TESSON HOLDINGS LIMITED
天臣控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 1201)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Tesson Holdings Limited (the "**Company**") dated 31 March 2020 in relation to the unaudited annual results for the year ended 31 December 2019 (the "**Unaudited Annual Results Announcement 2019**"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement 2019.

AUDITED ANNUAL RESULTS

The Board of the Company is pleased to announce that as at the date of this announcement, the Company's external auditor has completed the audit process of the annual results of the Group for the year ended 31 December 2019 (the "**Annual Results 2019**") which were approved by the Board on 17 July 2020. The audited Annual Results 2019, together with the material differences between the unaudited and audited Annual Results 2019 are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Continuing operations			
Revenue	3	**912,346**	362,208
Cost of sales		**(808,880)**	(336,141)
Gross profit		**103,466**	26,067
Interest income		**1,304**	1,655
Other income	4	**12,343**	27,067
Distribution and selling expenses		**(14,420)**	(10,085)
Administrative expenses		**(174,470)**	(248,675)
Fair value gain of investment propertives		**14,648**	–
Impairment losses on trade and other receivables		**(18,948)**	–
Loss from operations		**(76,077)**	(203,971)
Finance costs	6	**(17,036)**	(13,281)
Share of loss of joint venture		**(648)**	–
Loss before tax		**(93,761)**	(217,252)
Income tax (expenses)/credit	7	**(32,001)**	171
Loss for the year from continuing operations	8	**(125,762)**	(217,081)
Discontinued operations			
Profit for the year from discontinued operations	20	**–**	241,318
(Loss)/profit for the year		**(125,762)**	24,237
Other comprehensive expenses			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**(56,326)**	(82,511)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		**–**	(87,007)
Items that will not be reclassified to profit or loss		**(182,088)**	(145,281)
Surplus arising on revaluation of property, plant and equipment		**33,707**	–
Deferred tax effect arising on revaluation of property, plant and equipment		**(5,140)**	–
Total comprehensive expenses for the year		**(153,521)**	(145,281)
(Loss)/profit for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(104,331)**	(182,155)
Profit from discontinued operations		**–**	241,318
(Loss)/profit attributable to owners of the Company		**(104,331)**	59,163
Non-controlling interests			
Loss from continuing operations		**(21,431)**	(34,926)
Profit from discontinued operations		**–**	–
Loss attributable to non-controlling interests		**(21,431)**	(34,926)
		(125,762)	24,237

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(130,194)**	(84,589)
Non-controlling interests		**(23,327)**	(60,692)
		(153,521)	(145,281)
(Loss)/earnings per share from continuing and discontinued operations	*10*		
Basic *(HK cents per share)*		**(8.77)**	5.18
Diluted *(HK cents per share)*		**(8.77)**	5.16
Loss per share from continuing operations			
Basic *(HK cents per share)*		**(8.77)**	(15.93)
Diluted *(HK cents per share)*		**(8.77)**	(15.89)
Earnings per share from discontinued operations			
Basic *(HK cents per share)*		**–**	21.11
Diluted *(HK cents per share)*		**–**	21.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**456,080**	447,846
Prepaid land lease payments		**–**	98,665
Deposits paid for acquisition of property, plant and equipment		**4,917**	1,905
Investment property		**38,886**	9,610
Goodwill	*11*	**207,695**	211,617
Right-of-use assets		**123,032**	–
Investment in joint venture		**9,425**	10,253
		840,035	779,896
Current assets			
Inventories		**36,163**	59,667
Properties for sale under development	*12*	**1,579,488**	2,168,976
Trade, bills and other receivables, deposits and prepayments	*13*	**229,685**	347,593
Prepaid land lease payments		**–**	2,178
Financial assets at fair value through profit or loss		**134**	136
Amount due from a non-controlling shareholder of a subsidiary	*14*	**415,118**	569,250
Pledged bank deposits		**1,341**	610
Restricted bank deposits		**38,159**	38,525
Bank and cash balances		**35,389**	16,154
		2,335,477	3,203,089
Current liabilities			
Trade, bills and other payables	*15*	**330,978**	434,382
Contract liabilities	*16*	**1,228,995**	2,013,438
Borrowings	*17*	**263,784**	68,310
Lease liabilities		**8,417**	–
Tax payable		**24,060**	–
Amount due to the Controlling Shareholder	*18*	**9,595**	2,821
		1,865,829	2,518,951

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Net current assets		**469,648**	684,138
Total assets less current liabilities		**1,309,683**	1,464,034
Non-current liabilities			
Amount due to the Controlling Shareholder	*18*	**42,900**	44,657
Convertible bonds	*19*	**43,893**	43,308
Lease liabilities		**18,321**	–
Deferred tax liabilities		**99,293**	151,664
		204,407	239,629
NET ASSETS		**1,105,276**	1,224,405
Capital and reserves			
Share capital		**119,649**	118,632
Reserves		**857,091**	928,686
Equity attributable to owners of the Company		**976,740**	1,047,318
Non-controlling interests		**128,536**	177,087
TOTAL EQUITY		**1,105,276**	1,224,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. In the opinion of the Directors, the Company's controlling shareholder is Double Key International Limited (the "**Controlling Shareholder**"), a company incorporated in British Virgin Islands with limited liability. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1007, Tsim Sha Tsui Centre, West Wing, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group had discontinued its business of printing and manufacturing of packaging products (the "**Packaging Printing Business**") in 2018. During the year, the Group principally engaged in (i) the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading (the "**Lithium Ion Motive Battery Business**"); and (ii) the property development business, as well as the cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering (the "**Property and Cultural Business**").

