

Tysan Holdings Limited (the “Company”) is committed to maintaining good corporate governance and has adopted the principles of good corporate governance (the “Principles”) and code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). For the financial year ended 31 December 2023, the Company has complied with the Principles and code provisions of the CG Code as disclosed in section (D) below.

The Company remains resolute in its application of the Principles to the corporate governance of the Group. In terms of board composition and nomination, the Company has adopted a revised director nomination policy on 16 December 2022 with an aim of ensuring that the board (the “Board”) of directors of the Company (the “Directors”) has a balance of skills, experience and diversity of perspectives appropriate to the Company’s business, and that the criteria for evaluating suitability of candidates as directors include considering whether the person is able to devote sufficient time and make contributions to the Company. In relation to risk management and internal control, the audit committee of the Company conducted an annual review of the effectiveness of the internal control system of the Group covering the financial, operational and compliance controls and risk management functions, and after considering the results of the review, the Board concluded that the risk management and internal control systems were effective and adequate. In terms of shareholders engagement, the Company has also adopted a revised shareholders’ communication policy on 15 December 2023 to better facilitate and encourage shareholders of the company (the “Shareholder(s)”) participation.

(A) Board of Directors

The Board oversees the management, business, strategic directions and financial performance of the Company and its subsidiaries (the “Group”), and establishes the Company’s purpose, vision, mission, strategy and core values to align with the Company’s culture. The Group aligned its strategies with the Company’s core value and adopted strategies for sustainable development, quality assurance, professional training and continuous monitoring. The Group’s business model and core values are disclosed in the section headed “Business Model and Core Values” under the Corporate Information section of the Company’s website (www.tysan.com) (the “Company’s website”). The Board has delegated the day-to-day responsibility to the executive Director(s) (the “Executive Director(s)”) and senior management of the Company (the “Senior Management”) who perform their duties under the leadership of the chairman of the Company (the “Chairman”). At the time of delegation, the Board gives clear directions to the Executive Director(s) as to the matters that must be approved by the Board before decisions can be made on behalf of the Group. The functions reserved to the Board and delegated to the Executive Director(s) and Senior Management are reviewed by the Board from time to time to ensure that such delegation remains appropriate to the needs of the Group. The management ensures that sufficient explanation and information is provided to the Board to enable it to make an informed assessment of the financial and other information tabled for approval. The Board members have access to appropriate business documents and information about the Group on a timely basis.

(B) Board Composition

The Board comprises a total of 12 Directors, with three Executive Directors, being Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai; five non-executive Directors (the “Non-executive Director(s)”), being Mr. Justin Wai, Mr. Vikram Garg, Mr. Yuen Pak Man, Ms. Gu Ye and Ms. Hou Xiangjia and four independent non-executive Directors (the “Independent Non-executive Director(s)”), being Mr. Lung Chee Ming, George, Mr. Li Kit Chee, Ms. Jennifer Kwok and Ms. Yang Jing. The Board comprises Directors with diverse backgrounds and/or extensive expertise in the Group’s business. The Independent Non-executive Directors have a wide range of business and financial experience. They represent one-third of the Board, and consistently exercise independent judgment and provide an independent assessment of matters brought before the Board for consideration. With a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors), there is a strong independent element on the Board. The balance of skills, experience and diversity of perspectives of the Board continue to contribute to the effective direction of the Company.

During the financial year ended 31 December 2023, save for the disclosure below, the Company has complied with Rules 3.10 and 3.10A of the Listing Rules.

(B) Board Composition *(Cont'd)*

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.

The Company has received written confirmations of independence from all the Independent Non-executive Directors for the financial year ended 31 December 2023 in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in character and judgement and that all of them meet the specific independence criteria as required by the Listing Rules.

Changes in information of members of the Board and Board committees since the publication of the interim report of the Company for the six months ended 30 June 2023 and up to the date of this report are as follows:

- (1) Ms. Yang Jing was appointed as an Independent Non-executive Director and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 20 September 2023; and
- (2) Mr. Lau Kin Fai was appointed as the Head of Cost and Commercial Management of the Group with effect from 1 October 2023.

An updated list of Directors identifying their roles and functions and whether they are Executive Directors, Non-executive Directors or Independent Non-executive Directors has been maintained on the Company’s website and Hong Kong Exchanges and Clearing Limited’s website (www.hkexnews.hk) (the “HKEX’s website”).

(C) Chairman

Mr. Justin Wai, the Chairman, leads the Board and is responsible for the formation of the Group's strategies, overall policy making, and direction of its business development. He is also responsible for leading and effective running of the Board and ensuring that all significant and key issues are discussed and where required, resolved by the Board in a timely manner.

The Chairman takes primary responsibility for the following matters:

- (1) to ensure that all Directors are properly briefed on issues arising at Board meetings;
- (2) to ensure that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- (3) to ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner; drawing up and approving the agenda for each Board meeting. The Chairman should take into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The Chairman may delegate this responsibility to a designated Director or the company secretary of the Company (the "Company Secretary");
- (4) to ensure good corporate governance practices and procedures are established;
- (5) to encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company, and to encourage Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus;
- (6) to hold meetings at least annually with the Independent Non-executive Directors without the other Directors' presence;
- (7) to ensure that appropriate steps are taken to provide effective communication with the Shareholder(s) and that their views are communicated to the Board as a whole; and
- (8) to promote a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors.

