) (period ended 30 June 2020: loss of HK\$0.03 per Share).

Business Review

Foundation Piling

For the period under review, turnover of the Group’s foundation piling segment was about HK\$1,088 million (period ended 30 June 2020: HK\$1,451 million) and the segment recorded a profit of approximately HK\$30 million (period ended 30 June 2020: loss of HK\$72 million).

The Group’s major contracts on hand include various private commercial and industrial development projects at New Kowloon Inland Lot No. 6610 at Kai Tak Area 1E Site 1, New Kowloon Inland Lot No. 6591 at Kai Tak Area 4B Site 4, Inland Lot No. 9065 on Gage Street and Graham Street, Tai Po Town Lot No. 157, Sai Sha, Shap Sze Heung, rental housing project at Shek Pai Wan Road and Drainage Services Department Office Building at Cheung Sha Wan Sewage Pumping Station.

Prospects

It is generally expected that the overall economy will improve in the second half of 2021 as the vaccination rate goes up, and we believe that the overall operating environment will continue to improve.

Tender invitations for our foundation piling work have been increasing steadily, driven by both private and public sector projects. As a result, we have secured some meaningful projects during the first half of this year.

In light of the housings shortage in Hong Kong, the Government is expected to expedite various initiatives to increase land supply and residential supply. The Government also intends to speed up its railway development projects and to rehabilitate the city’s aging buildings. These will create demand for infrastructure and foundation works over the medium term.

The Group remains in a net cash position. Our strong balance sheet will enable us to make significant new investments when opportunities arise.

Financial Review

Financial position, liquidity and financial resources

As at 30 June 2021, the Group’s cash on hand was about HK\$760 million (31 December 2020: HK\$707 million) while total assets and net assets were about HK\$2,100 million (31 December 2020: HK\$2,267 million) and HK\$1,428 million (31 December 2020: HK\$1,433 million), respectively. Total liabilities were about HK\$672 million (31 December 2020: HK\$834 million), out of which financial liabilities were about HK\$371 million (31 December 2020: HK\$470 million) and the remaining were mainly contract liabilities and current or deferred tax provision.

As at 30 June 2021, the Group had interest-bearing borrowings of about HK\$90 million (31 December 2020: HK\$62 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 30 June 2021 as the Group had a net cash position.

Management Discussion and Analysis

Financial Review (Cont'd)

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 six months ended 30 June 2021, the Group invested about HK\$10 million on purchase of machinery and equipment. As at 30 June 2021, the Group had capital commitments in relation to purchase of machinery and equipment of about HK\$22 million. Capital expenditure is principally financed by internal resources.

Pledge of assets

As at 30 June 2021, an office premise of the Group with a carrying amount of about HK\$134 million was pledged to a 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 decreased from about HK\$450 million as at 31 December 2020 to about HK\$407 million as at 30 June 2021. 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 approximately 803 employees as at 30 June 2021. 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 of Directors has resolved to declare an interim dividend of HK\$0.01 (period ended 30 June 2020: Nil) per Share for the six months ended 30 June 2021. The interim dividend will be payable on Friday, 24 September 2021 to shareholders whose names appear on the Company's register of members on Tuesday, 7 September 2021.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 6 September 2021 to Tuesday, 7 September 2021 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for entitlement of the interim dividend for the six months ended 30 June 2021, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Registrar in Hong Kong, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 3 September 2021.

During the period under review, Tysan Holdings Limited (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 of Hong Kong Limited save for the following deviation:

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

A non-executive director of the Company (“Non-executive Director”), Mr. Justin Wai, and an independent non-executive director of the Company (“Independent Non-executive Director”), Mr. Lung Chee Ming, George, have been appointed without 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 (the “Board”) of directors of the Company (the “Directors”) is of the view that the aforesaid Non-executive Director and Independent Non-executive Director did not have to be appointed for a specific term at the time of appointment.

Four Non-executive Directors, namely Mr. David Robert McClure, Mr. Yuen Pak Man, Ms. Gu Ye and Ms. Hou Xiangjia, and three Independent Non-executive Directors, namely Mr. Li Kit Chee, Ms. Chow Wai Lee and Ms. Jennifer Kwok are appointed for a specific term of three years. They are subject to renewal after the expiry of the then current term and the retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company.