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Group's consolidated financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments, which are measured at revalued amounts or fair values. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

Going concern basis

The Group incurred a loss of HK$125,762,000 and operating cash out flow of HK$256,515,000 for the year ended 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of the Group. The controlling shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

In the current year, the Group has adopted all the new and revised issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 Leases ("HKFRS 16")

The Group has first adopted HKFRS 16 from 1 January 2019, but has not restated comparatives figures for the year ended 31 December 2018, as permitted under the specific transitional provisions in the standard. The Group has elected to apply the modified retrospective approach for the application HKFRS 16 as lessee and will recognize the right-of-use assets at the date of initial application equal to the lease liability, adjusted by the amount of related prepaid or accrued lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8%.

– the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

– reliance on previous assessments on whether leases are onerous;

– the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

– the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 “Determining whether an Arrangement contains a Lease”.

As a lessee, the Group’s leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	1 Janaury 2019 *HK$’000*
Assets	
Increase in right-of-use assets	135,054
Decrease in prepaid land lease payments	(100,843)
	34,211
Liabilities	
Increase in lease liabilities	36,824
Decrease in other payables	(2,613)
	34,211

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

(a) ***Adoption of new/revised HKFRSs – effective 1 January 2019***

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2019:

HKFRS 9 (Amendments)	Prepayment features with negative compensation
HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over income tax treatments
HKAS 19 (Amendments)	Plan amendment, curtailment or settlement
HKAS 28 (Amendments)	Long-term interests in associates and joint ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements to HKFRSs 2015–2017 Cycle
HKFRS 3 and 11	Previously held interest in a joint operation
HKAS 12	Income tax consequences of payments on financial instruments classified as equity
HKAS 23	Borrowing costs eligible for capitalisation

(b) ***New/revised HKFRSs that have been issued but not yet effective***

The following new and amendments to HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2019, and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 3 (Amendments)	Definition of a business	1 January 2020
HKAS 1 and HKAS 8 (Amendments)	Definition of material	1 January 2020
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Hedge in relation to accounting requirements	1 January 2020
HKFRS 16	Amendments in relation to COVID-19 Related Rent Concessions	1 June 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 3	Amendments in relation to Reference to the Conceptual Framework	1 January 2022
HKAS 16	Amendments in relation to proceeds before intended use	1 January 2022

		Effective for annual periods beginning on or after
HKAS 37	Amendments in relation to onerous contracts cost of fulfilling a contract	1 January 2022
HKFRS 1	Subsidiary as a first-time adopter	1 January 2022
HKFRS 9	Fees in the "10 per cent" test for derecognition of financial liabilities	1 January 2022
HKFRS 16	Lease incentives	1 January 2022
HKAS 41	Taxation in fair value measurements	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3. REVENUE

The Group's revenue was derived from lithium ion motive battery products sold, property development and cultural service rendered during the year. Disaggregation of revenue from contracts with customers is set out as below. For both years, all revenue generated by the Group were derived from the People's Republic of China (the "**PRC**") and recognised at a point in time when the customers obtain control of the goods or services.

	2019	2018
	HK$'000	*HK$'000*
Lithium ion motive battery products	**53,438**	83,516
Property development and cultural service	**858,908**	278,692
	912,346	362,208

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Government grants	**11,147**	9,274
Gain on disposal of a subsidiary	**–**	16,186
Rental income	**990**	185
Others	**206**	1,422
	12,343	27,067

5. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business unit requires different technology and marketing strategies. During the current and prior year, the Group's revenue was derived from the Lithium Ion Motive Battery Business and the Property and Cultural Business.

Segment profits or losses do not include unallocated corporate income and expenses. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities.