Mr. Fung Chiu Chak, Victor, the vice chairman of the Company (the "Vice Chairman"), is responsible for business development, strategic planning as well as general and project management of the Group. He is responsible for implementing the Group's strategy to achieve business objectives with the assistance of other Executive Directors and Senior Management.

During the financial year ended 31 December 2023, no chief executive officer was appointed.

(D) Board Proceedings

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be held as and when required. During the financial year ended 31 December 2023, the Board held six meetings (excluding the executive Board meetings held between the Executive Directors during the normal course of business of the Company). Attendance by a Director at a meeting by means of a conference telephone or other communications equipment is allowed under the bye-laws of the Company (the “Bye-laws”).

The Company Secretary assists the Chairman in establishing the meeting agenda and each Director may request inclusion of items in the agenda. Pursuant to CG Code Provision C.5.3, notice of at least 14 days is given to all Directors for regular Board meetings. CG 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.

With the assistance of the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues arising at Board meetings, and that they receive in a timely manner, adequate information which is accurate, clear, complete and reliable to assist them to make informed decisions and discharge their duties as Directors. The Board members have separate and independent access to the Senior Management whenever necessary. Upon reasonable request, the Directors and Board committees will also have access to independent professional advice in appropriate circumstances at the Company’s expense. The Company has also arranged appropriate insurance cover for Board members and Senior Management in respect of potential legal action against them, and the Company reviews the coverage on an annual basis or as appropriate.

Meeting minutes of the Board and Board committees are recorded in appropriate detail and draft minutes are circulated to respective members for comments before being approved by the Board and Board committees. All minutes are kept by the Company Secretary or the secretary to the committee as the case may be, and are open for inspection by the Directors.

According to the Bye-laws and the Listing Rules, any matter that involves a conflict of interest for a substantial Shareholder(s) or a Director(s) which the Board determines to be material will be considered and dealt with by the Board at a duly convened Board meeting. Save and except the instances provided for in the Bye-laws, interested Director(s) shall abstain from voting and shall not be counted in the quorum at meetings for approving transactions in which such Director(s) or any of his/their associates has/have a material interest.

The Company provides Board members with monthly management reports which contain changes and developments of the Group’s business and facilitate them to make informed decisions and discharge their duties and responsibilities as Board members.

(D) Board Proceedings (Cont'd)

The Company held one general meeting during the financial year ended 31 December 2023, being the annual general meeting held on 1 June 2023. The attendance of each Board member for the Board meetings and the general meeting held during the financial year ended 31 December 2023 is as follows:

Name of Directors	Board Meeting Attendance	Annual General Meeting Attendance
<i>Executive Directors</i>		
Mr. Fung Chiu Chak, Victor (<i>Vice Chairman</i>)	6/6	1/1
Mr. Chiu Chin Hung	5/6	1/1
Mr. Lau Kin Fai	5/6	1/1
<i>Non-executive Directors</i>		
Mr. Justin Wai (<i>Chairman</i>)	6/6	1/1
Mr. Vikram Garg	3/6	1/1
Mr. Yuen Pak Man	5/6	1/1
Ms. Gu Ye	3/6	0/1
Ms. Hou Xiangjia	3/6	1/1
<i>Independent Non-executive Directors</i>		
Mr. Lung Chee Ming, George	6/6	1/1
Mr. Li Kit Chee	3/6	1/1
Ms. Jennifer Kwok	5/6	1/1
Ms. Yang Jing ⁽¹⁾	1/1	N/A
Ms. Chow Wai Lee ⁽²⁾	0/2	1/1

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

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, 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, Non-executive Directors and Independent Non-executive Directors, presented at the AGM to enable the Board to develop a balanced understanding of the views of the Shareholders.

Corporate Governance Report

(E) Directors' Continuous Professional Development

All Board members are encouraged to attend training courses relevant to changes and developments in the Group's business and to the legislative and regulatory environments in which the Group operates at the Company's expense.

During the financial year ended 31 December 2023, Board members have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors, and provided the Company with their records of the training received for the year which comprised of attending seminars and talks, and reading legal and regulatory updates and other reference materials. A summary of the records of their training is as follows:

Name of Directors	Reading Regulatory Updates	Attending trainings/ briefings/seminars/ conference relevant to Directors' duties
<i>Executive Directors</i>		
Mr. Fung Chiu Chak, Victor (<i>Vice Chairman</i>)	✓	✓
Mr. Chiu Chin Hung	✓	✓
Mr. Lau Kin Fai	✓	✓
<i>Non-executive Directors</i>		
Mr. Justin Wai (<i>Chairman</i>)	✓	✓
Mr. Vikram Garg	✓	✓
Mr. Yuen Pak Man	✓	✓
Ms. Gu Ye	✓	✓
Ms. Hou Xiangjia	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Lung Chee Ming, George	✓	✓
Mr. Li Kit Chee	✓	✓
Ms. Jennifer Kwok	✓	✓
Ms. Yang Jing ⁽¹⁾	✓	✓
Ms. Chow Wai Lee ⁽²⁾	✓	✓

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

(F) Appointment, Re-election and Removal of Directors

The Company has a formal, considered and transparent procedure for the appointment and removal of Directors, including but not limited to following the director nomination policy as amended from time to time. The Nomination Committee plays an important role to identify and nominate suitable candidates for the Board's consideration as additional Directors or to fill in casual vacancies on the Board and to make recommendations to the Shareholders for nomination of Directors for re-election at general meetings. According to the Bye-laws, all Directors newly appointed to fill a casual vacancy are subject to re-election at the next following general meeting after their appointment. During the financial year ended 31 December 2023, the Company has complied with the code provisions of the CG Code in respect of the appointment, re-election and removal of Directors.

