



TYSAN HOLDINGS LIMITED

泰昇集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

Interim Report

2022



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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 2022. During the period under review, the Group recorded a turnover of HK\$1,018 million (period ended 30 June 2021: HK\$1,109 million) and a loss attributable to ordinary equity holders of the Company of about HK\$3 million (period ended 30 June 2021: loss of HK\$8 million), representing a loss of HK0.08 cents per ordinary share of the Company (“Share”) (period ended 30 June 2021: loss of HK0.24 cents per Share).

Business Review

Foundation Piling

For the period under review, turnover of the Group’s foundation piling segment was about HK\$1,008 million (period ended 30 June 2021: HK\$1,088 million) and the segment recorded a profit of about HK\$43 million (period ended 30 June 2021: profit of HK\$30 million).

The Group’s major contracts on hand include various commercial and residential 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, various projects at Tai Po Town Lot No. 157, Sai Sha, Shap Sze Heung, West Kowloon Cultural District Zones 2B & 2C, rental housing project at Shek Pai Wan Road, Anderson Road Quarry Sites R2-6 and R2-7 and Fanling North Area 15 East Phase 1.

Prospects

Despite the challenging global economic conditions, we are cautiously optimistic about our business outlook. Construction works have continued to pick up as COVID-related public health measures ease and infrastructure works relating to the Northern Metropolis Development Strategy begin. As a result, tender flow for our foundation piling business has been healthy from both the public and private sectors.

One risk to our relatively optimistic outlook is pressure on our cost structure. Supply chain interruptions and global inflationary pressure have resulted in volatile fuel and steel prices. Meanwhile, the demand for skilled labour and technical personnel in the construction industry locally have resulted in production cost pressure.

The Group would continue to focus on foundation and piling business and to look for suitable opportunities for investment. Its strong balance sheet will enable the Group to make significant new investments when opportunities arise.

Financial Review

Financial position, liquidity and financial resources

As at 30 June 2022, the Group’s cash on hand was about HK\$597 million (31 December 2021: HK\$651 million) while total assets and net assets were about HK\$1,919 million (31 December 2021: HK\$2,081 million) and HK\$1,366 million (31 December 2021: HK\$1,415 million), respectively. Total liabilities were about HK\$553 million (31 December 2021: HK\$666 million), out of which financial liabilities were about HK\$297 million (31 December 2021: HK\$400 million) and the remaining were mainly accruals, contract liabilities and current or deferred tax provision.

As at 30 June 2022, the Group had an interest-bearing borrowing of about HK\$55 million (31 December 2021: HK\$58 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 2022 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 rate. 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 2022, the Group invested about HK\$21 million on purchase of machinery and equipment. As at 30 June 2022, the Group had capital commitments in relation to purchase of machinery and equipment of about HK\$11 million. Capital expenditure is principally financed by internal resources.

Pledge of assets

As at 30 June 2022, an office premise of the Group with a carrying amount of about HK\$126 million and a bank deposit of about HK\$5 million were pledged to banks to secure the instalment loan and a banking facility granted to the Group respectively.

Contingent liabilities

Contingent liabilities in relation to corporate guarantees provided by the Group to banks for issue of performance bonds increased from about HK\$414 million as at 31 December 2021 to about HK\$451 million as at 30 June 2022. 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 793 employees as at 30 June 2022. 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 2021: HK\$0.01) per Share for the six months ended 30 June 2022. The interim dividend will be payable on Monday, 26 September 2022 to shareholders whose names appear on the Company's register of members on Tuesday, 6 September 2022.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 5 September 2022 to Tuesday, 6 September 2022 (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 2022, 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 Friday, 2 September 2022.

During the period under review, Tysan Holdings Limited (the “Company”) has complied with, and there has been no deviation from the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited.