Audit Committee

As at the date of this report, the audit committee (“Audit Committee”) of the Company and its subsidiaries (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, to review the Group’s financial information, compliance and to provide advice and comments to the Board.

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2021 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.

Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares

As at 30 June 2021, the interest and long positions of the directors (the "Directors") of Tysan Holdings Limited (the "Company") and chief executive of the Company ("Chief Executive") in the shares ("Shares") and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities, was as follows:

Long position in Shares

Name of Director	Number of Shares indirectly beneficially owned
Mr. Fung Chiu Chak, Victor	168,380,000

Long positions in share options of the Company ("Share Options")

Name of Directors	Number of Share Options directly beneficially owned
Mr. Fung Chiu Chak, Victor	22,000,000
Mr. Chiu Chin Hung	11,000,000
Mr. Lau Kin Fai	10,000,000

Save as disclosed above, as at 30 June 2021, none of the Directors or Chief Executive had registered any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations 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.

Other Information

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

The Company currently operates a share option scheme which was adopted on 3 December 2020 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Details of the Share Options granted and outstanding during the six months ended 30 June 2021 are as follows:

Number of Share Options

Name or category of participant	At 1 January 2021	Granted during the period	Exercise during the period	Exercised but shares not yet allotted during the period	As at 30 June 2021	Date of grant	Exercise period	Exercise price HK\$ per Share
Directors								
Fung Chiu Chak, Victor	–	22,000,000	–	–	22,000,000	25-5-2021	1-1-2022 to 24-5-2025 ⁽¹⁾	0.49
Chiu Chin Hung	–	11,000,000	–	–	11,000,000	25-5-2021	1-1-2022 to 24-5-2025 ⁽¹⁾	0.49
Lau Kin Fai	–	10,000,000	–	–	10,000,000	25-5-2021	1-1-2022 to 24-5-2025 ⁽¹⁾	0.49
Others								
Fung Wen Yuan Brian	–	4,500,000	–	–	4,500,000	25-5-2021	1-1-2022 to 24-5-2025 ⁽¹⁾	0.49
38 individuals in aggregate	–	120,100,000	–	–	120,100,000	25-5-2021	1-1-2022 to 24-5-2025 ⁽¹⁾	0.49
Total	–	167,600,000	–	–	167,600,000			

Note to the table of Share Options during the period:

- Subject to the terms of the Scheme, each grantee is allowed to exercise up to 30% of the Share Options granted from 1 January 2022 up to and including 24 May 2025. Thereafter, each grantee is allowed to exercise a further 30% of the Share Options granted from 1 January 2023 up to and including 24 May 2025 and to exercise the remaining 40% of Share Options granted from 1 January 2024 up to and including 24 May 2025.

During the period, 167,600,000 Shares Options of fair value of approximately HK\$29,674,000 were granted under the Scheme and approximately HK\$2,528,000 was recognized as expense in the consolidated statement of profit or loss. The Share Options were valued by an independent valuer and the fair value was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the Share Options were granted. Major inputs to the model included expected volatility of 61.818%, expected dividend yield of 3.147%, risk-free interest rate of 0.61%, weighted average share price of HK\$0.485 per Share and expected life of option of 4 years.

Save for the above, at no time during the period for the six months ended 30 June 2021 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouses or minor children, or the Chief Executive 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 to acquire such rights in any other body corporate under the Scheme.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2021, the following interests of more than 5% of the issued Share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in Shares