For the financial year ended 31 December 2023, three Non-executive Directors, namely, Mr. Justin Wai, Ms. Gu Ye and Ms. Hou Xiangjia, and four Independent Non-executive Directors, namely, Mr. Lung Chee Ming, George, Mr. Li Kit Chee, Ms. Jennifer Kwok and Ms. Yang Jing have been appointed without a specific term but are nevertheless subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws.

For the financial year ended 31 December 2023, two Non-executive Directors, namely, Mr. Vikram Garg and Mr. Yuen Pak Man are appointed for a specific term of three years.

All Directors, including the Non-executive Directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws.

The names and biographical details of the Directors who will offer themselves for election or re-election at the next annual general meeting will be included in the circular to Shareholders containing the notice of the forthcoming annual general meeting.

(G) Responsibilities of Directors

The Board members acknowledge their responsibility for preparing the consolidated financial statements of the Group for the financial year ended 31 December 2023.

Every Director is required to know his responsibilities as a Director and of the conduct, business activities and development of the Group, and should act in good faith, exercise due diligence and act in the best interests of the Group and its Shareholders. On appointment, new Director will receive a comprehensive, formal induction on the Group's business and his responsibilities as a Director.

Ms. Yang Jing has been appointed as an Independent Non-executive Director and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 20 September 2023. On 15 September 2023, Ms. Yang obtained the legal advice referred to under Rule 3.09D of the Listing Rules and confirmed that she understood her obligations as a Director of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules ("Model Code") as the code of conduct regarding Directors' securities transactions. Having made specific enquiry, all the Directors have confirmed that they have fully complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year under review.

(G) Responsibilities of Directors (Cont'd)

The Board reviews regularly the contribution required from a Director to perform his responsibilities to the Company, and whether he/she is spending sufficient time performing them.

To monitor the ability of Directors to devote sufficient time and make contributions in respect of the affairs of the Company which are commensurate with their role on the Board, all Directors are required to disclose to the Company the number and nature of offices held in other public companies or organizations or other significant commitments and will update the Company if there are any changes.

(H) Board Committees

The Board has established its Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

The Audit Committee was first established in 1999. The latest version of the terms of reference of the Audit Committee was adopted on 7 May 2019 and were published on the Company's website and the HKEX's website.

The Audit Committee is responsible for reviewing and supervising the financial reporting process, risk management and internal control system of the Group, reviewing the Group's financial information, compliance and providing advice and comments to the Board.

Name of Audit Committee Members

Independent Non-executive Directors

Mr. Li Kit Chee (*Chairman of the Audit Committee*)

Mr. Lung Chee Ming, George

Ms. Jennifer Kwok

Ms. Yang Jing⁽¹⁾

Ms. Chow Wai Lee⁽²⁾

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

All members of the Audit Committee possess in-depth experience in their respective profession. Mr. Li Kit Chee, Ms. Jennifer Kwok and Ms. Yang Jing possess appropriate accounting or relevant financial management expertise as specified in Rule 3.10(2) of the Listing Rules. The Audit Committee meets the requirements of Rule 3.21 of the Listing Rules and other requirements in relation to chairmanship and composition as required by the Listing Rules. The Company Secretary is the secretary of the Audit Committee.

(H) Board Committees (Cont'd)**Audit Committee (Cont'd)**

During the financial year ended 31 December 2023, the Audit Committee held seven meetings. The attendance of each committee member is as follows:

Name of Audit Committee Members	Attendance
<i>Independent Non-executive Directors</i>	
Mr. Li Kit Chee (<i>Chairman of the Audit Committee</i>)	7/7
Mr. Lung Chee Ming, George	5/7
Ms. Jennifer Kwok	7/7
Ms. Yang Jing ⁽¹⁾	1/1
Ms. Chow Wai Lee ⁽²⁾	1/5

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

During the financial year ended 31 December 2023, the Audit Committee reviewed, inter alia, the Group's final results for the financial year ended 31 December 2022, the Group's interim results for the six months ended 30 June 2023, payment of dividend, and complaint cases of the Group. The Audit Committee reviewed with the management the accounting principles and practices adopted by the Group, the reports on risk assessment and internal audit of the Group and discussed with the management and the external auditor in relation to auditing, systems of internal control and risk management and financial reporting matters. The Audit Committee also made recommendation to the Board on the reappointment of the external auditor and reviewed and approved the remuneration of the external auditor.

