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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of Tysan Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

Consolidated Statement of Profit or Loss

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	3	2,204,085	3,054,113
Cost of sales		<u>(2,121,639)</u>	<u>(3,116,818)</u>
Gross profit/(loss)		82,446	(62,705)
Other income and gains	3	8,357	58,779
Gain on disposal of a subsidiary	13	–	33,930
Administrative expenses		(91,140)	(97,984)
Other expenses, net		(5,754)	(33,727)
Finance costs	4	(1,400)	(4,632)
LOSS BEFORE TAX	5	(7,491)	(106,339)
Income tax credit	6	7,384	1,457
LOSS FOR THE YEAR		<u>(107)</u>	<u>(104,882)</u>
Attributable to:			
Ordinary equity holders of the Company		<u>(107)</u>	<u>(104,882)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>(HK0.003 cents)</u>	<u>(HK3.116 cents)</u>
Diluted		<u>(HK0.003 cents)</u>	<u>(HK3.116 cents)</u>

Consolidated Statement of Comprehensive Income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(107)</u>	<u>(104,882)</u>
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	<u>632</u>	<u>23,992</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>632</u>	<u>23,992</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	<u><u>525</u></u>	<u><u>(80,890)</u></u>
Attributable to:		
Ordinary equity holders of the Company	<u><u>525</u></u>	<u><u>(80,890)</u></u>

Consolidated Statement of Financial Position

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		175,623	188,240
Right-of-use assets		114,333	106,704
Prepayments, deposits and other receivables		1,457	150
Deferred tax assets		12,966	1,760
		<hr/>	<hr/>
Total non-current assets		304,379	296,854
CURRENT ASSETS			
Inventories		192,468	43,592
Trade receivables	9	268,869	188,977
Contract assets		638,172	1,002,172
Prepayments, deposits and other receivables		25,918	29,063
Tax prepaid		–	40
Cash and cash equivalents		650,890	706,570
		<hr/>	<hr/>
Total current assets		1,776,317	1,970,414
CURRENT LIABILITIES			
Trade and retention payables, accruals and provision	10	489,229	664,560
Other payables, deposits received and receipts in advance		2,743	2,452
Contract liabilities		82,494	72,372
Interest-bearing bank borrowing		4,899	4,762
Lease liabilities		9,091	10,942
Tax payable		224	13,712
		<hr/>	<hr/>
Total current liabilities		588,680	768,800
		<hr/>	<hr/>
NET CURRENT ASSETS		1,187,637	1,201,614
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,492,016	1,498,468
		<hr/>	<hr/>

Consolidated Statement of Financial Position (continued)

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		52,676	57,654
Lease liabilities		13,208	274
Deferred tax liabilities		11,040	7,413
		<hr/>	<hr/>
Total non-current liabilities		76,924	65,341
		<hr/>	<hr/>
Net assets		1,415,092	1,433,127
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		336,603	336,603
Reserves		1,078,489	1,096,524
		<hr/>	<hr/>
Total equity		1,415,092	1,433,127
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

As at 31 December 2021, the Group had an interest-bearing bank borrowing denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”). The Group expects HIBOR will continue to exist and there is no impact on the Group's HIBOR-based borrowing.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2. OPERATING SEGMENT INFORMATION

2021

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

2. OPERATING SEGMENT INFORMATION (continued)

2020

	Foundation piling <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	3,017,754	–	36,359	3,054,113
Other income and gains	43,217	1,454	3,431	48,102
Total	<u>3,060,971</u>	<u>1,454</u>	<u>39,790</u>	<u>3,102,215</u>
Segment results	<u>(31,622)</u>	<u>(1,901)</u>	<u>(79,511)</u>	(113,034)
Interest income				10,677
Finance costs (other than interest on lease liabilities)				<u>(3,982)</u>
Loss before tax				(106,339)
Income tax credit				<u>1,457</u>
Loss for the year				<u>(104,882)</u>
Assets and liabilities				
Segment assets	<u>1,622,436</u>	<u>3,262</u>	<u>267,131</u>	1,892,829
Unallocated				<u>374,439</u>
				<u>2,267,268</u>
Segment liabilities	<u>708,741</u>	<u>735</u>	<u>41,124</u>	750,600
Unallocated				<u>83,541</u>
				<u>834,141</u>
Other segment information:				
Depreciation of property, plant and equipment	41,035	–	10,229	51,264
Depreciation of right-of-use assets	6,694	10	8,555	15,259
Impairment of trade receivables	–	–	353	353
Write-off of inventories	–	–	272	272
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	8,760	–	(1,050)	7,710
Gain on disposal of a subsidiary	–	–	(33,930)	(33,930)
Capital expenditure	<u>73,502</u>	<u>–</u>	<u>1,539</u>	<u>75,041</u>