Name	Capacity	Number of Shares held	Approximate percentage of the Company's issued Share capital
Blackstone Group Management L.L.C. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP L.P. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Limited Partner L.L.C. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Management (Delaware) L.P. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Management L.L.C. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Sub L.P. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV L.P. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
SCHWARZMAN Stephen A. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
The Blackstone Group Inc. ⁽¹⁾	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Real Estate Associates Asia II L.P. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
Blackstone Real Estate Partners Asia II L.P. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Holdings I (NQ) L.P. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Holdings I (NQ) Pte. Ltd. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II L.L.C. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Ltd. ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
Times Holdings I Limited ⁽²⁾	Interest of controlled corporation	2,291,316,850	68.07
Times Holdings II Limited	Beneficial owner	2,291,316,850	68.07
Chen Wai Wai Vivien ⁽³⁾	Executor or administrator	235,106,000	6.98
Chow Suk Han, Anna ⁽³⁾	Executor or administrator	235,106,000	6.98
Lee Pui Ling, Angelina ⁽³⁾	Executor or administrator	235,106,000	6.98
Chen's Group International Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
Chen's Group Holdings Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
Nan Fung International Holdings Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
Nan Fung Group Holdings Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
NF Investment Holdings Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
Keymark Associates Limited ⁽⁴⁾	Interest of controlled corporation	235,106,000	6.98
Gavast Estates Limited	Beneficial owner	235,106,000	6.98
中國交通建設股份有限公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08
中國路橋工程有限責任公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08
中交疏浚(集團)股份有限公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08
香港海事建設有限公司	Beneficial owner	171,000,000	5.08
Fung Chiu Chak, Victor ⁽⁶⁾⁽⁷⁾	Interest of controlled corporation and Beneficial owner	190,380,000	5.65
Dragon's Eye Pacific Limited	Beneficial owner	168,380,000	5.00

Other Information

Notes:

1. These parties were deemed to have interests in long positions in 2,356,146,781 Shares under the SFO by virtue of their equity interests in Tides Holdings II Ltd. and Times Holdings II Limited.
2. These parties were deemed to have interests in long positions in 2,291,316,850 Shares under the SFO by virtue of their equity interests in Times Holdings II Limited.
3. These parties were executors of estate of Chen Din Hwa and deemed to have interests in long positions in 235,106,000 Shares under the SFO by a trust holding equity interests in Gavast Estates Limited.
4. These parties were deemed to have interests in long positions in 235,106,000 Shares under the SFO by virtue of their equity interests in Gavast Estates Limited.
5. These parties were deemed to have interests in long positions in 171,000,000 Shares under the SFO by virtue of their equity interests in 香港海事建設有限公司.
6. Mr. Fung Chiu Chak, Victor was deemed to have interests in long positions in 168,380,000 Shares under the SFO by virtue of his equity interests in Dragon's Eye Pacific Limited.
7. Mr. Fung Chiu Chak, Victor was deemed to have interests in long positions in 22,000,000 Shares under the SFO as he is entitled to subscribe for such Shares under the Scheme.

Apart from the foregoing, as at 30 June 2021, no person, other than the Directors and Chief Executive, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares" above, had registered any interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

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.

Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
REVENUE	4	1,109,363	1,469,042
Cost of sales		(1,076,613)	(1,537,254)
Gross profit/(loss)		32,750	(68,212)
Other income and gains	5	5,163	18,998
Gain on disposal of a subsidiary	16	–	33,930
Administrative expenses		(42,373)	(41,646)
Other expenses, net		(1,959)	(34,715)
Finance costs		(706)	(3,502)
LOSS BEFORE TAX	6	(7,125)	(95,147)
Income tax credit/(expense)	7	(831)	3,534
LOSS FOR THE PERIOD		(7,956)	(91,613)
Attributable to:			
Ordinary equity holders of the Company		(7,956)	(91,613)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		(HK0.24 cents)	(HK2.72 cents)
Diluted		(HK0.24 cents)	(HK2.72 cents)

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	(7,956)	(91,613)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	188	21,683
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	188	21,683
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(7,768)	(69,930)
Attributable to:		
Ordinary equity holders of the Company	(7,768)	(69,930)

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	174,447	188,240
Right-of-use assets		98,620	106,704
Prepayments, deposits and other receivables		100	150
Deferred tax assets		3,730	1,760
Total non-current assets		276,897	296,854
CURRENT ASSETS			
Inventories		49,602	43,592
Trade receivables	11	196,974	188,977
Contract assets		777,628	1,002,172
Prepayments, deposits and other receivables		38,617	29,063
Tax prepaid		20	40
Cash and cash equivalents		760,446	706,570
Total current assets		1,823,287	1,970,414
CURRENT LIABILITIES			
Trade and retention payables, accruals and provision	12	479,032	664,560
Other payables, deposits received and receipts in advance		2,519	2,452
Contract liabilities		85,656	72,372
Interest-bearing bank borrowings		34,910	4,762
Lease liabilities		4,745	10,942
Tax payable		250	13,712
Total current liabilities		607,112	768,800
NET CURRENT ASSETS		1,216,175	1,201,614
TOTAL ASSETS LESS CURRENT LIABILITIES		1,493,072	1,498,468