The Company adopted the revised whistleblowing policy on 25 May 2021 for employees to directly report serious concerns about any suspected misconduct, malpractice or deviation from required standards which he/she has become aware of or genuinely suspects that the Group has been or may become involved in. The Audit Committee has the overall responsibility for the whistleblowing policy, but has delegated day-to-day responsibility for overseeing and implementing it to the Head of Human Resources and Administration Department and the Company Secretary. Responsibility for monitoring and reviewing the whistleblowing policy and any recommendations for action resulting from investigations into complaints rests with the Audit Committee.

The Company regards integrity as one of our core values that must be upheld by all officers, Directors and employees of the Company at all times. To assist the Company in upholding its commitment in relation to corruption and bribery-related issues, the Company adopted the anti-bribery and anti-corruption compliance policy on 30 June 2014 which is applicable to all directors, officers, employees, agents, representatives and other persons acting on behalf of the Group.

The Audit Committee reviews the terms of reference of the Audit Committee, the dividend policy, whistleblowing policy and anti-bribery and anti-corruption compliance policy of the Company from time to time.

Corporate Governance Report

(H) Board Committees (Cont'd)

Remuneration Committee

The Remuneration Committee was established in 2005. The latest version of the terms of reference of the Remuneration Committee were adopted on 27 March 2023 and were published on the Company's website and the HKEX's website.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors and members of the Senior Management. It is the Group's policy to provide remuneration packages in line with market trends in order to attract and retain high quality staff. No Director or any of his/her associates, is involved in determining his/her own remuneration.

Name of Remuneration Committee Members

Executive Director

Mr. Fung Chiu Chak, Victor

Non-executive Directors

Mr. Justin Wai

Mr. Yuen Pak Man

Independent Non-executive Directors

Mr. Lung Chee Ming, George (*Chairman of the Remuneration Committee*)

Mr. Li Kit Chee

Ms. Jennifer Kwok

Ms. Yang Jing⁽¹⁾

Ms. Chow Wai Lee⁽²⁾

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

The Remuneration Committee complies with the requirements of chairmanship and composition of the Listing Rules.

(H) Board Committees (Cont'd)**Remuneration Committee (Cont'd)**

During the financial year ended 31 December 2023, the Remuneration Committee held two meetings and the attendance of each committee member is as follows:

Name of Remuneration Committee Members	Attendance
<i>Executive Director</i>	
Mr. Fung Chiu Chak, Victor	2/2
<i>Non-executive Directors</i>	
Mr. Justin Wai	2/2
Mr. Yuen Pak Man	2/2
<i>Independent Non-executive Directors</i>	
Mr. Lung Chee Ming, George (<i>Chairman of the Remuneration Committee</i>)	2/2
Mr. Li Kit Chee	2/2
Ms. Jennifer Kwok	2/2
Ms. Yang Jing ⁽¹⁾	N/A
Ms. Chow Wai Lee ⁽²⁾	1/1

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

During the financial year ended 31 December 2023, the Remuneration Committee made recommendation to the Board on the remuneration packages and/or discretionary bonuses of the Executive Directors, the Non-executive Directors (including the remuneration package for the appointment of a new Independent Non-executive Director during the financial year ended 31 December 2023) and Senior Management for the Board's consideration. The Directors' remuneration policies are primarily based on his/her duties and responsibilities with the Company, the Company's performance, the individual Director's performance (applicable to Executive Directors) and the qualifications and experience of each Director and the prevailing market salary levels. Such packages include benefits in kind, pension rights (or its equivalent, where appropriate) and compensation payments, including any compensation payable for loss or termination of their office or appointment, as the case may be. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme. There were no material matters relating to the share option scheme of the Company which required the Remuneration Committee to review and/or approve during the financial year ended 31 December 2023.

The Remuneration Committee reviews the terms of reference of the Remuneration Committee from time to time.

Corporate Governance Report

(H) Board Committees (Cont'd)

Remuneration Committee (Cont'd)

Pursuant to code provision E.1.5 of the CG Code, details of the annual remuneration of the members of the Senior Management by band for the financial year ended 31 December 2023 is as follows:

	Number of employees
HK\$2,000,001 to HK\$2,500,000	1
HK\$2,500,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$3,500,000	0
HK\$3,500,001 to HK\$4,000,000	1
HK\$4,000,001 to HK\$4,500,000	0
HK\$4,500,001 to HK\$5,000,000	0
	3

Details of the remuneration of each Director for the financial year ended 31 December 2023 are set out in note 8 to the consolidated financial statements of the Group.

Nomination Committee

The Nomination Committee was established on 28 March 2012. The latest version of the terms of reference of the Nomination Committee were adopted on 16 December 2022 and were published on the Company's website and the HKEX's website.

The Nomination Committee is responsible for, among other things, reviewing the performance, structure, size, composition and diversity (including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Board members as well as succession planning for Directors to the Board.