Information about profit or loss, assets and liabilities of the reportable segments:

	Continuing operations				
	Lithium Ion Motive Battery Business	**Property and Cultural Business**	**Total**	**Discontinued operations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2019					
Revenue from external customers	**53,438**	**858,908**	**912,346**	**–**	**912,346**
Segment profit/(loss)	**(144,387)**	**54,538**	**(89,849)**	**–**	**(89,849)**
Depreciation of property, plant and equipment	**30,735**	**1,035**	**31,770**	**–**	**31,770**
Depreciation of right-of-use assets	**2,340**	**–**	**2,340**	**–**	**2,340**
Additions to segment non-current assets	**34,448**	**177**	**34,625**	**–**	**34,625**
At 31 December 2019					
Segment assets	**777,680**	**2,393,708**	**3,171,388**	**–**	**3,171,388**
Segment liabilities	**289,099**	**1,577,871**	**1,866,970**	**–**	**1,866,970**
Year ended 31 December 2018					
Revenue from external customers	83,516	278,692	362,208	–	362,208
Segment profit/(loss)	(182,091)	2,106	(179,985)	241,318	61,333
Depreciation of property, plant and equipment	49,696	687	50,383	–	50,383
Amortisation of prepaid land lease payments	770	–	770	–	770
Other material non-cash item: Written-off of inventory	92,811	–	92,811	–	9,284
Additions to segment non-current assets	113,026	1,507	114,533	–	114,533
At 31 December 2018					
Segment assets	764,542	3,213,582	3,978,124	–	3,978,124
Segment liabilities	395,581	2,228,999	2,624,580	–	2,624,580

Reconciliations of profit or loss, assets and liabilities of the reportable segments:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**912,346**	362,208
Profit or loss		
Total loss of reportable segments	**(89,849)**	61,333
Corporate and unallocated loss	**(35,913)**	(37,096)
Reclassification of discontinued operations	**–**	(241,318)
Consolidated loss from continuing operations for the year	**(125,762)**	(217,081)
Assets		
Total assets of reportable segments	**3,171,388**	3,978,124
Corporate and unallocated assets	**4,124**	4,861
Consolidated total assets	**3,175,512**	3,982,985
Liabilities		
Total liabilities of reportable segments	**1,866,970**	2,624,580
Corporate and unallocated liabilities	**203,266**	134,000
Consolidated total liabilities	**2,070,236**	2,758,580

Geographical information

All revenue generated by the Group were derived from the PRC.

No customer individually contributed over 10% of total revenue of the Group for both years.

In presenting the geographical information, revenue is based on the location of the customers. At the end of the year, the non-current assets of the Group were located as follows:

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Hong Kong	**3,024**	2,732
The PRC	**837,011**	777,164
	840,035	779,896

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on borrowings	**15,735**	3,191
Imputed interest expense on convertible bonds	**2,385**	5,066
Interest expenses on amounts due to a related company and the Controlling Shareholder	**3,669**	4,434
Finance lease charge	**–**	590
Lease interests	**2,022**	–
	23,811	13,281
Less: interest capitalised	**(6,775)**	–
	17,036	13,281

7. INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
PRC Enterprise Income Tax for the year	**82,143**	26,725
PRC land appreciation tax	**8,706**	–
Deferred tax	**(58,848)**	(26,896)
	32,001	(171)

No provision for Hong Kong profits tax was required since the Group had no assessable profit in Hong Kong for the years presented.

According to the Laws of the PRC on Enterprise Income Tax, all group companies operating in the PRC are subject to the applicable tax rate of 25%, except for certain subsidiaries that are qualified for the tax benefit of being the National High-tech Enterprise, that are entitled to a preferential tax rate of 15% during the reporting years.

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**1,380**	1,680
Cost of sales	**808,880**	336,141
Depreciation of property, plant and equipment	**45,183**	51,205
Depreciation of right-of-use assets	**11,373**	–
Amortisation of prepaid land lease payments	**–**	770
Amortisation of intangible assets	**–**	1,837
Written-off of inventories	**–**	92,811
Impairment of inventories	**46,748**	–
Impairment of property, plant and equipment	**–**	3,247
Impairment loss on trade receivables	**12,202**	–
Impairment loss on other receivables	**6,746**	–
Loss on disposal of property, plant and equipment	**1,376**	285
Minimum lease payments for leases previously classified as operating leases under HKAS 17 in respect of office premises	**–**	9,293
Research and development expenses (including depreciation and staff costs)	**12,289**	36,069
Staff costs (including directors' emoluments):		
Salaries, bonus and allowances	**76,385**	69,280
Equity-settled share-based payment expenses	**821**	2,079

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK$104,331,000 (2018: profit of HK$59,163,000), and the weighted average number of 1,190,077,207 (2018: 1,143,165,015) ordinary shares in issue during the year.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2019 and 2018.

11. GOODWILL

	HK$'000
At 1 January 2018	**–**
Arising on acquisition of subsidiaries	**213,044**
Currency realignment	**(1,427)**
At 31 December 2018 and 1 January 2019	**211,617**
Currency realignment	**(3,922)**
At 31 December 2019	**207,695**

12. PROPERTIES FOR SALE UNDER DEVELOPMENT

	HK$'000
At 1 January 2018	**–**
Addition through acquisition of a subsidiary	**1,242,298**
Additions	**900,847**
Transfer from investment property	**265,270**
Properties completed and sold	**(261,014)**
Currency realignment	**21,575**
At 31 December 2018 and 1 January 2019	**2,168,976**
Additions	**212,093**
Transfer to investment property	**(15,275)**
Properties completed and sold	**(754,750)**
Currency realignment	**(31,556)**
At 31 December 2019	**1,579,488**

All the properties under development were located in the PRC.