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 of the Company. 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 2022 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 of the Company 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 2022, the interests 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 on the Stock Exchange, was as follows:

Long position in Shares

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

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

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

Save as disclosed above, as at 30 June 2022, 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

Share Option Scheme

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 2022 are as follows:

Name or category of participant	Number of Share Options					As at 30 June 2022	Date of grant of Share Options ⁽¹⁾	Exercise period of Share Options ⁽¹⁾	Exercise price of Share Options HK\$ per Share ⁽²⁾
	At 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
Directors									
Fung Chiu Chak, Victor	22,000,000	-	-	-	-	22,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Chiu Chin Hung	11,000,000	-	-	-	-	11,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Lau Kin Fai	10,000,000	-	-	-	-	10,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Others									
Fung Wen Yuan Brian	4,500,000	-	-	-	-	4,500,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
38 individuals in aggregate	120,100,000	-	-	-	-	120,100,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Total	167,600,000	-	-	-	-	167,600,000			

Notes 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.
- The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- The closing price of the Shares immediately before the date on which the Share Options were granted was HK\$0.485 per Share.

Save for the above, at no time during the period for the six months ended 30 June 2022 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 2022, 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 (now known as 香港海洋投資發展有限公司)	Beneficial owner	171,000,000	5.08
Fung Chiu Chak, Victor ⁽⁶⁾⁽⁷⁾	Interest of controlled corporation and beneficial owner	190,380,000	5.66
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 (now known as 香港海洋投資發展有限公司).
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 2022, 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	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	4	1,018,220	1,109,363
Cost of sales		<u>(979,415)</u>	<u>(1,076,613)</u>
Gross profit		38,805	32,750
Other income and gains	5	11,138	5,163
Administrative expenses		(39,288)	(42,373)
Other expenses, net		(2,117)	(1,959)
Finance costs		(1,004)	(706)
PROFIT/(LOSS) BEFORE TAX	6	7,534	(7,125)
Income tax expense	7	(10,385)	(831)
LOSS FOR THE PERIOD		<u>(2,851)</u>	<u>(7,956)</u>
Attributable to:			
Ordinary equity holders of the Company		<u>(2,851)</u>	<u>(7,956)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		<u>(HK0.08 cents)</u>	<u>(HK0.24 cents)</u>
Diluted		<u>(HK0.08 cents)</u>	<u>(HK0.24 cents)</u>

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
LOSS FOR THE PERIOD	(2,851)	(7,956)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	(1,049)	188
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	(1,049)	188
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(3,900)	(7,768)
Attributable to:		
Ordinary equity holders of the Company	(3,900)	(7,768)

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	171,499	175,623
Right-of-use assets		108,305	114,333
Prepayments, deposits and other receivables		2,625	1,457
Deferred tax assets		6,147	12,966
Total non-current assets		288,576	304,379
CURRENT ASSETS			
Inventories		142,145	192,468
Trade receivables	11	107,830	268,869
Contract assets		749,365	638,172
Prepayments, deposits and other receivables		28,865	25,918
Pledged deposit		5,460	–
Cash and cash equivalents		596,700	650,890
Total current assets		1,630,365	1,776,317
CURRENT LIABILITIES			
Trade and retention payables, accruals and provision	12	417,123	489,229
Other payables, deposits received and receipts in advance		2,291	2,743
Contract liabilities		45,487	82,494
Interest-bearing bank borrowing		4,432	4,899
Lease liabilities		9,401	9,091
Tax payable		549	224
Total current liabilities		479,283	588,680
NET CURRENT ASSETS		1,151,082	1,187,637
TOTAL ASSETS LESS CURRENT LIABILITIES		1,439,658	1,492,016

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		50,752	52,676
Lease liabilities		8,945	13,208
Deferred tax liabilities		14,259	11,040
Total non-current liabilities		<u>73,956</u>	<u>76,924</u>
Net assets		<u>1,365,702</u>	<u>1,415,092</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	336,603	336,603
Reserves		<u>1,029,099</u>	<u>1,078,489</u>
Total equity		<u>1,365,702</u>	<u>1,415,092</u>