(H) Board Committees (Cont'd)**Nomination Committee (Cont'd)****Name of Nomination Committee Members***Executive Director*

Mr. Fung Chiu Chak, Victor

*Non-executive Directors*Mr. Justin Wai (*Chairman of the Nomination Committee*)

Mr. Yuen Pak Man

Independent Non-executive Directors

Mr. Lung Chee Ming, George

Mr. Li Kit Chee

Ms. Jennifer Kwok

Ms. Yang Jing⁽¹⁾Ms. Chow Wai Lee⁽²⁾

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

The Nomination Committee complies with the requirements of chairmanship and composition of the Listing Rules.

During the financial year ended 31 December 2023, the Nomination Committee held three meetings and the attendance of each committee member is as follows:

Name of Nomination Committee Members	Attendance
<i>Executive Director</i>	
Mr. Fung Chiu Chak, Victor	3/3
<i>Non-executive Directors</i>	
Mr. Justin Wai (<i>Chairman of the Nomination Committee</i>)	3/3
Mr. Yuen Pak Man	3/3
<i>Independent Non-executive Directors</i>	
Mr. Lung Chee Ming, George	3/3
Mr. Li Kit Chee	2/3
Ms. Jennifer Kwok	3/3
Ms. Yang Jing ⁽¹⁾	1/1
Ms. Chow Wai Lee ⁽²⁾	1/1

Notes:

1. Appointment effective from 20 September 2023
2. Resignation effective from 4 August 2023

Corporate Governance Report

(H) Board Committees (Cont'd)

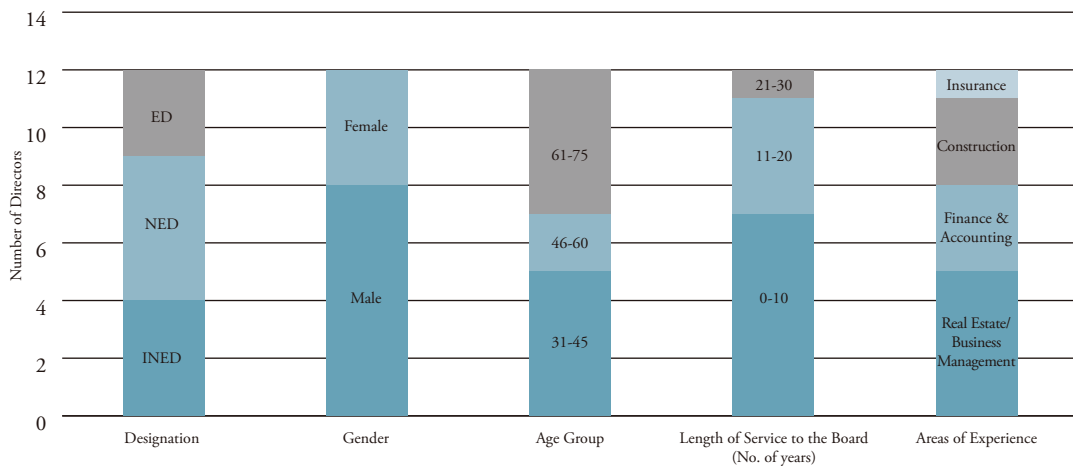
Board Diversity Policy

In order to maintain a diversity of perspectives among Board members, the Company adopted a revised Board diversity policy on 16 December 2022 and published the same on the Company’s website. The Board diversity policy stated that the Company considers a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service, in addition to factors based on the Group’s business models and specific needs from time to time.

The Company recognises the benefit and value of diversity across the organisation. The Board has a broad spectrum of connections and intelligence across multiple commercial fields. Collectively, the Board has a diverse mix of knowledge and skills, including knowledge and experience in foundation piling, real estate, construction, property development and investment, insurance and finance and accounting.

The current Board composition reflects a balanced mix of educational background, professional knowledge, industry experience and length of service to the Board. The diversity mix of the Board as at 31 March 2024 is summarized in the following chart:

Diversity Mix



Remarks:

ED – Executive Director

NED – Non-executive Director

INED – Independent NED

The Board diversity policy reinforces the importance of gender diversity in the membership of the Board and the significant role it plays in the Company’s business, and pledges to ensure a strong female representation at Board level. In particular, the appointment of Ms. Yang Jing as an Independent non-Executive Director can facilitate the board diversity and bring new perspective to the Board. During the financial year ended 31 December 2023, the Nomination Committee reviewed the implementation and effectiveness of the Board diversity policy and the gender ratio of the Board. Female Directors made up 33% of our Board members as at 31 December 2023. The Company is committed to maintaining the ratio of female Directors at no less than 33% and with an aim to increase the ratio over time.

(H) Board Committees (Cont'd)

Director Nomination Policy

The Company adopted a revised Director nomination policy on 16 December 2022 and published the same on the Company's website. The Director nomination policy aims to:

- (1) set out the criteria and process for the nomination and appointment of Directors;
- (2) ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business; and
- (3) ensure the Board's continuity and appropriate leadership at the Board level.

In relation to the nomination process, in the case of appointment of new Directors, we may select candidates from various channels, including but not limited to internal promotion, re-designation, referral by other members of the management of the Company and external recruitment agents. The Nomination Committee and/or the Board would then evaluate such candidate(s) based on the relevant criteria to determine whether such candidate(s) is/are qualified for directorship. Where appropriate, the Nomination Committee and/or the Board would make recommendation to the Shareholders in respect of the proposed election of Director(s) at the general meeting of the Company.