At 31 December 2019, a parcel of land held by the Group located in Nanning, Guangxi with carrying value of approximately HK$96,072,000 was secured for the bank borrowings.

13. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**68,985**	49,927
Less: impairment loss	**(12,011)**	–
	56,974	49,927
Bills receivable	**–**	332
Value-added tax receivables	**124,654**	176,008
Other tax receivables	**9,207**	66,723
Other receivables, prepayment and deposits	**38,850**	54,603
	229,685	347,593

Trade and bills receivables

The Group allows an average credit period of 30 to 60 days to its customers which are state-owned enterprise or those with guarantee provided, and cash on delivery for all other customers. The following is an aging analysis of trade and bills receivables, presented based on the invoice date at the end of the years:

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**14,195**	4,972
61 to 90 days	**1,579**	65
Over 90 days	**41,200**	45,222
	56,974	50,259

Trade receivables that are not impaired

The Group applies the simplified approach under HKFRS 9 Financial Instrument to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Less than 60 days past due**	**Over 60 days and less than 1 year**	**Over 1 year**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 31 December 2019					
Weighted average expected loss rate	**0%**	**0%**	**0%**	**26%**	
Receivable amount	**14,913**	**2,373**	**4,967**	**46,732**	**68,985**
Loss allowance	**–**	**–**	**–**	**(12,011)**	**(12,011)**
At 31 December 2018					
Weighted average expected loss rate	0%	0%	0%	0%	
Receivable amount	3,840	865	43,457	1,765	49,927
Loss allowance	–	–	–	–	–

Trade receivables that were not past due relate to a wide range of customers who has no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount represented financial assistance provided by Nanchang Rongzhou Investment Company Limited*（南昌市容州投資有限公司）to its shareholder before the completion of the capital contribution in 2018. The amount due from a non-controlling shareholder of a subsidiary is secured by its assets and undistributed earnings, non-interest bearing, and had no fixed term of repayment.

15. TRADE, BILLS AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**81,803**	108,819
Bills payable	**1,341**	610
Amounts payable on acquisition of property, plant and equipment	**164,108**	220,886
Accruals and other payables	**83,726**	104,067
	330,978	434,382

The aging of bills payable at the end of the year falls within 180 days (2018: 180 days).

At 31 December 2019, bills payable totalling HK$1,341,000 (2018: HK$610,000) were secured by pledged bank deposits of HK$1,341,000 (2018: HK$610,000).

An aging analysis of the trade payables at the end of the years, based on invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**20,054**	48,323
61 to 90 days	**5,131**	1,437
Over 90 days	**56,618**	59,059
	81,803	108,819

16. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 December 2019	As at 31 December 2018	As at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Total contract liabilities	**1,228,995**	2,013,438	8,255
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
– 2019	**–**	1,372,295	
– 2020	**696,772**	259,348	
– 2021	**386,871**	379,363	
– 2022	**–**	–	
– 2023	**261,851**	–	
	1,345,494	2,011,006	

	2019	2018
	HK$'000	*HK$'000*
Revenue recognised in the year that was included in contract liabilities at beginning of year	**847,479**	4,149

Significant changes in contract liabilities during the year:

	2019	2018
Increase due to operations	**160,703**	158,463
Increase due to acquisition of a subsidiary	**–**	2,110,127
Transfer of contract liabilities to revenue	**(919,732)**	(292,910)

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration from the customer.

17. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank Loans		
– secured	**178,784**	68,310
Other borrowings		
– unsecured	**85,000**	–
	263,784	68,310

At 31 December 2019, bank loans were secured by a parcel of land held by the Group located in Nanning, Guangxi with carrying value of approximately HK$96,072,000 (2018: secured by a parcel of land in Weinan, Shaanxi with carrying value of approximately HK$11,254,000).

Bank loans for the years presented are denominated in Renminbi ("**RMB**"). Other borrowings presented are denominated in HK$.

Other borrowings of HK$85,000,000 was unsecured and repayable within 1 year.

The effective interest rates per annum at the end of the years were as follows:

	2019	2018
Borrowings:		
Fixed-rate	**8–8.5%**	6.09%

18. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

On 28 February 2017, Cloud Apex Global Limited agreed to assign all rights, titles, benefits and interests of approximately HK$382,728,000 debt to the Controlling Shareholder and the Controlling Shareholder agreed to subscribe for the convertible bonds in an aggregate principal amount of HK$300,000,000 (the "**Convertible Bonds**") issued by the Company as detailed in Note 19 to replace the loan amounting to HK$300,000,000.

As at 31 December 2019, the amount due to the Controlling Shareholder of approximately HK$45,580,000 (2018: HK$47,284,000) was unsecured, interest bearing at 8% per annum, and are repayable by annual equal instalments from 30 June 2017 to 30 June 2036 together with the related interests thereon. The Company, at its discretion, may either make early repayment or request to defer repayment in accordance with the initial repayment schedule if the Company does not have sufficient funds or if such deferral of repayment is agreed between the Company and the respective party. The remaining amounts are unsecured, non-interest bearing and has no fixed repayment terms.