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 2022 (audited)	336,603	2,481*	638,344*	15,100*	2,188*	(7,482)*	427,858*	1,415,092
Loss for the period	-	-	-	-	-	-	(2,851)	(2,851)
Other comprehensive expenses for the period:								
Exchange difference on translation of foreign operations	-	-	-	-	-	(1,049)	-	(1,049)
Total comprehensive expenses for the period	-	-	-	-	-	(1,049)	(2,851)	(3,900)
Equity-settled share option arrangements	-	-	-	5,001	-	-	-	5,001
2021 final dividend declared and paid (note 8)	-	-	-	-	-	-	(50,491)	(50,491)
At 30 June 2022 (unaudited)	<u>336,603</u>	<u>2,481*</u>	<u>638,344*</u>	<u>20,101*</u>	<u>2,188*</u>	<u>(8,531)*</u>	<u>374,516*</u>	<u>1,365,702</u>

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 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)	<u>336,603</u>	<u>2,481</u>	<u>638,344</u>	<u>2,528</u>	<u>2,188</u>	<u>(7,926)</u>	<u>453,669</u>	<u>1,427,887</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,029,099,000 (31 December 2021: HK\$1,078,489,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Profit/(loss) before tax		7,534	(7,125)
Adjustments for:			
Finance costs		1,004	706
Finance costs included in cost of sales		17	84
Interest income		(1,473)	(1,087)
Gain on disposal of items of property, plant and equipment	6	(83)	(2,632)
Equity-settled share option expense		5,001	2,528
Depreciation of property, plant and equipment	6	24,358	23,166
Depreciation of right-of-use assets	6	6,760	8,387
Impairment of trade receivables	6	593	434
Write-back of impairment of contract assets	6	(389)	–
		43,322	24,461
Decrease/(increase) in inventories		50,323	(6,010)
Decrease/(increase) in contract assets		(110,804)	224,544
Decrease/(increase) in trade receivables		160,446	(8,431)
Increase in prepayments, deposits and other receivables		(2,551)	(9,583)
Decrease in trade and retention payables, accruals and provision		(72,106)	(185,545)
Increase/(decrease) in other payables, deposits received and receipts in advance		(452)	67
Increase/(decrease) in contract liabilities		(37,007)	13,284
Cash generated from operations		31,171	52,787
Taxes paid in the People's Republic of China (the "PRC"):			
Hong Kong		–	(13,666)
Elsewhere		(12)	(23)
Taxes refunded in the PRC:			
Hong Kong		–	20
Net cash flows from operating activities		31,159	39,118

Consolidated Statement of Cash Flows

	Six months ended 30 June		
	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Cash flows from investing activities			
Interest received		1,126	1,166
Purchases of items of property, plant and equipment		(20,549)	(9,709)
Deposits paid for acquisition of items of property, plant and equipment		(1,217)	–
Proceeds from disposal of items of property, plant and equipment		398	2,968
Increase in a pledged time deposit		(5,460)	–
Increase in non-pledged time deposits with original maturity of more than three months when acquired		(50,003)	–
Net cash flows used in investing activities		<u>(75,705)</u>	<u>(5,575)</u>
Cash flows from financing activities			
Interest paid		(488)	(564)
Interest element of lease payments		(533)	(209)
New bank borrowings		–	90,000
Repayment of bank borrowings		(2,391)	(62,392)
Principal portion of lease payments		(4,685)	(6,692)
Dividend paid		(50,491)	–
Net cash flows from/(used in) financing activities		<u>(58,588)</u>	<u>20,143</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(103,134)	53,686
Cash and cash equivalents at beginning of period		650,890	706,570
Effect of foreign exchange rate changes, net		(1,059)	190
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>546,697</u>	<u>760,446</u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances		223,942	557,627
Non-pledged time deposits		372,758	202,819
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		596,700	760,446
Less: Non-pledged time deposits with original maturity of over three months when acquired		(50,003)	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		<u>546,697</u>	<u>760,446</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 immediate holding company of the Company is Times Holdings II Limited, which is incorporated in the Cayman Islands and ultimately controlled by The Blackstone Group Inc., a company 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 2021.