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		55,114	57,654
Lease liabilities		82	274
Deferred tax liabilities		9,989	7,413
Total non-current liabilities		65,185	65,341
Net assets		1,427,887	1,433,127
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	336,603	336,603
Reserves		1,091,284	1,096,524
Total equity		1,427,887	1,433,127

Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company							Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2021 (audited)	336,603	2,481*	638,344*	–*	2,188*	(8,114)*	461,625*	1,433,127
Loss for the period	–	–	–	–	–	–	(7,956)	(7,956)
Other comprehensive income for the period:								
Exchange difference on translation of foreign operations	–	–	–	–	–	188	–	188
Total comprehensive income/(expenses) for the period	–	–	–	–	–	188	(7,956)	(7,768)
Equity-settled share option arrangements	–	–	–	2,528	–	–	–	2,528
At 30 June 2021 (unaudited)	336,603	2,481*	638,344*	2,528*	2,188*	(7,926)*	453,669*	1,427,887

Consolidated Statement of Changes in Equity

Attributable to ordinary equity holders of the Company

	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2020 (audited)	336,603	2,481	1,446,193	–	2,188	(32,106)	566,507	2,321,866
Loss for the period	–	–	–	–	–	–	(91,613)	(91,613)
Other comprehensive income for the period:								
Exchange difference on translation of foreign operations	–	–	–	–	–	21,683	–	21,683
Total comprehensive income/(expenses) for the period	–	–	–	–	–	21,683	(91,613)	(69,930)
2020 special dividend declared and paid (note 8)	–	–	(807,849)	–	–	–	–	(807,849)
At 30 June 2020 (unaudited)	<u>336,603</u>	<u>2,481</u>	<u>638,344</u>	<u>–</u>	<u>2,188</u>	<u>(10,423)</u>	<u>474,894</u>	<u>1,444,087</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,091,284,000 (31 December 2020: HK\$1,096,524,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities			
Loss before tax		(7,125)	(95,147)
Adjustments for:			
Finance costs		706	3,502
Finance costs included in cost of sales		84	27
Gain on disposal of a subsidiary		–	(33,930)
Interest income		(1,087)	(8,607)
Loss/(gain) on disposal of items of property, plant and equipment	6	(2,632)	7,536
Loss on disposal of items of property, plant and equipment included in cost of sales	6	–	2,701
Equity-settled share option expense		2,528	–
Depreciation of property, plant and equipment	6	23,166	26,276
Depreciation of right-of-use assets	6	8,387	7,054
Write-off of inventories	6	–	272
Impairment of trade receivables	6	434	278
		24,461	(90,038)
Decrease/(increase) in inventories		(6,010)	7,502
Increase in trade receivables		(8,431)	(27,614)
Decrease in contract assets		224,544	5,411
Increase in prepayments, deposits and other receivables		(9,583)	(14,758)
Increase/(decrease) in trade and retention payables, accruals and provision		(185,545)	61,468
Increase in other payables, deposits received and receipts in advance		67	847
Increase in contract liabilities		13,284	8,235
Cash generated from/(used in) operations		52,787	(48,947)
Taxes paid in the People's Republic of China (the "PRC"):			
Hong Kong		(13,666)	(33,999)
Elsewhere		(23)	(3,231)
Taxes refunded in the PRC:			
Hong Kong		20	–
Effect of foreign exchange rate changes, net		–	(17)
Net cash flows from/(used in) operating activities		39,118	(86,194)