19. CONVERTIBLE BONDS

On 28 February 2017, the Company issued the Convertible Bonds in an aggregate principal amount of HK$300,000,000 with a coupon rate of 3% to the Controlling Shareholder as detailed in Note 18 payable quarterly in arrears, no proceeds were raised on the issue of the Convertible Bonds. The Convertible Bonds will mature from the date of issue to 30 June 2036, representing maturity period of 17.3 years, and can be converted into a maximum of 187,500,000 conversion shares of the Company at the conversion price of HK$1.6 per conversion shares upon full exercise of the conversion rights by the end on the third anniversary to the date of issue of the Convertible Bonds. On 16 April 2018, 150,000,000 conversion shares were allotted and issued, representing conversion of Convertible Bonds at the principal amount of HK$240,000,000.

The Convertible Bonds recognised in the consolidated statement of financial position had been split between liability element and equity component, and are calculated as follows:

	Liability component *HK$'000*	**Equity component** *HK$'000*	**Total** *HK$'000*
At 1 January 2018	216,506	79,916	296,422
Conversion	(174,137)	(63,933)	(238,070)
Imputed interest expense	5,066	–	5,066
Interest paid/payable	(4,127)	–	(4,127)
At 31 December 2018 and 1 January 2019	43,308	15,983	59,291
Imputed interest expense	2,385	–	2,385
Interest paid/payable	(1,800)	–	(1,800)
At 31 December 2019	43,893	15,983	59,876

The interest charged for the year is calculated by applying an effective interest rate of 5.46% (2018: 5.46%) to the liability component.

The Directors estimate the fair value of the equity and liability components of the Convertible Bonds at the issuance date with reference to the independent valuation performed by an independent valuer, Ascent Partners Valuation Services Limited, by discounting the future cash flows at the specific discount rate under level 2 fair value measurement.

20. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

On 22 September 2017, the Group entered into a sales and purchase agreement with an independent third party, AMVIG Investment Limited, to dispose of its 100% interest in a wholly-owned subsidiary, Outstanding Viewpoint Limited, and its subsidiaries (the "**Disposal Group**") at cash consideration of HK$700,000,000. The disposal was completed on 2 January 2018, and since then the Group's Packaging Printing Business was discontinued.

No results and cash flows were arisen from the Packaging Printing Business during the year.

Financial information relating to the comparative period is extracted from the Company's consolidated financial statements for the year ended 31 December 2018 as below.

	2018
	HK$'000
Profit of discounted operations	–
Gain on disposal of subsidiaries	241,318
	241,318

Gain on disposal of subsidiaries is analysed as follows:

	2018
	HK$'000
Net assets disposed of	761,401
Release of foreign currency translation reserve	(88,037)
Non-controlling interests	(409,475)
	263,889
Waiver of amount due from the Disposal Group	182,271
Direct transaction costs incurred	12,522
Gain on disposal of subsidiaries	241,318
Consideration	700,000
From discontinued operations:	
Basic earnings per share (cents per share)	21.11
Diluted earnings per share (cents per share)	21.05

21. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the years are as follows:

	2019	2018
	HK$'000	*HK$'000*
Contracted but not provided for		
– Property, plant and equipment	**42,757**	41,785

MATERIAL DIFFERENCES BETWEEN THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND THE AUDITED ANNUAL RESULTS ANNOUNCEMENT

As at 31 March 2020, the auditing process had not been completed and the Company published the announcement of unaudited annual results for the year ended 31 December 2019. Subsequent adjustments have been made to the unaudited annual results 2019, shareholders and potential investors of the Company are advised to pay attention to the material differences between the unaudited and audited Annual Results 2019 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACTED)

	Audited Annual Results 2019	**Unaudited Annual Results 2019**	**Increase/ (decrease)**	
	HK$'000	***HK$'000***	***HK$'000***	*Notes*
Revenue	912,346	903,640	8,706	*(i)*
Other income	12,343	13,468	(1,125)	*(ii)*
Change in fair value of investment properties	14,648	–	14,648	*(iii)*
Impairment losses on trade and other receivables	(18,948)	–	18,948	*(iv)*
Administrative expenses	(174,470)	(170,864)	3,606	*(v)*
Finance costs	(17,036)	(10,261)	6,775	*(vi)*
Income tax	(32,001)	(19,923)	12,078	*(vii)*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACTED)

	Audited Annual Results 2019 *HK$'000*	Unaudited Annual Results 2019 *HK$'000*	Increase/ (decrease) *HK$'000*	*Notes*
Non-current assets				
Property, plant and equipment	456,080	422,358	33,722	*(viii)*
Deposits paid for acquisition of property, plant and equipment	4,917	6,557	(1,640)	*(ix)*
Investment property	38,886	24,467	14,419	*(iii)*
Current assets				
Properties held for sale under development	1,579,488	1,575,306	4,182	*(vi)*
Properties held for sale	–	10,957	(10,957)	*(vi)*
Trade, bills and other receivables, deposits and prepayments	229,685	260,252	(30,567)	*(x)*
Current liabilities				
Trade, bills and other payables	(330,978)	(331,212)	(234)	*(xi)*
Tax payables	(24,060)	(33,446)	9,386	*(xii)*
Non-current liabilities				
Deferred tax liabilities	(99,293)	(98,571)	722	*(xiii)*

Notes

(i) The differences in revenue was resulted from the reclassification of PRC land appreciation tax to income tax expenses.