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 2021, except for the changes in accounting policies made after the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) as further detailed in note 2.2 below.

2.2 Amendments to HKFRSs adopted by the Group

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

Amendments to HKFRS 3
Amendments to HKAS 16

Reference to Conceptual Framework
Property, Plant and Equipment: Proceeds before Intended Use

Amendments to HKAS 37
Annual Improvements to HKFRSs 2018-2020

Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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.

For the six months ended 30 June 2022 and 2021

	Foundation piling		Property development and investment		Corporate and others		Elimination		Consolidated	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Segment revenue:										
Sales to external customers	1,008,383	1,087,523	-	-	9,837	21,840	-	-	1,018,220	1,109,363
Intersegment sales	-	-	-	-	815	970	(815)	(970)	-	-
Other income and gains	8,644	3,852	13	-	1,008	224	-	-	9,665	4,076
Total	1,017,027	1,091,375	13	-	11,660	23,034	(815)	(970)	1,027,885	1,113,439
Segment results	43,051	30,078	(1,263)	(2,249)	(35,239)	(35,460)			6,549	(7,631)
Interest income									1,473	1,087
Finance costs (other than interest on lease liabilities)									(488)	(581)
Profit/(loss) before tax									7,534	(7,125)
Income tax expense									(10,385)	(831)
Loss for the period									(2,851)	(7,956)

Notes to Unaudited Condensed Interim Financial Statements

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers	1,012,810	1,099,960
Revenue from other sources		
Gross rental income from machinery leasing	5,410	9,403
	<u>1,018,220</u>	<u>1,109,363</u>

Disaggregated Revenue Information for Revenue from Contracts with Customers

For the six months ended 30 June 2022

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	1,008,383	–	–	1,008,383
Machinery engineering services	–	–	4,427	4,427
	<u>1,008,383</u>	<u>–</u>	<u>4,427</u>	<u>1,012,810</u>
Geographical markets				
Hong Kong	1,008,383	–	4,427	1,012,810
	<u>1,008,383</u>	<u>–</u>	<u>4,427</u>	<u>1,012,810</u>
Timing of revenue recognition				
Services transferred over time	1,008,383	–	4,427	1,012,810
	<u>1,008,383</u>	<u>–</u>	<u>4,427</u>	<u>1,012,810</u>
Total revenue from contracts with customers	<u>1,008,383</u>	<u>–</u>	<u>4,427</u>	<u>1,012,810</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 2021

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	1,087,523	–	–	1,087,523
Machinery engineering services	–	–	10,899	10,899
Machinery trading	–	–	1,538	1,538
Total revenue from contracts with customers	<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 in 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)

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 2022

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	1,008,383	–	4,427	1,012,810
Intersegment sales	–	–	400	400
	<u>1,008,383</u>	<u>–</u>	<u>4,827</u>	<u>1,013,210</u>
Intersegment adjustments and eliminations	–	–	(400)	(400)
Total revenue from contracts with customers	<u>1,008,383</u>	<u>–</u>	<u>4,427</u>	<u>1,012,810</u>

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>

Notes to Unaudited Condensed Interim Financial Statements

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest income	1,473	1,087
Insurance claims	–	6
Subsidy income*	6,738	–
Gain on disposal of items of property, plant and equipment	83	2,632
Foreign exchange gains, net	74	13
Write-back of impairment of contract assets	389	–
Others	2,381	1,425
	<u>11,138</u>	<u>5,163</u>

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

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	24,358	23,166
Depreciation of right-of-use assets	6,760	8,387
Gain on disposal and write-off of items of property, plant and equipment*	(83)	(2,632)
Impairment of financial and contract assets:		
Impairment of trade receivables*	593	434
Write-back of impairment of contract assets*	(389)	–
Foreign exchange differences, net*	(74)	(13)

