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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 2023

The board (the “Board”) of directors 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 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

Consolidated Statement of Profit or Loss

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	3	2,703,266	2,473,646
Cost of sales		<u>(2,640,126)</u>	<u>(2,391,600)</u>
Gross profit		63,140	82,046
Other income and gains	4	31,534	30,149
Administrative expenses		(73,349)	(73,682)
Other expenses, net		(11,201)	(10,286)
Finance costs	5	(7,744)	(2,338)
PROFIT BEFORE TAX	6	2,380	25,889
Income tax expense	7	(15,418)	(21,364)
PROFIT/(LOSS) FOR THE YEAR		<u>(13,038)</u>	<u>4,525</u>
Attributable to:			
Ordinary equity holders of the Company		<u>(13,038)</u>	<u>4,525</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		<u>(HK0.39 cents)</u>	<u>HK0.13 cents</u>
Diluted		<u>(HK0.39 cents)</u>	<u>HK0.13 cents</u>

Consolidated Statement of Comprehensive Income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>(13,038)</u>	<u>4,525</u>
OTHER COMPREHENSIVE EXPENSES		
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	<u>(626)</u>	<u>(1,924)</u>
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	<u>(626)</u>	<u>(1,924)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	<u><u>(13,664)</u></u>	<u><u>2,601</u></u>
Attributable to:		
Ordinary equity holders of the Company	<u><u>(13,664)</u></u>	<u><u>2,601</u></u>

Consolidated Statement of Financial Position

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		167,917	173,895
Right-of-use assets		97,661	101,687
Prepayments, deposits and other receivables		3,340	2,123
Deferred tax assets		3,762	3,754
		<hr/>	<hr/>
Total non-current assets		272,680	281,459
CURRENT ASSETS			
Inventories		91,711	93,111
Trade receivables	<i>10</i>	125,111	124,063
Contract assets		639,893	828,715
Prepayments, deposits and other receivables		32,927	25,046
Pledged time deposit		5,460	5,460
Time deposits with original maturity of over three months		178,749	91,420
Cash and cash equivalents		568,303	678,879
		<hr/>	<hr/>
Total current assets		1,642,154	1,846,694
CURRENT LIABILITIES			
Trade and retention payables, accruals and provision	<i>11</i>	435,065	561,782
Other payables, deposits received and receipts in advance		5,196	7,066
Contract liabilities		17,326	31,125
Interest-bearing bank borrowings		24,036	23,992
Lease liabilities		9,708	8,684
Tax payable		19,100	5,336
		<hr/>	<hr/>
Total current liabilities		510,431	637,985
NET CURRENT ASSETS		1,131,723	1,208,709
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,404,403	1,490,168
		<hr/>	<hr/>

Consolidated Statement of Financial Position (continued)

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		104,528	128,509
Lease liabilities		3,592	4,998
Deferred tax liabilities		12,951	13,472
		<hr/>	<hr/>
Total non-current liabilities		121,071	146,979
		<hr/>	<hr/>
Net assets		1,283,332	1,343,189
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		336,603	336,603
Reserves		946,729	1,006,586
		<hr/>	<hr/>
Total equity		1,283,332	1,343,189
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial information statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. OPERATING SEGMENT INFORMATION

2023

	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	2,703,266	–	–	2,703,266
Other income and gains	7,895	212	98	8,205
Total segment revenue	<u>2,711,161</u>	<u>212</u>	<u>98</u>	<u>2,711,471</u>
Segment results	<u>25,490</u>	<u>(798)</u>	<u>(38,339)</u>	<u>(13,647)</u>
Interest income				23,329
Finance costs (other than interest on lease liabilities)				<u>(7,302)</u>
Profit before tax				2,380
Income tax expense				<u>(15,418)</u>
Loss for the year				<u>(13,038)</u>
Assets and liabilities				
Segment assets	<u>1,190,168</u>	<u>819</u>	<u>169,489</u>	1,360,476
Unallocated				<u>554,358</u>
				<u>1,914,834</u>
Segment liabilities	<u>463,478</u>	<u>624</u>	<u>6,785</u>	470,887
Unallocated				<u>160,615</u>
				<u>631,502</u>
Other segment information:				
Depreciation of property, plant and equipment	52,035	–	4,548	56,583
Depreciation of right-of-use assets	9,415	10	4,140	13,565
Impairment/(write-back of impairment) of trade receivables	(35)	–	692	657
Impairment of contract assets	106	–	–	106
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	10,788	–	(2,606)	8,182
Capital expenditure	<u>60,889</u>	<u>–</u>	<u>697</u>	<u>61,586</u>