(ii) The differences in other income represented reclassification of other expenses to administrative expenses and the separate presentation of interest income.

(iii) The differences in changes in fair value of investment property and investment property represented adoption of fair value assessed by external valuer.

(iv) Part of the long-outstanding receivables were impaired during the year.

(v) The difference in administrative expenses was mainly due to the recognition of expenses from other receivables.

(vi) The differences in finance costs and properties held for sale and held under development were mainly due to interest expenses not allowed for capitalisation, and the reclassification between the two categories.

(vii) The difference in income tax was mainly due to the reclassification of land appreciation tax as mentioned in note (i) and the effect on changes in deferred tax liabilities on fair value adoption of investment property as mentioned in note (ii).

(viii) The difference in properties, plant and equipment was mainly due to the adoption of fair value assessed by external valuer.

(ix) The difference in deposits paid for acquisition of property, plant and equipment was mainly due to the on impairment as mentioned in note (iv).

(x) The difference in trade, bills and other receivables, deposits and prepayments was mainly due to the impairment as mentioned in note (iv), and reclassification of land appreciation tax as mentioned in note (ix).

(xi) The difference in trade, bills and other payables was mainly due to the adjustment on value added tax in the PRC.

(xii) The difference in tax payables was mainly due to the reclassification of land appreciation tax from other receivables.

(xiii) The difference in deferred tax liabilities was mainly due to the fair value changes of property, plant and equipment and investment properties as mentioned in notes (iii) and (viii).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Lithium Ion Motive Battery Business

The Sino-US trade frictions had persisted in 2019, which had created considerable uncertainties and downward pressure in the global economy. The gloomy outlook for the world's economic growth had adversely affected the Group.

During the year, the automobile industry in the PRC was in the process of transformation and upgrading. In addition to the impact of the Sino-US trade frictions, it was also affected by the change of the national environmental protection standards, as well as the decline in new energy vehicle subsidies. Four ministries and commissions of the PRC jointly issued the Notice on Further Improving the Financial Subsidy Policy for the Promotion and Application of New Energy Vehicles*（《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》）, which was officially implemented on 26 March 2019 with an aim to reduce new energy vehicle subsidies in stages. Such subsidy policy was implemented as a transitional measure and the transition period ended on 25 June 2019. According to the statistical analysis of the China Association of Automobile Manufacturers, in the first half of 2019, new energy vehicle industry was still able to maintain a counter-trend growth. However in the second half of the year, due to the decline in subsidies, the overall sales of new energy vehicles fell sharply by approximately 35% year-on-year, and market competition was intensified. The new energy vehicle industry chain has also been affected. Automobile and power battery manufacturers had weaker development intention, and some of them even experienced short-term capital turnover pressures, resulting in a year-on-year decrease of approximately 56% in the sales of the Group's Lithium Ion Motive Battery Business during the year.

As new energy vehicles can effectively alleviate environmental pollution problems, and are emerging enterprises firmly supported by the government of the PRC, the long-term development advantages of the new vehicle industry are clear. As new energy vehicle technologies have gained popularity, market demand and technical requirements for lithium ion motive batteries are increasing. Enterprises which lack competitive advantages in terms of technology and costs will be eliminated or marginalised in the market. Facing a more challenging market condition, and taking into account the fact that the capital chain of the entire industry is still under strain, the Group believes that it is vital to conduct risk assessments and control in order to secure a firm footing in the industry. As such, the Group prioritises risk control when making business decisions, and strictly follows its credit policy to formulate and implement sales strategies, with a view to striking a balance between sales and credit risks. Therefore, the performance of the Group's Lithium Ion Motive Battery Business faced greater pressure in the year.

Property and Cultural Business

During the year, the overall property market was stable despite ongoing trade tensions between the PRC and the US. The PRC government's restrictive policies for the property market remained generally in place while relaxation had been noted in some cities. Home prices and transaction volumes recorded moderate growth, supported by genuine underlying demand. The Group continued to market the remaining units of Rongzhou Gangjiucheng*（容州港九城）located in Nanchang, Jiangxi. Handover of the majority of the sold units commenced in the first half of 2019 and the corresponding revenue was recognized, and the remaining units of phase II of the project will be completed soon. Pre-sale of the property development project located in Fengling Section, Nanning, Guangxi has also begun in late 2019. However, the commencement of the staff dormitory project in Lishui, Nanjing has been postponed to the end of 2020.

