

Report of the Directors

The board (the “Board”) of directors (the “Director(s)”) of Tysan Holdings Limited (the “Company”) herein present their report and the audited financial statements of the Company with its subsidiaries (the “Group”) for the year ended 31 December 2023.

Principal activities and business review

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries and a joint operation are set out in note 1 to the financial statements.

There were no significant changes in the nature of the Group’s principal activities during the year.

Details of the business review information are set out in the section headed “Chairman’s Statement” on pages 2 to 4 of this annual report.

Environmental Policies and Performance

The Group recognises environmental protection is of vital importance to the long term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

The “Environmental, Social and Governance Report” is published at the same time as the publication of this annual report. The electronic versions of the Environmental, Social and Governance Report (in both English and Chinese versions) are available on the websites of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company (www.tysan.com), under section “Investor Relations”.

Compliance with Laws and Regulations

The Group’s operations are mainly carried out by the Company’s subsidiaries in Hong Kong while the Company itself was incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Group has allocated resources to ensure its operations are in compliance with relevant laws and regulations in Hong Kong, Bermuda, the British Virgin Islands, the Cayman Islands, the People’s Republic of China and Macau.

As far as the Board and management are aware of, the Group has complied, in all material respects, with the relevant laws and regulations which have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance of the applicable laws and regulations by the Group.

Risks and Uncertainties

Principal risks and uncertainties that the Company may face have been disclosed in the section headed “Chairman’s Statement” on pages 2 to 4 of this annual report. In addition, details of the Group’s financial risk management are disclosed in note 34 to the financial statements.

Principal activities and business review (Cont'd)

Relationships with Employees, Customers and Suppliers

The Directors are of view that maintaining a good working relationship with its employees, customers and suppliers are the keys to the sustainable development of the Group. During the year, there was no significant dispute between the Group and its employees, customers and suppliers.

Results and dividends

The Group's loss for the year ended 31 December 2023 and the Group's financial position at that date are set out in the financial statements on pages 48 to 125.

The Board recommends the payment of a final dividend of HK\$0.015 per ordinary share of the Company (the "Share") in respect of the year to the shareholders of the Company on the register of members of the Company on 7 June 2024.

Summary financial information

The following table summarises the consolidated results, assets and liabilities of the Group for the last five financial years ended 31 December, as extracted from the published audited financial statements. The summary does not form part of the audited financial statements.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(loss) attributable to ordinary equity holders of the Company	<u>(13,038)</u>	<u>4,525</u>	<u>(107)</u>	<u>(104,882)</u>	<u>(766,655)</u>
Total assets	<u>1,914,834</u>	<u>2,128,153</u>	<u>2,080,696</u>	<u>2,267,268</u>	<u>4,899,657</u>
Total liabilities	631,502	784,964	665,604	834,141	2,577,791
Equity attributable to ordinary equity holders of the Company	<u>1,283,332</u>	<u>1,343,189</u>	<u>1,415,092</u>	<u>1,433,127</u>	<u>2,321,866</u>
	<u>1,914,834</u>	<u>2,128,153</u>	<u>2,080,696</u>	<u>2,267,268</u>	<u>4,899,657</u>

Report of the Directors

Share capital and share options

There were no movements in the Company's share capital during the year. Details of movements in the Company's share options during the year are set out in the section headed "Equity-linked Arrangements".

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

Purchase, redemption or sale of listed securities of the Company

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

Distributable reserves

At the end of the reporting period, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK\$836,399,000.

Major customers and suppliers

During the year under review, sales to the Group's five largest customers accounted for 73% of the total sales for the year and sales to the largest customer included therein amounted to 31%. Purchases from the Group's five largest suppliers accounted for 34% of the total purchases for the year and purchases from the largest supplier included therein amounted to 13%.

None of the Directors or any of their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Directors

The Directors for the year and up to the date of this report were:

Executive Directors:

Mr. Fung Chiu Chak, Victor
Mr. Chiu Chin Hung
Mr. Lau Kin Fai

Directors (Cont'd)

Non-executive Directors:

Mr. Justin Wai
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. Jennifer Kwok
Ms. Yang Jing (appointed effective from 20 September 2023)
Ms. Chow Wai Lee (resigned effective from 4 August 2023)

On 4 August 2023, Ms. Chow Wai Lee resigned as an independent non-executive Director, and as a member of each of the audit committee, nomination committee and remuneration committee of the Board so as to devote more time to her other business commitments.

In accordance with the Bye-laws, the Directors who will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Lung Chee Ming, George, Mr. Li Kit Chee, Ms. Jennifer Kwok and Ms. Yang Jing and as at the date of this report each of them still considers themselves to be independent.

Directors' and senior management's biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 5 to 8 of the annual report.

Directors' service contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which requires the Company, in order to terminate such contract, to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments.

Report of the Directors

Permitted indemnity provision

Pursuant to the Bye-laws and subject to the relevant provisions therein, the Directors, the company secretary of the Company and other officers acting in relation to the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of the duties of their respective offices.

The Company has arranged appropriate insurance cover for the Directors, the company secretary of the Company and other officers in respect of legal actions against one or more of them in the course of execution of their respective duties in good faith during the year.

Directors' interests in transactions, arrangements or contracts

Save as disclosed in note 32 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding companies of the Company or any of the Company's subsidiaries was a party during the year.

Directors' and Chief Executive's interests and long positions in shares and underlying shares

At 31 December 2023, the interests and long positions of the Directors and chief executive of the Company ("Chief Executive") in Share and underlying Shares 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), was as follows:

(i) Long position in Shares:

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

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

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

Save as disclosed above, as at 31 December 2023, 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 Hong Kong Stock Exchange pursuant to the Model Code.