Consolidated Statement of Cash Flows

		Six months ended 30 June	
	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Cash flows from investing activities			
Interest received		1,166	12,424
Purchases of items of property, plant and equipment		(9,709)	(64,580)
Deposits paid for acquisition of items of property, plant and equipment		–	(60)
Proceeds from disposal of items of property, plant and equipment		2,968	1,224
Proceeds from disposal of a subsidiary	16	–	343,200
Net cash flows from/(used in) investing activities		<u>(5,575)</u>	<u>292,208</u>
Cash flows from financing activities			
Interest paid		(564)	(3,026)
Interest element of lease payments		(209)	(429)
New bank borrowings		90,000	–
Repayment of bank borrowings		(62,392)	(52,054)
Principal portion of lease payments		(6,692)	(5,101)
Dividends paid		–	(2,490,867)
Net cash flows from/(used in) financing activities		<u>20,143</u>	<u>(2,551,477)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		53,686	(2,345,463)
Cash and cash equivalents at beginning of period		706,570	2,891,831
Effect of foreign exchange rate changes, net		190	21,689
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>760,446</u>	<u>568,057</u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances		557,627	142,517
Non-pledged time deposits		202,819	425,540
Cash and cash equivalents as stated in the consolidated statement of financial position		<u>760,446</u>	<u>568,057</u>

Notes to Unaudited Condensed Interim Financial Statements

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 and property development 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, a company incorporated in the Cayman Islands and ultimately controlled by The Blackstone Group Inc., which is listed on The New York Stock Exchange and considered as the ultimate holding company of the Company.

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 2020.

The unaudited condensed interim financial statements have been prepared under historical cost convention. 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 2020, 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 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*COVID-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

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

Notes to Unaudited Condensed Interim Financial Statements

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. During the period ended 30 June 2021, the financial results of the "Investment" segment of the Group, which were reported as separate segment in prior years' financial statements, are reported under "Corporate and others" segment. Comparative figures of the segment information have been reclassified to conform with the current period's presentation.

For the six months ended 30 June 2021 and 2020

	Foundation piling		Property development and investment		Corporate and others		Elimination		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment revenue:										
Sales to external customers	1,087,523	1,450,899	-	-	21,840	18,143	-	-	1,109,363	1,469,042
Intersegment sales	-	-	-	-	970	-	(970)	-	-	-
Other income and gains	3,852	8,181	-	1,453	224	757	-	-	4,076	10,391
Total	1,091,375	1,459,080	-	1,453	23,034	18,900	(970)	-	1,113,439	1,479,433
Segment results	30,078	(71,672)	(2,249)	(25,607)	(35,460)	(3,375)			(7,631)	(100,654)
Interest income									1,087	8,607
Finance costs (other than interest on lease liabilities)									(581)	(3,100)
Loss before tax									(7,125)	(95,147)
Income tax credit/(expense)									(831)	3,534
Loss for the period									(7,956)	(91,613)

Notes to Unaudited Condensed Interim Financial Statements

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers	1,099,960	1,463,286
Revenue from other sources		
Gross rental income from machinery leasing	9,403	5,756
	<u>1,109,363</u>	<u>1,469,042</u>

Disaggregated Revenue Information for Revenue from Contracts with Customers

For the six months ended 30 June 2021

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services				
Construction services	1,087,523	–	–	1,087,523
Machinery engineering services	–	–	10,899	10,899
Machinery trading	–	–	1,538	1,538
	<u>1,087,523</u>	<u>–</u>	<u>12,437</u>	<u>1,099,960</u>
Geographical markets				
Hong Kong	<u>1,087,523</u>	<u>–</u>	<u>12,437</u>	<u>1,099,960</u>
Timing of revenue recognition				
Good transferred at a point of time	–	–	1,538	1,538
Services transferred over time	<u>1,087,523</u>	<u>–</u>	<u>10,899</u>	<u>1,098,422</u>
Total revenue from contracts with customers	<u>1,087,523</u>	<u>–</u>	<u>12,437</u>	<u>1,099,960</u>

Notes to Unaudited Condensed Interim Financial Statements

4. REVENUE (Cont'd)

Disaggregated Revenue Information for Revenue from Contracts with Customers (Cont'd)

For the six months ended 30 June 2020

Segments	Foundation piling <i>HK\$'000</i> (Unaudited)	Property development and investment <i>HK\$'000</i> (Unaudited)	Corporate and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Types of goods or services				
Construction services	1,450,899	–	–	1,450,899
Machinery engineering services	–	–	12,357	12,357
Machinery trading	–	–	30	30
Total revenue from contracts with customers	<u>1,450,899</u>	<u>–</u>	<u>12,387</u>	<u>1,463,286</u>
Geographical markets				
Hong Kong	<u>1,450,899</u>	<u>–</u>	<u>12,387</u>	<u>1,463,286</u>
Timing of revenue recognition				
Good transferred at a point of time	–	–	30	30
Services transferred over time	<u>1,450,899</u>	<u>–</u>	<u>12,357</u>	<u>1,463,256</u>
Total revenue from contracts with customers	<u>1,450,899</u>	<u>–</u>	<u>12,387</u>	<u>1,463,286</u>