* 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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	334	–
Elsewhere	3	32
	<u>337</u>	<u>32</u>
Underprovision in the prior years:		
PRC:		
Hong Kong	–	195
	<u>–</u>	<u>195</u>
Deferred tax	10,048	604
Total tax charge for the period	<u>10,385</u>	<u>831</u>

Notes to Unaudited Condensed Interim Financial Statements

8. DIVIDENDS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interim dividend – HK\$0.01 (2021: HK\$0.01) per ordinary share	<u>33,660</u>	<u>33,660</u>

Notes:

- (a) A final dividend of HK\$0.015 per ordinary share, totaling approximately HK\$50,491,000, for the year ended 31 December 2021 was approved in the Company's Annual General Meeting on 25 May 2022 and paid on 27 June 2022.
- (b) An interim dividend in respect of the six months ended 30 June 2022 of HK\$0.01 per ordinary share, amounting to approximately HK\$33,660,000 was approved at the board meeting on 19 August 2022. 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\$2,851,000 (2021: HK\$7,956,000), and the number of ordinary shares of 3,366,035,709 (2021: 3,366,035,709) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2022 in respect of a dilution as the impact of the share options did not have a dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic loss per share amount 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 on the basic loss per share amount presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with a cost of HK\$20,549,000 (2021: HK\$9,709,000). Property, plant and equipment with a net carrying amount of HK\$315,000 were disposed of and written off by the Group during the six months ended 30 June 2022 (2021: HK\$336,000) resulting in a net gain on disposal and written off of HK\$83,000 (2021: HK\$2,632,000).

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 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	110,849	271,295
Impairment	(3,019)	(2,426)
	<u>107,830</u>	<u>268,869</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 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Within 90 days	100,678	267,249
91 to 180 days	5,781	240
181 to 365 days	714	723
Over 365 days	657	657
	<u>107,830</u>	<u>268,869</u>

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, 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.

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 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade payables:		
Within 90 days	164,066	261,774
91 to 180 days	200	198
Over 180 days	26	27
	<u>164,292</u>	<u>261,999</u>
Retention payables	57,218	55,736
Accruals	163,903	136,819
Provision	31,710	34,675
	<u>417,123</u>	<u>489,229</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 2022, retention payables, amounting to HK\$34,840,000 (31 December 2021: HK\$38,373,000) were expected to be repayable within twelve months after the end of the reporting period.

13. SHARE CAPITAL

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (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 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Guarantees in respect of performance bonds in relation to subsidiaries	<u>450,644</u>	<u>413,628</u>

15. COMMITMENTS

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Property, plant and equipment: – contracted, but not provided for	<u>10,856</u>	<u>15,908</u>

16. RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions and balances with related parties during the period ended 30 June 2022:

- (a) For the period ended 30 June 2022, compensation to key management personnel of the Group amounted to HK\$23,436,000 (period ended 30 June 2021: HK\$21,916,000).
- (b) As at 30 June 2022, included in contract assets is an amount due from TBC, of HK\$3,481,000 (31 December 2021: HK\$2,434,000), 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) During the period ended 30 June 2022, the Group recorded rental expenses of HK\$162,000 (period ended 30 June 2021: Nil) to More Good Events Limited in respect of a lease of training venue. More Good Events Limited is indirectly wholly-owned by a close family member of Mr. Fung Chiu Chak, Victor, an executive director of the Company.

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

Corporate 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. Vikram GARG

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 and

Registered Public Interest Entity Auditor

Legal Advisers

Conyers, Dill & Pearman

Reed Smith Richards Butler LLP

Principal Bankers

Agricultural Bank of China Limited, Hong Kong Branch

Bank of Communications (Hong Kong) Limited

China Citic Bank International Limited

China Construction Bank

Hang Seng Bank Limited

Shanghai Commercial Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business

20th Floor, One Island South

No. 2 Heung Yip Road

Wong Chuk Hang

Hong Kong

Branch Share Registrar in Hong Kong

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

HKSE Stock Code

687

Website

www.tysan.com