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## TESSON HOLDINGS LIMITED

天臣控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1201)**

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Tesson Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2024, together with the audited comparative figures for the corresponding period in 2023, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Revenue	3	<b>66,713</b>	129,159
Cost of sales		<b>(66,345)</b>	(126,967)
Gross profit		<b>368</b>	2,192
Other loss and income, net	4	<b>(27,332)</b>	23,857
Distribution and selling expenses		<b>(4,247)</b>	(4,760)
Administrative expenses		<b>(129,468)</b>	(117,525)
<b>Loss from operation</b>		<b>(160,679)</b>	(96,236)
Finance costs	6	<b>(2,908)</b>	(4,777)
<b>Loss before tax</b>		<b>(163,587)</b>	(101,013)
Income tax expenses	7	—	—

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the year</b>	8	<u>(163,587)</u>	<u>(101,013)</u>
<b>Other comprehensive expense</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(8,297)	(10,444)
<i>Items that will not be reclassified to profit or loss:</i>			
Deficiency arising on revaluation of property, plant and equipment		(16,455)	(2,115)
Deferred tax effect arising on revaluation of property, plant and equipment		<u>4,081</u>	<u>528</u>
		<u>(20,671)</u>	<u>(12,031)</u>
<b>Total comprehensive expense for the year</b>		<u><u>(184,258)</u></u>	<u><u>(113,044)</u></u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(142,893)	(89,726)
Non-controlling interests		<u>(20,694)</u>	<u>(11,287)</u>
		<u><u>(163,587)</u></u>	<u><u>(101,013)</u></u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		(153,698)	(93,493)
Non-controlling interests		<u>(30,560)</u>	<u>(19,551)</u>
		<u><u>(184,258)</u></u>	<u><u>(113,044)</u></u>
			(Restated)
<b>Loss per share</b>			
Basic ( <i>HK cents per share</i> )	10	<u>(69.54)</u>	<u>(60.48)</u>
Diluted ( <i>HK cents per share</i> )		<u><u>(69.54)</u></u>	<u><u>(60.48)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>97,592</b>	203,463
Right-of-use assets		<b>55,005</b>	60,496
Deposits paid for acquisition of property, plant and equipment		–	635
		<b>152,597</b>	264,594
<b>Current assets</b>			
Inventories		<b>2,196</b>	40,504
Trade, bills and other receivables, deposits and prepayments	<i>11</i>	<b>255,786</b>	291,284
Financial assets at fair value through profit or loss		<b>29</b>	50
Bank and cash balances		<b>9,552</b>	2,598
		<b>267,563</b>	334,436
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>269,140</b>	305,254
Contract liabilities	<i>13</i>	<b>419</b>	3,541
Borrowings	<i>14</i>	<b>30,965</b>	48,113
Lease liabilities		<b>1,808</b>	3,679
Amount due to the Controlling Shareholder		<b>135</b>	539
		<b>302,467</b>	361,126
<b>Net current liabilities</b>		<b>(34,904)</b>	(26,690)
<b>Total assets less current liabilities</b>		<b>117,693</b>	237,904

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>247</b>	1,513
Deferred tax liabilities		<b>4,528</b>	8,870
		<u><b>4,775</b></u>	<u>10,383</u>
<b>NET ASSETS</b>		<u><b>112,918</b></u>	<u>227,521</u>
<b>Capital and reserves</b>			
Share capital		<b>21,969</b>	148,349
Reserves		<b>312,015</b>	269,678
		<u><b>333,984</b></u>	<u>418,027</u>
Equity attributable to owners of the Company		<b>333,984</b>	418,027
Non-controlling interests		<b>(221,066)</b>	(190,506)
		<u><b>112,918</b></u>	<u>227,521</u>
<b>TOTAL EQUITY</b>		<u><b>112,918</b></u>	<u>227,521</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. In the opinion of the directors of the Company (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 address of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 401A, Empire Centre, 68 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 principally engaged in 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**”).

### 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.

(a) *Adoption of new/revised HKFRSs – effective 1 January 2024*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2024:

HK-int 5	Amendments in relation to Amendments to HKAS 1
HKFRS 16	Amendments in relation to Lease Liability in a Sale and Leaseback
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current
HKAS 1	Amendments in relation to Non-current Liabilities with Covenants
HKFRS 7 and HKAS 7	Amendments in relation to Supplier Finance Arrangements

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

The following new and revised amendments to HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2024, and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
HKAS 21	Amendments in relation to Lack of Exchangeability	1 January 2025
HKFRS 1	Hedge Accounting by a First-time Adopter	1 January 2026
HKFRS 7	Gain or Loss on Derecognition	1 January 2026
Guidance on implementing HKFRS 7	Disclosure of Deferred Difference between Fair Value and Transaction Price	1 January 2026
Guidance on implementing HKFRS 7	Introduction and Credit Risk Disclosures	1 January 2026
HKFRS 7 and HKFRS 9	Amendments in relation to Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 7 and HKFRS 9	Amendments in relation to Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 9	Derecognition of Lease Liabilities	1 January 2026
HKFRS 9	Transaction Price	1 January 2026
HKFRS 10	Determination of a ‘De Facto Agent’	1 January 2026
HKAS 7	Cost Method	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	TBD