2. OPERATING SEGMENT INFORMATION (continued)

2022

	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	2,458,718	–	14,928	2,473,646
Intersegment sales	–	–	1,401	1,401
Other income and gains	22,528	–	899	23,427
Total	<u>2,481,246</u>	<u>–</u>	<u>17,228</u>	2,498,474
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(1,401)</u>
Total segment revenue				<u>2,497,073</u>
Segment results	<u>93,926</u>	<u>(2,489)</u>	<u>(70,848)</u>	20,589
Interest income				6,722
Finance costs (other than interest on lease liabilities)				<u>(1,422)</u>
Profit before tax				25,889
Income tax expense				<u>(21,364)</u>
Profit for the year				<u>4,525</u>
Assets and liabilities				
Segment assets	<u>1,356,889</u>	<u>2,538</u>	<u>159,592</u>	1,519,019
Unallocated				<u>609,134</u>
				<u>2,128,153</u>
Segment liabilities	<u>598,831</u>	<u>734</u>	<u>14,090</u>	613,655
Unallocated				<u>171,309</u>
				<u>784,964</u>
Other segment information:				
Depreciation of property, plant and equipment	44,336	–	5,390	49,726
Depreciation of right-of-use assets	7,088	10	6,280	13,378
Impairment of items of property, plant and equipment	–	–	798	798
Impairment of trade receivables	71	–	1,356	1,427
Write-back of impairment of contract assets	(693)	–	–	(693)
Write-down of inventories to net realisable value	–	–	2,989	2,989
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	3,695	–	(869)	2,826
Capital expenditure	<u>51,853</u>	<u>–</u>	<u>735</u>	<u>52,588</u>

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<u>2,703,266</u>	<u>2,473,646</u>

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

(b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<u>268,918</u>	<u>277,705</u>

The non-current assets 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A ¹	836,022	290,048
Customer B ¹	364,524	N/A ²
Customer C ¹	280,631	381,251
Customer D ¹	N/A ²	562,574
Customer E ¹	<u>N/A²</u>	<u>386,029</u>

¹ Revenue were derived from foundation piling segment.

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

3. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Machinery trading	–	12
Sale of steel platform	–	12,000
Construction services	2,703,266	2,446,718
Machinery engineering services	–	8,328
	2,703,266	2,467,058
<i>Revenue from other sources</i>		
Gross rental income from machinery leasing	–	6,588
Total	<u>2,703,266</u>	<u>2,473,646</u>

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	23,329	6,722
Insurance claims	1,512	803
Subsidy income*	–	18,826
Write-back of impairment of contract assets	–	693
Others	6,693	3,105
Total	<u>31,534</u>	<u>30,149</u>

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

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	7,302	1,422
Interest on lease liabilities	591	951
Sub-total	7,893	2,373
Less: Interest included in cost of sales	(149)	(35)
Total	<u>7,744</u>	<u>2,338</u>

6. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation of property, plant and equipment	56,583	49,726
Depreciation of right-of-use assets	13,565	13,378
Impairment of trade receivables*	657	1,427
Impairment/(write-back of impairment) of contract assets*	106	(693)
Impairment of items of property, plant and equipment*	–	798
Loss on disposal and write-off of items of property, plant and equipment*	8,182	2,826
Write-down of inventories to net realisable value*	–	2,989
	<u> </u>	<u> </u>

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

7. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current:		
Provision for tax in respect of profit for the year:		
The People's Republic of China (“PRC”):		
Hong Kong	15,922	9,705
Elsewhere	25	6
	<u> </u>	<u> </u>
	15,947	9,711
	<u> </u>	<u> </u>
Overprovision in the prior years:		
PRC:		
Hong Kong	(6)	(10)
	<u> </u>	<u> </u>
Deferred tax	(523)	11,663
	<u> </u>	<u> </u>
Total tax charge for the year	<u>15,418</u>	<u>21,364</u>

8. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends declared and paid during the year:		
Final in respect of the financial year ended 31 December 2022 –		
HK\$0.015 (year ended 31 December 2021: HK\$0.015) per ordinary share	50,491	50,491
Interim – Nil (2022: HK\$0.01 per ordinary share)	<u>–</u>	<u>33,660</u>
Proposed final dividend:		
Final – HK\$0.015 (2022: HK\$0.015) per ordinary share	<u>50,491</u>	<u>50,491</u>

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

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss (2022: earnings) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$13,038,000 (2022: profit of HK\$4,525,000), and the number of ordinary shares of 3,366,035,709 (2022: 3,366,035,709) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the share options did not have a dilutive effect on the basic earnings/(loss) per share amount presented.