In the case of re-election of Directors, the Nomination Committee and/or the Board would review the overall contribution and service to the Company of the retiring Director who has offered himself/herself up for re-election and his/her level of participation and performance on the Board. If the retiring Director continues to meet the relevant criteria, the Nomination Committee and/or the Board will then make recommendation to the Shareholders in respect of the proposed re-election of such retiring Director at the general meeting of the Company.

The criteria for the nomination and appointment of Directors include, among others, the following:-

- (1) character and integrity;
- (2) qualifications including professional qualifications, skills, knowledge and experience and diversity criteria under the Board diversity policy of the Company which are relevant to the Company's business and corporate strategy;
- (3) the potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence, gender diversity and diversity of perspectives;
- (4) willingness and ability to devote sufficient time to discharge duties and make contributions to the Company as a member of the Board and/or Board committee(s); and
- (5) such other criteria which are appropriate to the Company's business and corporate strategy and the Board's succession plan and, where applicable, which may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

During the financial year ended 31 December 2023, the Nomination Committee reviewed the Director nomination policy. It also reviewed the performance, structure, size and composition of the Board and the proposed appointment of an Independent Non-executive Director and the re-appointment of Directors in accordance with the Listing Rules, Board diversity policy, Director nomination policy, succession planning for Directors and the needs of the Company at the relevant time and made recommendations to the Board. The members of the Nomination Committee are familiar with the business and strategy of the Group which is taken into consideration when identifying those with suitable qualifications and attributes as potential candidates to the Board.

(H) Board Committees (Cont'd)

Board independence and contribution

During the financial year ended 31 December 2023, the Nomination Committee has conducted an annual review of the independence and time contribution of the Independent Non-executive Directors and was satisfied with the results of the review. The Nomination Committee also reviewed and confirmed that the implementation and effectiveness of the mechanisms for ensuring independent views and input are available to the Board after considering the following practices:

- The Company currently has four Independent Non-executive Directors and it maintains the proportion of the Independent Non-executive Directors to at least one-third of the Board in line with the requirements of Listing Rules.
- The Company has duly received written confirmations of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Nomination Committee is of the view that all the Independent Non-executive Directors are independent in character and judgement and that all of them meet the specific independence criteria as required by the Listing Rules.
- Despite the fact that Mr. Lung Chee Ming, George and Mr. Li Kit Chee have served as Independent Non-executive Directors for more than nine years, the positive contributions of Mr. Lung and Mr. Li to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by their skills, expertise and qualifications and from their active participation at meetings have proven to be invaluable to the Group. It is considered that the length of service of Mr. Lung and Mr. Li has not affected their independence, given both of them have consistently demonstrated strong independence in judgement and have provided effective oversight of the management during their tenure.
- Ms. Jennifer Kwok and Ms. Yang Jing have also continued to make significant contributions to the Company by offering valuable guidance from their areas of expertise and extensive experience in business planning and development, corporate governance, corporate finance and investment strategies (in the case of Ms. Kwok) and auditing, accounting, financial planning and budgeting (in the case of Ms. Yang), all of which are relevant to the Group's business.
- Each Independent Non-executive Director has disclosed to the Company the number and nature of offices held by him/her in public companies or organisations and other significant commitments in a timely manner and confirmed that they are able to devote adequate attention and sufficient time to the affairs of the Company. Biographical details of Directors (including gender, age and length of service) are set out in the section headed "Directors and Senior Management Profiles" on pages 5 to 8 of this annual report.
- External independent professional advice would be available to the Independent Non-executive Directors upon reasonable request to assist them to perform their duties.
- The Board diversity policy will be reviewed annually by the Nomination Committee to ensure that the mechanisms for independent views and input remain effective and properly implemented.

The Nomination Committee reviews the terms of reference of the Nomination Committee from time to time, and reviews the Board diversity policy and the Director nomination policy of the Company at least annually.

(I) Gender Diversity of Workforce

The Company is committed to maintaining an appropriate level of female staff in the workforce. As at 31 December 2023, two out of three members of the senior management of the Group (the Financial Controller of the Group and the Company Secretary) are female. Apart from the Board and Senior Management level, the Board also assesses the Group's diversity profile annually of all levels of employees and considers the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. As at 31 December 2023, the Group had 791 employees, of whom the number of female employees accounted for approximately 18% which was in line with the normal range of the construction industry which, due to the nature of the industry, tends to attract a larger number of male employees to the workforce. The Company is committed to maintaining the current level of female employees in the workforce and the Group would take the gender ratio of the workforce into consideration in its hiring decision going forward.

(J) External Auditor

The responsibilities of the external auditor with respect to the consolidated financial statements of the Group are set out in the "Independent Auditor's Report" on pages 43 to 47.