FUTURE PROSPECTS

In response to the recent outbreak of the novel coronavirus disease (the "**COVID-19**") in late 2019, the PRC government implemented a series of precautionary and control measures to maintain public health safety at a national level, including but not limited to, temporary suspension of work and business in various provinces including Shaanxi and Jiangsu Provinces, in which the Group's subsidiaries operate, extension of the lunar new year holiday, quarantine order to restrict entry to and exit from certain cities, etc., and such measures continued to be implemented across the country/region. With the interruption brought by COVID-19, the Group's financial results in 2020 may be affected due to the general market conditions.

The Group's production facilities in the PRC have been affected, which resulted in a temporary decrease in production volume. The Group has taken various precautionary measures to minimise the risks and uncertainties caused by COVID-19 on its business operations and will closely monitor the situation and endeavour to mitigate any adverse impacts on the Group and its customers. In addition, the Group will continue to respond to changes in market conditions and invest resources in high-end tool batteries to explore new market segments, and at the same time, enhance the diversity of lithium ion motive battery product portfolios to increase product gross profit and continue to construct phase III production base in Shaanxi, Weinan, as well as the battery pack factory in Nanjing, Jiangsu in order to lay a solid base for the Group's future development.

Despite the Sino-US trade conflicts and the outbreak of COVID-19, which created considerable challenges in the business environment, the Group remains cautiously optimistic about the PRC property market demand. With our wealth of experience, the Directors believe that the Group will gradually overcome the prevailing challenges and continue to develop its business. The Group will continue to develop our existing projects and to have the projects in our pipeline launched as scheduled. The Group will seize to capture any opportunities in the soft market in the PRC and continue to develop its businesses.

We believe that the outbreak of COVID-19 may only affect the Group temporarily and the operations of the Group will resume to normal over time. The Group endeavours to overcome challenges ahead and realise its value to the shareholders of the Company and business partners of the Group.

FINANCIAL REVIEW

Revenue and gross profit ratio

Lithium Ion Motive Battery Business

The Group's Lithium Ion Motive Battery Business has been substantially impacted by the difficult market conditions and revenue dropped to approximately HK$53,438,000 in 2019 from approximately HK$83,516,000 in 2018. The downward adjustment of the subsidy policy for new energy vehicles in the PRC was implemented in the second quarter of 2019, and automobile manufacturers had correspondingly restructured their production and expansion plans, eventually affecting the demand for lithium ion motive batteries and related products in the short run. Moreover, the Group has tightened its credit policy in 2018 to eliminate prolonged trade receivables, which has improved cash flows of the Group, but has affected the sales activities of the Group in the year. As a result, the Group's revenue declined and profit margin narrowed. In the long run, the management believes that taking into account the favourable features of new energy vehicles for being sustainable and environmentally friendly, its market development is promising. The Group will continue to seek possible cooperation opportunities and expand the market for its battery products around the world.

Property and Cultural Business

In 2018, the Group diversified its business scope with respect to the property development and cultural business. During the year, the Property and Cultural Business contributed revenue of approximately HK$858,908,000 (2018: HK$278,692,000) to the Group, of which the property business contributed approximately HK$839,225,000 (2018: HK$275,001,000) and the cultural business contributed approximately HK$19,683,000 (2018: HK$3,691,000). The increase in revenue in the property business was mainly due to commencement of the hand-over of phase II properties in Rongzhou Gangjiucheng*（容州港九城）, which is one of the Group's property development projects. Total gross floor area delivered during the year was approximately 123,646 sq.m. (2018: 35,306 sq.m.).

With respect to the cultural business, the Group continued to provide services on event production and organisation of exhibition in themed museums. Major projects completed in the year included the organisation of exhibitions in Foshan, Guangdong and Heyuan, Guangdong which altogether contributed approximately 75% revenue of this business.

Administrative expenses

Administrative expenses for the year ended 31 December 2019 decreased to approximately HK$174,470,000 from approximately HK$248,675,000 in 2018, mainly due to the reduction in impairment of obsolete battery products with lower energy capacity to approximately HK$46,748,000 (2018: HK$92,811,000) and reduction in research and development expenses (including depreciation and staff costs) to approximately HK$12,289,000 (2018: HK$36,069,000). Administration expenses also comprised staff costs (including Directors' emoluments) of approximately HK$42,558,000 (2018: HK$45,308,000) and depreciation of approximately HK$32,113,000 (2018: HK$39,983,000).

Distribution and selling expenses

The distribution and selling expenses for the year ended 31 December 2019 increased to approximately HK$14,420,000 (2018: HK$10,085,000), which was mainly due to the launch of pre-sale activities of the property project in Nanning. The expenses mostly represented staff costs of approximately HK$5,654,000 (2018: HK$3,713,000), marketing expenses of approximately HK$4,091,000 (2018: HK$252,000) and travelling and entertainment expenses of approximately HK$1,049,000 (2018: HK$1,952,000).