10. 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.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	124,456	122,816
91 to 180 days	–	376
181 to 365 days	–	214
Over 365 days	<u>655</u>	<u>657</u>
Total	<u>125,111</u>	<u>124,063</u>

As at 31 December 2022, included in the Group's trade receivables was an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK\$104,000, 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.

11. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables:		
Within 90 days	220,233	328,417
91 to 180 days	241	644
Over 180 days	24	25
	<hr/>	<hr/>
Total trade payables	220,498	329,086
Retention payables	56,050	56,373
Accruals	140,579	143,026
Provision	17,938	33,297
	<hr/>	<hr/>
Total	<u>435,065</u>	<u>561,782</u>

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.

12. CONTINGENT LIABILITIES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Guarantees in respect of performance bonds in relation to construction projects	<u>332,469</u>	<u>461,254</u>

13. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Property, plant and equipment	<u>15,791</u>	<u>16,463</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 2022: HK\$0.015) per share of the Company (the “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.

CLOSURE OF REGISTER OF MEMBERS

- (i) The Register of Members of the Company will be closed from Friday, 24 May 2024 to Thursday, 30 May 2024 (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 30 May 2024. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on 30 May 2024, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 23 May 2024.
- (ii) From Wednesday, 5 June 2024 to Friday, 7 June 2024 (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 for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 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.

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.

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 principles of good corporate governance and the code provisions set out in the Corporate Governance Code contained in Appendix C1 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 2023, save for the following deviations:

Code Provision C.1.6 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders

Ms. Gu Ye, a non-executive Director (the “Non-executive Director(s)”), did not attend the annual general meeting (the “AGM”) of the Company held on 1 June 2023 due to other business commitments. However, there were sufficient number of Directors, including executive Directors (the “Executive Directors”), Non-executive Directors and independent non-executive Directors (the “Independent Non-executive Directors”), presented at the AGM to enable the Board to develop a balanced understanding of the views of the Company’s shareholders.

Code Provision C.5.8 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)

Although the board papers for an ad-hoc board meeting held on 4 August 2023 were sent to the Directors less than 3 days before the intended date of a board meeting due to the urgency of the matter, the Board had sufficient time to review the board papers.

Rules 3.10A, 3.25 and 3.27A of the Listing Rules

On 4 August 2023, Ms. Chow Wai Lee (“Ms. Chow”) resigned as an Independent Non-executive Director, and as a member of each of the audit committee (the “Audit Committee”), nomination committee (the “Nomination Committee”) and remuneration committee (the “Remuneration Committee”) of the Board.

Following the resignation of Ms. Chow, the Board comprised 11 members, with three Executive Directors, five Non-executive Directors and three Independent Non-executive Directors. As a result, the number of Independent Non-executive Directors represented less than one-third of the members of the Board as required under Rule 3.10A of the Listing Rules.

Further, under Rules 3.25 and 3.27A of the Listing Rules, the Remuneration Committee and the Nomination Committee, respectively, should comprise a majority of Independent Non-executive Directors. Following the resignation of Ms. Chow, the Independent Non-executive Directors comprised only half of the members of each of the Remuneration Committee and the Nomination Committee and therefore the Company was not in compliance with Rules 3.25 and 3.27A of the Listing Rules.

On 20 September 2023, Ms. Yang Jing (“Ms. Yang”) was appointed as an Independent Non-executive Director and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. Following the appointment of Ms. Yang, the Company met the requirements of Rule 3.10A, 3.25 and 3.27A of the Listing Rules.

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 C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2023.

AUDIT COMMITTEE

The Audit Committee comprises four members, namely, Mr. Li Kit Chee, Mr. Lung Chee Ming, George, Ms. Jennifer Kwok and Ms. Yang Jing 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 2023.

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 2023 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, 20 March 2024

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. Jennifer Kwok and Ms. Yang Jing.

Company website: www.tysan.com