Details of the fees paid/payable to the Company's auditor, Ernst & Young, during the financial year ended 31 December 2023 are as follows:

	<i>HK\$'000</i>
Annual auditing services	2,168
Non-auditing services	251
	<hr/>
	2,419
	<hr/>

(K) Company Secretary

The Company Secretary supports the Board by ensuring good information flow within the Board and the Board policy and procedures are followed. The Company Secretary is primarily responsible for advising the Board through the Chairman on governance matters and facilitating induction and professional development of Directors. The Board will approve the selection, appointment and dismissal of the Company Secretary who reports to the Chairman and/or the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures, and all applicable laws, rules and regulations are followed. The Company Secretary, Ms. Wong Suk Han Kitty who is an employee of the Group, has duly complied with the relevant training requirement under the Listing Rules for the financial year ended 31 December 2023.

Corporate Governance Report

(L) Risk Management and Internal Control

The Board has overall responsibility to ensure that the Group maintains sound and effective controls to safeguard its assets and the Shareholders' investments.

During the financial year ended 31 December 2023, the Group complied with the CG Code by establishing appropriate and effective risk management and internal control systems. The management is responsible for the design, implementation and monitoring of such systems, while the Board oversees the management in performing its duties on an ongoing basis.

Main features of the risk management and internal control systems are described in the sections below:

1. Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Devise risk response plans and ensure effective communication to the Board and monitor the relevant risks on an on-going basis.

2. Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring Activities: Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

(L) Risk Management and Internal Control (Cont'd)

3. Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- (a) is aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that inside information should be disclosed immediately unless relevant exceptions apply;
- (b) conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission in June 2012;
- (c) restricts the access of information to a limited number of employees on a need-to-know basis and ensures employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;
- (d) has set out relevant guidelines in the employee’s handbook of the Group, which includes a strict prohibition on the unauthorised use of confidential or inside information; and
- (e) has established and implemented procedures for responding to external enquiries about the Group’s affairs.

4. Internal Audit Function

The Board engaged an independent third party consultant, to provide the internal audit function for the financial year ended 31 December 2023, so as to improve the internal control systems of the Company and strengthen the management’s effective control over the operations of the Company. The internal audit function is independent of the Group’s daily operations and such independent third party consultant carries out an appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

Pursuant to an internal audit plan which has been approved by the Board, review of the risk management and internal control systems is conducted annually and the results of the review for the financial year ended 31 December 2023 have been reviewed and reported by the Audit Committee to the Board.

(L) Risk Management and Internal Control (Cont'd)**5. Effectiveness of the Risk Management and Internal Control Systems**

The Board is responsible for the risk management and internal control systems of the Group and ensuring the effectiveness of these systems will be reviewed annually. Several areas have been considered during the Board's reviews, which include but not limited to (i) the changes in the nature and extent of significant risks (including risks related to environmental, social and governance ("ESG") matters) since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of the management's ongoing monitoring of risks (including ESG risks) and of the internal control systems.

With the assistance of the external consultant, the Audit Committee conducted an annual review of the effectiveness of the internal control system of the Group covering the financial, operational and compliance controls and risk management functions. During the review for the financial year ended 31 December 2023, no significant areas of concern that might affect the financial, operational and compliance aspects and risk management functions were identified by the external consultant. The Board, through its review made by the internal audit function and Audit Committee, concluded that the risk management and internal control systems, including the Group's processes for financial reporting and Listing Rule compliance, were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget of the Company's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting provided were sufficient.

(M) Corporate Governance Functions

The Board is responsible for performing the corporate governance duties and has established the "Corporate Governance Policy" on 28 March 2012. The corporate governance functions are listed below:

- (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and Senior Management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; and
- (5) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report to be issued by the Company.

(N) Communication with Shareholders

The Company maintains a high level of transparency in communicating with Shareholders. In order to maintain an effective on-going dialogue with Shareholders and institutional investors of the Company, the Board adopted a revised shareholders' communication policy on 15 December 2023 (the "Shareholders' Communication Policy") and published the same on the Company's website. The Board shall ensure effective and timely dissemination of information to Shareholders and encourage their participation at general meetings of the Company. The Shareholders could communicate their views on various matters affecting the Company and the Company could solicit and understand the views of Shareholders and other stakeholders in a number of ways as set out in the Shareholders' Communication Policy below:

(1) By corporate communication:

Shareholders may access the Company's information from its annual reports, interim reports, announcements, circulars, notices of meetings or other publications of the Company ("Corporate Communication(s)"). These information and documents are available on the Company's website and published on the HKEX's website. Corporate Communications will be disseminated to Shareholders and Shareholders are reminded to provide their up-to-date addresses and/or email addresses to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited (the "Branch Share Registrar"), in order to receive the Corporate Communications effectively.

Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communications (in printed form or by electronic means) free of charge, at any time by reasonable notice in writing.

Shareholders are encouraged to subscribe to the HKEX News Alert service to receive emails whenever new Corporate Communication is released by the Company on the HKEX's website to keep themselves apprised of the latest development of the Company.

(2) At the Shareholders' meetings:

Shareholders are encouraged to attend and participate in the annual general meeting and general meetings of the Company or appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend. The questions from the Shareholders will be addressed in the Shareholders' meetings of the Company. To this end, Board members, including the Chairman of the Board, Senior Management, and if required, Chairman of the Board committees or their delegates and the external auditor will be available to answer Shareholders' questions at the general meetings of the Company. Shareholders may also express their views, discuss the progress of the Company and understand the operations of the Company through the annual general meeting of the Company.