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	<u>2,204,085</u>	<u>3,054,113</u>

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

(b) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	<u>291,413</u>	<u>295,094</u>

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

Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	623,829	518,152
Customer B ¹	534,653	N/A ²
Customer C ¹	<u>N/A²</u>	<u>313,743</u>

¹ Revenue was derived from the foundation piling segment.

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

During the year ended 31 December 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 re-presented to conform with the current year's presentation.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Machinery trading	1,538	36
Construction services	2,164,106	3,017,754
Machinery engineering services	20,581	21,397
	<u>2,186,225</u>	<u>3,039,187</u>
<i>Revenue from other sources</i>		
Gross rental income from machinery leasing	17,860	14,926
	<u>2,204,085</u>	<u>3,054,113</u>

An analysis of other income and gains is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income	2,272	10,677
Insurance claims	399	543
Subsidy income*	214	43,638
Gain on disposal of items of property, plant and equipment	2,186	–
Gain on lease modification	–	25
Foreign exchange gains, net	47	–
Others	3,239	3,896
	<u>8,357</u>	<u>58,779</u>

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

4. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	1,032	2,048
Interest on guaranteed notes	–	1,934
Interest on lease liabilities	481	793
	<u>1,513</u>	<u>4,775</u>
Less: Interest included in cost of sales	(113)	(143)
	<u>1,400</u>	<u>4,632</u>

5. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	45,820	51,264
Depreciation of right-of-use assets	16,198	15,259
Impairment of trade receivables	1,088	353
Impairment of contract assets	965	–
Loss/(gain) on disposal and write-off of items of property, plant and equipment	(2,186)	7,710
Write-off of inventories	–	272
	<u>–</u>	<u>272</u>

6. 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 year, 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits of this subsidiary are taxed at 16.5% (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current:		
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	–	87
Elsewhere	11	310
	11	397
Underprovision/(overprovision) in the prior years:		
PRC:		
Hong Kong	195	(535)
Elsewhere	(6)	(1,437)
	189	(1,972)
Deferred tax	(7,584)	118
Total tax credit for the year	<u>(7,384)</u>	<u>(1,457)</u>

7. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends declared and paid during the year:		
Special – Nil (2020: HK\$0.24 per ordinary share)	–	807,849
Interim – HK\$0.01 per ordinary share (2020: Nil)	<u>33,660</u>	<u>–</u>
	<u>33,660</u>	<u>807,849</u>
Proposed final dividend:		
Final – HK\$0.015 per ordinary share (2020: Nil)	<u>50,491</u>	<u>–</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholder at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable (2020: Nil).

8. 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 year attributable to ordinary equity holders of the Company of HK\$107,000 (2020: HK\$104,882,000), and the number of ordinary shares of 3,366,035,709 (2020: 3,366,035,709) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2021 in respect of a dilution as the impact of the share options did not have a dilutive effect in the basic loss per share amount presented.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2020.

9. TRADE RECEIVABLES

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	267,249	177,179
91 to 180 days	240	11,556
181 to 365 days	723	164
Over 365 days	657	78
	268,869	188,977

As at 31 December 2021, included in the Group's trade receivables was an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK\$1,606,000 (2020: Nil), which was repayable on credit terms similar to those offered to the major customers of the Group. TBC is controlled by Mr. Fung Chiu Chak, Victor, who is an executive director of the Company.

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.

10. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables:		
Within 90 days	261,774	299,121
91 to 180 days	198	808
Over 180 days	27	41
	261,999	299,970
Retention payables	55,736	94,031
Accruals	136,819	234,967
Provision	34,675	35,592
	489,229	664,560

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

11. CONTINGENT LIABILITIES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Guarantees in respect of performance bonds in relation to subsidiaries	<u>413,628</u>	<u>449,634</u>

12. COMMITMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property, plant and equipment: – contracted, but not provided for	<u>15,908</u>	<u>1,545</u>

13. DISPOSAL OF A SUBSIDIARY

Disposal of Uni-Genius Investments Limited

On 22 November 2019, Tysan Investment Limited (“Tysan Investment”), 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 at a cash consideration of HK\$343,200,000 (the “Uni-Genius Disposal”). The principal activity of Uni-Genius was the 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.