Notes to Unaudited Condensed Interim Financial Statements

4. REVENUE (Cont'd)

Disaggregated Revenue Information for Revenue from Contracts with Customers (Cont'd)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2021

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers				
External customers	1,087,523	–	12,437	1,099,960
Intersegment sales	–	–	585	585
	<u>1,087,523</u>	<u>–</u>	<u>13,022</u>	<u>1,100,545</u>
Intersegment adjustments and eliminations	–	–	(585)	(585)
Total revenue from contracts with customers	<u>1,087,523</u>	<u>–</u>	<u>12,437</u>	<u>1,099,960</u>

For the six months ended 30 June 2020

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers				
Total revenue from contracts with customers	<u>1,450,899</u>	<u>–</u>	<u>12,387</u>	<u>1,463,286</u>

Notes to Unaudited Condensed Interim Financial Statements

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	1,087	8,607
Insurance claims	6	543
Subsidy income*	–	7,386
Gain on disposal of items of property, plant and equipment	2,632	–
Foreign exchange gains, net	13	–
Others	1,425	2,462
	<u>5,163</u>	<u>18,998</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):

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	23,166	26,276
Depreciation of right-of-use assets	8,387	7,054
Loss/(gain) on disposal and write-off of items of property, plant and equipment*	(2,632)	7,536
Loss on disposal and write-off of items of property, plant and equipment included in cost of sales	–	2,701
Impairment of trade receivables*	434	278
Write-off of inventories*	–	272
Foreign exchange differences, net*	(13)	25,085

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

Notes to Unaudited Condensed Interim Financial Statements

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits of this subsidiary are taxed at 16.5%. Taxes on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	–	157
Elsewhere	32	273
	32	430
Under/(over) provision in the prior years:		
PRC:		
Hong Kong	195	(225)
Elsewhere	–	(1,438)
	195	(1,663)
Deferred tax	604	(2,301)
Total tax charge/(credit) for the period	831	(3,534)

Notes to Unaudited Condensed Interim Financial Statements

8. DIVIDENDS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Dividend declared during the period:		
Special dividend – Nil (2020: HK\$0.24 per ordinary share)	(a) <u>–</u>	<u>807,849</u>

Notes:

- (a) A special dividend of HK\$0.24 per ordinary share, totaling approximately HK\$807,849,000, was approved by the board of directors (the “Board”) on 23 March 2020, and was paid on 29 April 2020.
- (b) An interim dividend in respect of six months ended 30 June 2021 of HK\$0.01 per ordinary share, totaling approximately HK\$33,660,000, was approved at the Board meeting on 20 August 2021 (2020: Nil). The interim dividend has not been recognised as a liability in the unaudited condensed interim financial statements.

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\$7,956,000 (2020: HK\$91,613,000), and the number of ordinary shares of 3,366,035,709 (2020: 3,366,035,709) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2021 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.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2020.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with a cost of HK\$9,709,000 (2020: HK\$64,805,000). Property, plant and equipment with a net carrying amount of HK\$336,000 were disposed of by the Group during the six months ended 30 June 2021 (2020: HK\$11,461,000) resulting in a net gain on disposal of HK\$2,632,000 (2020: net loss of HK\$10,237,000).

Notes to Unaudited Condensed Interim Financial Statements

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.

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	198,750	190,319
Impairment	(1,776)	(1,342)
	<u>196,974</u>	<u>188,977</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:

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Within 90 days	174,224	177,179
91 to 180 days	2,349	11,556
181 to 365 days	20,398	164
Over 365 days	3	78
	<u>196,974</u>	<u>188,977</u>

Notes to Unaudited Condensed Interim Financial Statements

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:

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables:		
Within 90 days	200,586	299,121
91 to 180 days	538	808
Over 180 days	26	41
	<u>201,150</u>	<u>299,970</u>
Retention payables	72,614	94,031
Accruals	171,637	234,967
Provision	33,631	35,592
	<u>479,032</u>	<u>664,560</u>

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.