Report of the Directors

Directors' and Chief Executive's rights to acquire Shares or debentures

Apart from those disclosed under the heading "Directors' and Chief Executive's interests and long positions in Shares and underlying Shares" above and in the section headed "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company granted to any Director or their respective spouses or minor children or 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.

Equity-linked arrangements

Share option scheme

The Company currently operates a share option scheme which was adopted on 3 December 2020 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Share Option Scheme are disclosed in note 26 to the financial statements.

The following table discloses the movements in the Share Options outstanding during the year ended 31 December 2023:

Name/category of participants	Number of Share Options					
	Outstanding as at 1 January 2023, including:	Granted during the year ended 31 December 2023, including:	Exercised during the year ended 31 December 2023, including:	Cancelled during the year ended 31 December 2023, including:	Lapsed in accordance with the terms of the Share Option Scheme during the year ended 31 December 2023	Outstanding as at 31 December 2023, including:
	(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period	(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period (v) performance targets (vi) closing price of Shares immediately before the date of grant (vii) fair value of Share Options at the date of grant	(i) exercise price (ii) weighted average closing price of Shares immediately before the date of which the Share Options were exercised	(i) exercise price		(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period
Directors						
Fung Chiu Chak, Victor	22,000,000	-	-	-	-	22,000,000
	(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1					(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1
Chiu Chin Hung	11,000,000	-	-	-	-	11,000,000
	(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1					(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1

Report of the Directors

Equity-linked arrangements (Cont'd)

Share option scheme (Cont'd)

Name/category of participants	Number of Share Options					
	Outstanding as at 1 January 2023, including:	Granted during the year ended 31 December 2023, including:	Exercised during the year ended 31 December 2023, including:	Cancelled during the year ended 31 December 2023, including:	Lapsed in accordance with the terms of the Share Option Scheme during the year ended 31 December 2023	Outstanding as at 31 December 2023, including:
	(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period	(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period (v) performance targets (vi) closing price of Shares immediately before the date of grant (vii) fair value of Share Options at the date of grant	(i) exercise price (ii) weighted average closing price of Shares immediately before the date of which the Share Options were exercised	(i) exercise price		(i) date of grant (ii) exercise price (iii) exercise period (iv) vesting period
Lau Kin Fai	10,000,000	–	–	–	–	10,000,000
	(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1					(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1
Other employee participants						
Fung Wen Yuan Brian (Director of various subsidiaries of the Company and the son of Mr. Fung Chiu Chak, Victor)	4,500,000	–	–	–	–	4,500,000
	(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1					(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1
Other employees (in aggregate)	115,600,000	–	–	–	(1,000,000)	114,600,000
	(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1					(i) 25 May 2021 (ii) HK\$0.49 per Share (iii) 1 January 2022 to 24 May 2025 (iv) Note 1
Total	163,100,000	–	–	–	(1,000,000)	162,100,000

Equity-linked arrangements (Cont'd)

Share option scheme (Cont'd)

Notes to the table of Share Options during the year ended 31 December 2023:

1. Subject to the terms of the Share Option 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.
2. The exercise price of the Share Options set out in the table above is correct as at the dates stated in the table. The exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
3. At the special general meeting of the Company held on 3 December 2020 (the "SGM"), a resolution was approved by the shareholders of the Company that the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the SGM. As at the date of the SGM, the maximum number of Shares which may be allotted and issued pursuant to the Share Option Scheme was 336,603,570 Shares, representing 10% of the total number of Shares in issue as at the date of the SGM (the "Scheme Mandate Limit").

During the year ended 31 December 2023, no Share Option was granted and 1,000,000 Share Options had lapsed.

As at 1 January 2023 and 31 December 2023, the number of Share Options available for grant under the Scheme Mandate Limit was 169,003,570 Shares.

The number of Shares that may be issued under the Share Option Scheme as at 1 January 2023 was 97,860,000 Shares (being the sum of 30% and 30% of the Share Options granted which were exercisable from 1 January 2022 and 1 January 2023 respectively) divided by 3,366,035,709, being the weighted average number of Shares in issue, represented approximately 2.91% of the total number of Shares in issue as at 1 January 2023. The number of Shares that may be issued under the Share Option Scheme as at 31 December 2023 was 97,260,000 Shares (being the sum of 30% and 30% of the Share Options granted which were exercisable from 1 January 2022 and 1 January 2023 respectively, less the number of Share Options lapsed during the year ended 31 December 2023) divided by 3,366,035,709, being the weighted average number of Shares in issue, represented approximately 2.89% of the total number of Shares in issue as at 31 December 2023.

Save for the above, at no time during the year ended 31 December 2023 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or 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 Share Option Scheme.

Report of the Directors

Substantial shareholders' interests in Shares and underlying Shares

At the end of the reporting period, 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

Substantial shareholders' interests in Shares and underlying Shares (Cont'd)

Long positions in Shares: (Cont'd)

Name	Capacity	Number of Shares held	Approximate percentage of the Company's issued Share capital
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 ("Mr. Fung") ⁽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

Report of the Directors

Substantial shareholders' interests in Shares and underlying Shares (Cont'd)

Long positions in Shares: (Cont'd)

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 香港海事建设有限公司 (now known as 香港海洋投資發展有限公司).
6. Mr. Fung 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 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 Share Option Scheme.

Apart from the foregoing, as at 31 December 2023, 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.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares were held by the public as at the date of this report.

Auditor

Ernst & Young retires and a resolution for reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Justin Wai
Chairman

Hong Kong
20 March 2024