	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 year ended 31 December 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>

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 2020: Nil) per share of the Company (“Share”) to shareholders whose names appear on the Company’s register of members on 6 June 2022.

An interim dividend of HK\$0.01 per Share was declared for the six months ended 30 June 2021 (period ended 30 June 2020: Nil).

Subject to the shareholders’ approval at the forthcoming annual general meeting to be held on 25 May 2022, the proposed final dividend will be paid on 27 June 2022.

CLOSURE OF REGISTER OF MEMBERS

- (i) The Register of Members of the Company will be closed from Thursday, 19 May 2022 to Wednesday, 25 May 2022 (both dates inclusive) during which period no transfer of Share will be registered, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the forthcoming annual general meeting to be held on 25 May 2022. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on 25 May 2022, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company’s branch share 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 Wednesday, 18 May 2022.
- (ii) From Tuesday, 31 May 2022 to Monday, 6 June 2022 (both dates inclusive) during which period no transfer of Share will be registered, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company’s branch share 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 Monday, 30 May 2022.

BUSINESS REVIEW

Foundation Piling

During the year under review, turnover of the Group’s foundation piling segment was about HK\$2,164 million (31 December 2020: HK\$3,018 million). The segment recorded a profit of approximately HK\$73 million (31 December 2020: loss of HK\$32 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 private commercial and industrial 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, Tai Po Town Lot No. 157, Sai Sha, Shap Sze Heung, rental housing project at Shek Pai Wan Road, Drainage Services Department Office Building at Cheung Sha Wan Sewage Pumping Station, West Kowloon Cultural District Zones 2B & 2C and Anderson Road Quarry Sites R2-6 and R2-7.

PROSPECTS

While it is difficult to predict the COVID situation in Hong Kong and its impact on the economy, we remain cautiously optimistic about the Group's business outlook in the coming year. The demand for construction related works has been increasing due to large government-led infrastructure and housing projects, such as the Northern Metropolis. These projects will span many phases and will provide a steady stream of business for the construction sector as a whole. More tender invitations relating to these projects are expected from both the public and private sectors.

The Group will continue to focus on foundation piling business and to look for suitable investment opportunities. The Group remains in a net cash position. Our strong balance sheet position will enable us to make significant new investments when opportunities arise.

FINANCIAL REVIEW

Financial position, liquidity and financial resources

As at 31 December 2021, the Group's cash on hand was about HK\$651 million (31 December 2020: HK\$707 million) while total assets and net assets were about HK\$2,081 million (31 December 2020: HK\$2,267 million) and HK\$1,415 million (31 December 2020: HK\$1,433 million), respectively. Total liabilities were about HK\$666 million (31 December 2020: HK\$834 million), out of which financial liabilities were about HK\$400 million (31 December 2020: HK\$470 million) and the remaining were mainly contract liabilities and current or deferred tax provision.

As at 31 December 2021, the Group had an interest-bearing borrowing of about HK\$58 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 31 December 2021 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 rate. 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 2021, the Group invested about HK\$34 million on purchase of machinery and equipment. As at 31 December 2021, 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 2021, office premise of the Group with a carrying amount of about HK\$130 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 decreased from about HK\$450 million as at 31 December 2020 to about HK\$414 million as at 31 December 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 790 employees as at 31 December 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.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2021 except for the following deviation:

CG Code Provision A.4.1¹ stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

A non-executive Director ("Non-executive Director"), Mr. Justin Wai, and an independent non-executive Director ("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 (the "Bye-laws"). As such, the Board 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 McClure², 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.

¹ CG Code Provision A.4.1 was repealed with effect from 1 January 2022

² Resignation effective from 11 March 2022

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Company’s Directors, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021.

AUDIT COMMITTEE

The Group’s audit committee (“Audit Committee”) comprises four members, namely, Mr. Li Kit Chee, Mr. Lung Chee Ming, George, Ms. Chow Wai Lee and Ms. Jennifer Kwok who are Independent Non-executive Directors. The Audit Committee conducted a review with the management of such accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters including the review of the Group’s consolidated results and financial statements for the year ended 31 December 2021.

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s results for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group’s independent auditor, Messrs. Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

APPRECIATION

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

By order of the Board
TYSAN HOLDINGS LIMITED
Justin Wai
Chairman

Hong Kong, 23 March 2022

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

Company website: www.tysan.com