As at 30 June 2021, retention payables, amounting to HK\$66,014,000 (31 December 2020: HK\$87,138,000) were expected to be repayable within twelve months after the end of the reporting period.

13. SHARE CAPITAL

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
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>

Notes to Unaudited Condensed Interim Financial Statements

14. CONTINGENT LIABILITIES

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

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Guarantees in respect of performance bonds in relation to subsidiaries	<u>407,203</u>	<u>449,634</u>

15. COMMITMENTS

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Property, plant and equipment: – contracted, but not provided for	<u>21,993</u>	<u>1,545</u>

Notes to Unaudited Condensed Interim Financial Statements

16. DISPOSAL OF A SUBSIDIARY

For the period ended 30 June 2020

Disposal of Uni-Genius Investments Limited

On 22 November 2019, Tysan Investment Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with HNA Finance I Co., Ltd., 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 Limited 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. 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>343,200</u>
Satisfied by:	
Cash consideration	<u>343,200</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Uni-Genius Disposal during the period ended 30 June 2020 was as follows:

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

Notes to Unaudited Condensed Interim Financial Statements

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions with related parties during the period ended 30 June 2021:

- (a) For the period ended 30 June 2021, compensation to key management personnel of the Group amounted to HK\$21,916,000 (period ended 30 June 2020: HK\$20,700,000).
- (b) As at 30 June 2021, included in contract assets is an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK\$610,000 (31 December 2020: HK\$610,000), which represents a retention receivable and is recoverable on credit terms similar to those offered to the major customers of the Group. TBC is ultimately controlled by Mr. Fung Chiu Chak, Victor, an executive director of the Company.
- (c)
 - (i) During the period ended 30 June 2020, the Group recorded revenue of HK\$860,000 in respect of rental and engineering works relating to tower cranes subcontracted by TBC to the Group.
 - (ii) During the period ended 30 June 2020, the Group recorded licence income of HK\$77,000 from TBC for sub-lease of a closed storage place.

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

18. COMPARATIVE AMOUNTS

As detailed in note 3 to the unaudited condensed interim financial statements, certain comparative amounts have been reclassified to conform with the current period's presentation.

Corporate Information

Board of Directors

Executive Directors

Mr. FUNG Chiu Chak, Victor (*Vice Chairman*)
Mr. CHIU Chin Hung
Mr. LAU Kin Fai

Non-executive Directors

Mr. Justin WAI (*Chairman*)
Mr. David Robert MCCLURE
Mr. YUEN Pak Man
Ms. GU Ye
Ms. HOU Xiangjia

Independent Non-executive Directors

Mr. LUNG Chee Ming, George
Mr. LI Kit Chee
Ms. CHOW Wai Lee
Ms. Jennifer KWOK

Audit Committee

Mr. LI Kit Chee (*Chairman*)
Mr. LUNG Chee Ming, George
Ms. CHOW Wai Lee
Ms. Jennifer KWOK

Remuneration Committee

Mr. LUNG Chee Ming, George (*Chairman*)
Mr. Justin WAI
Mr. FUNG Chiu Chak, Victor
Mr. YUEN Pak Man
Mr. LI Kit Chee
Ms. CHOW Wai Lee
Ms. Jennifer KWOK

Nomination Committee

Mr. Justin WAI (*Chairman*)
Mr. FUNG Chiu Chak, Victor
Mr. YUEN Pak Man
Mr. LUNG Chee Ming, George
Mr. LI Kit Chee
Ms. CHOW Wai Lee
Ms. Jennifer KWOK

Financial Controller

Ms. YIP Pui Shan

Company Secretary

Ms. WONG Suk Han, Kitty

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisers

Conyers, Dill & Pearman
Reed Smith Richards Butler

Principal Bankers

Agricultural Bank of China Limited, Hong Kong Branch
China Citic Bank International Limited
China Construction Bank
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

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Head Office and Principal Place of Business

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Hong Kong

Branch Registrar in Hong Kong

Tricor Tengis Limited
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HKSE Stock Code

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