In order for Shareholders to effectively understand and consider the resolutions in general meetings, the Company generally avoids "bundling" of resolutions in general meetings unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of the relevant general meeting.

The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll.

(3) Through Shareholders' enquiries:

Shareholders may refer to information disclosed publicly or send their enquiries to the Company's registered office or its principal place of business for the time being, for the attention of the Company Secretary. For enquiries on their shareholdings, Shareholders should direct their questions about their shareholdings to the Branch Share Registrar.

(4) Enquiries and questions on the procedures for convening or putting forward proposals may be put to the Board by contacting either the Company Secretary through the Company's general line at (852) 2882 3632, e-mail at info@tysan.com, directly by questions at an annual general meeting or special general meeting of the Company or by post to the Company's registered office or its principal place of business for the time being.

(N) Communication with Shareholders (Cont'd)

Taking into account the following channels, the Company considered that the Shareholders' Communication Policy is effective and properly implemented for the financial year ended 31 December 2023.

- (1) A number of formal channels are used to report to the Shareholders on the performance and operations of the Company, particularly through the annual and interim reports. Generally, the Company announces interim results, annual results or any major transactions in accordance with the relevant regulatory requirements to provide the Shareholders, investors and the general public with additional information so as to facilitate their understanding of the Group's operations.
- (2) The annual general meetings provide the Board with the opportunity to meet and engage directly with the Shareholders. At the annual general meetings, the Board always makes efforts to fully address the questions raised by the Shareholders. During the financial year ended 31 December 2023, the Group held the annual general meeting on 1 June 2023, which was fully virtual. The set-up of the virtual annual general meeting enabled live streaming and an interactive platform for questions-and-answers and submission of Shareholder votes online. All the resolutions proposed in the annual general meeting of the Company were duly approved by Shareholders by way of poll.
- (3) The Company's website serves as a communication channel with the Shareholders which includes, among others, the business model and core values, corporate information, management team, corporate governance information, information on the Board and its committees as well as the Directors' biographies and annual reports, interim reports, announcements, circulars and notices of meetings.

In keeping with the effectiveness and implementation of the Shareholders' Communication Policy, the Company reviews the Shareholders' Communication Policy annually.

The Company also established a dividend policy on 7 May 2019 and published the same on the Company's website. The Company reviews the policy from time to time to ensure the principles and guidelines that the Company intends to apply in relation to the declaration, payment and distribution of its net profits as dividends to the Shareholders remain appropriate.

(O) Shareholders' Rights

Since the Shareholders may convene a special general meeting and make any proposals such as proposing a person other than an existing Director for election as a Director at such meeting, the detailed procedures of convening a special general meeting and making any proposals are set out in a document entitled "Shareholders' rights to put forward a proposal at a general meeting" which has been published on the Company's website and set out below:

- (1) According to Bye-law 58 of the Bye-laws, a Shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting ("SGM") to be called by the Board for the transaction or any business specified in such requisition.
- (2) The written request must state the objects of the meeting, signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those requisitionists ("Requisitionists").

(O) Shareholders' Rights (Cont'd)

- (3) The request by the Requisitionists will be verified with the Branch Share Registrar and upon their confirmation that the request by the Requisitionists is proper and in order, the Company Secretary will request the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements and in compliance with the Listing Rules to all the registered Shareholders. On the contrary, if the request by the Requisitionists has been verified as not in order, the Requisitionists will be advised of this outcome and accordingly, a SGM will not be convened as requested.
- (4) If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the Requisitionists themselves may convene the meeting themselves in accordance with Section 74(3) of the Companies Act 1981 of Bermuda, as amended from time to time.
- (5) If a Shareholder wishes to put forward proposals at a SGM ("Proposals"), he can deposit a written notice to that effect at the principal place of business of the Company or the office of the Branch Share Registrar, for the attention of the Company Secretary. The request by the Requisitionists will be verified as stated above.
- (6) In accordance with the Bye-law 59 of the Bye-laws, the notice period to be given to all the registered Shareholders for consideration of a proposal raised by the Shareholders concerned shall be (i) the longer of fourteen (14) clear days' and ten (10) clear business days' notice in writing for all other general meetings (including a special general meeting); and (ii) the longer of twenty-one (21) clear days' and twenty (20) clear business days' notice in writing for an annual general meeting.

A general meeting may be called by shorter notice if it is so agreed and permitted by the Listing Rules:

- (a) in the case of a meeting called as an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Shareholders.

Whether a proposal will be put to a general meeting will be decided by the Board in its discretion, unless the proposal put forward by a Shareholder is (i) pursuant to a requisition by a Shareholder to convene a SGM or (ii) forms part of ordinary business to be considered at an annual general meeting as described in Bye-law 61(1) of the Bye-laws.

- (7) Enquiries and questions may be put to the Board by contacting either the Company Secretary through the Company's general line at (852) 2882 3632, e-mail at info@tysan.com, directly by questions at an annual general meeting or SGM or by post to the Company's registered office or its principal place of business for the time being.

(P) Investor Relations

A copy of the constitutional documents of the Company has been published on the Company's website and the HKEX's website. During the financial year ended 31 December 2023, there was no change to the Company's constitutional documents.