Other income

Other income for the year ended 31 December 2019 reduced to approximately HK$12,343,000 (2018: HK$27,067,000), mainly due to the non-recurring gain on disposal of a subsidiary of approximately HK$16,186,000 in 2018. Other income for the year mainly comprised government grant of approximately HK$11,147,000 (2018: HK$9,274,000).

Finance costs

Finance costs for the year ended 31 December 2019 increased to approximately HK$17,036,000 (2018: HK$13,281,000) primarily because of the combined effect on reduction in interest expense on convertible bonds to approximately HK$2,385,000 (2018: HK$5,066,000) upon its partial conversion in 2018, and interest expanses incurred on borrowing raised during the year.

Basic and diluted (loss)/earnings per share

Basic and diluted loss per share of continuing operations in the year ended 31 December 2019 were HK8.77 cents (2018: HK15.93 cents) and HK8.77 cents (2018: HK15.89 cents), respectively.

In anticipation of the funds required for the development of the Lithium Ion Motive Battery Business, the Board does not recommend the payment of a final dividend for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital as at 31 December 2019 with net current assets of approximately HK$469,648,000 (31 December 2018: HK$684,138,000) and pledged bank deposits and bank and cash balances in the aggregate amount of approximately HK$36,730,000 (31 December 2018: HK$16,764,000). The gearing ratio of the Group (which was expressed as a percentage of total borrowings excluding the liabilities portion of the convertible bonds over total equity) was about 23.87% as at 31 December 2019 (31 December 2018: 5.58%).

EMPLOYMENT

As at 31 December 2019, the Group had approximately 493 employees (2018: 612), most of whom were working in the Company's subsidiaries in the PRC. During the year, the total employees' costs including Directors' emoluments from continuing operations were approximately HK$76,385,000 (2018: HK$69,280,000).

The Group has developed its human resources policies and procedures based on performance and merit. Employees are rewarded on a performance basis within the general framework of its salary and bonus system. Discretionary bonus is linked to the performance of the Group as well as individual performance. Benefits include staff accommodation, medical schemes, share option scheme, Mandatory Provident Fund for employees in Hong Kong and state-sponsored retirement plans for employees in the PRC. The Group has also developed training programs for its management and employees to promote career advancement of the staffs.

FOREIGN EXCHANGE EXPOSURE

Since sales and purchase for the Lithium Ion Motive Battery Business and the Property and Cultural Business are denominated in RMB, the management considers that the Group's exposure to exchange risks is minimal. However, the Company faces foreign exchange risks when it conducts fund raising activities in Hong Kong (in HK$) and remits funds to its subsidiaries in the PRC (in RMB). The Board will continue to monitor foreign exchange exposure in the future.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities (2018: Nil).

PLEDGE OF ASSETS

Details of pledged assets as at 31 December 2019 are set out in Note 17 in this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles (the "**Principles**") and code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company and the Directors strive to follow the internal control manuals and put in place sufficient resources to comply with the CG Code. During the year ended 31 December 2019, save for the deviations disclosed below, the Company had complied with all the applicable provisions set out in the CG Code:

According to the code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term, subject to re-election. Dr. Ng Ka Wing and Mr. See Tak Wah were appointed as independent non-executive Directors and have not been appointed for a specific term but will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws of the Company.

Pursuant to the Code Provision A.6.7, independent non-executive Directors and non-executive Directors should attend general meetings of the Company. However, two independent non-executive Directors were absent from the annual general meeting of the Company held on 10 June 2019 due to other business commitments. To ensure compliance with the CG Code in the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings of the Company and take all reasonable measures to schedule meetings in such a way that all Directors can attend the general meetings.

Code Provision A.2.1 of the CG Code stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tin Kong has been serving as the chairman and the chief executive officer of the Company (the "**CEO**") following the resignation of Mr. Sheng Siguang as the CEO which was effective from 1 August 2019. Such practice deviates from Code Provision A.2.1 of the CG Code. The Board considers that consolidation of these roles by Mr. Tin Kong provides strong and consistent leadership to the Company which facilitates effective planning and efficient management of the Company. The Board will keep reviewing this arrangement from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make an appointment to fill the post as appropriate.

The Board will continue to review and improve the corporate governance practices and standards of the Company to ensure the business activities and decision making processes of the Company are regulated in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions.

Having made specific enquiry with all Directors, the Company is pleased to report that the Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2019. The Model Code also applies to other specified senior management of the Group.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed with the management its risk management and internal controls systems and financial reporting matters including the review of the annual results of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the respective websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (http://www.tessonholdings.com). The annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules will be available on the aforesaid websites on 17 July 2020.

By order of the Board
TESSON HOLDINGS LIMITED
Tin Kong
Chairman and Executive Director

Hong Kong, 17 July 2020

As at the date of this announcement, the Board comprises Mr. Tin Kong, Ms. Cheng Hung Mui, Mr. Chen Dekun, and Mr. Sheng Siguang as executive Directors, and Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin as independent non-executive Directors.

* *for identification purpose only*