### 3. REVENUE

The Group's revenue was derived from lithium ion motive battery products sold during the year and last 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lithium ion motive battery products	<u>66,713</u>	<u>129,159</u>

### 4. OTHER LOSS AND INCOME, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	98	334
Government grants	–	63
(Loss)/gain on disposal of scrap products	(848)	5,623
Gain on disposal of right-of-use assets	–	8,114
Gain on waiver of trade and other payables	1,612	17,401
Impairment loss on trade receivables	(261)	(709)
Impairment loss on other receivables	(5,547)	(7,050)
Impairment loss on property, plant and equipment	(19,250)	–
Written off of inventory	(3,317)	–
Others	181	81
	<u>(27,332)</u>	<u>23,857</u>

## 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. The Group's revenue and profit or loss were derived from the Lithium Ion Motive Battery Business and internet sales business (the "**Internet Sales 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:

	<b>Lithium Ion Motive Battery Business</b>	<b>Internet Sales Business</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Year ended 31 December 2024</b>			
Revenue from external customers	66,713	–	66,713
Segment loss	(139,868)	(2,238)	(142,106)
Depreciation	66,727	52	66,779
Depreciation of right-of-use assets	3,354	258	3,612
Additions to segment non-current assets	1,610	–	1,610
	<u>410,537</u>	<u>11</u>	<u>410,548</u>
<b>At 31 December 2024</b>			
Segment assets	410,537	11	410,548
Segment liabilities	222,140	1,815	223,955
	<u>222,140</u>	<u>1,815</u>	<u>223,955</u>
<b>Year ended 31 December 2023</b>			
Revenue from external customers	129,159	–	129,159
Segment loss	(71,486)	(7,601)	(79,087)
Depreciation	64,576	65	64,641
Depreciation of right-of-use assets	4,203	451	4,654
Additions to segment non-current assets	6,091	–	6,091
	<u>129,159</u>	<u>–</u>	<u>129,159</u>
<b>At 31 December 2023</b>			
Segment assets	594,943	2,621	597,564
Segment liabilities	270,788	2,219	273,007
	<u>270,788</u>	<u>2,219</u>	<u>273,007</u>



Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	<u>66,713</u>	<u>129,159</u>
<b>Profit or loss</b>		
Total loss of reportable segments	(142,106)	(79,087)
Corporate and unallocated loss	<u>(21,481)</u>	<u>(21,926)</u>
Consolidated loss for the year	<u>(163,587)</u>	<u>(101,013)</u>
<b>Assets</b>		
Total assets of reportable segments	410,548	597,564
Corporate and unallocated assets	<u>9,612</u>	<u>1,466</u>
Consolidated total assets	<u>420,160</u>	<u>599,030</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	223,955	273,007
Corporate and unallocated liabilities	<u>83,287</u>	<u>98,502</u>
Consolidated total liabilities	<u>307,242</u>	<u>371,509</u>

### Geographical information

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

In 2024, 1 customer (2023: 2) individually contributed over 10% of total revenue of the Group.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>		
Hong Kong	697	634
The PRC	<u>151,900</u>	<u>263,960</u>
	<u>152,597</u>	<u>264,594</u>

## 6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on borrowings	2,649	4,166
Lease interests	<u>259</u>	<u>611</u>
	<u>2,908</u>	<u>4,777</u>

## 7. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PRC Enterprise Income Tax expenses for the year	<u>–</u>	<u>–</u>

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

According to the Law 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

a) The Group's loss for the year is stated after charging/(crediting) the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	900	900
Cost of inventories sold	66,345	126,967
Depreciation	66,800	64,670
Depreciation of right-of-use assets	4,236	7,419
Gain on disposal of right-of-use assets	–	(8,114)
Loss on disposal of property, plant and equipment	–	12
Fair value loss on financial assets at fair value through profit or loss	21	54
Research and development expenses	15,092	24,351
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	22,174	27,837
Retirement benefits	2,690	3,292
	<u>22,690</u>	<u>3,292</u>

b) Impairment loss on various assets:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Impairment loss on various assets</b>		
Impairment loss on trade receivables	261	709
Impairment loss on other receivables	5,547	7,050
Impairment loss on property, plant and equipment	19,250	–
	<u>25,058</u>	<u>7,759</u>

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on loss attributable to owners of the Company of approximately HK\$142,893,000 (2023: HK\$89,726,000), and the weighted average number of 205,479,126 (2023 restated: 148,348,670 as adjusted to reflect the impact of share consolidation and rights issue) ordinary shares in issue during the year.

### Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2024 and 2023.

## 11. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	18,277	30,239
<i>Less:</i> Impairment losses	<u>(2,252)</u>	<u>(2,067)</u>
	16,025	28,172
Bills receivable	20	578
Value-added tax receivables	6,410	11,055
Consideration receivable from the vendor of disposals of subsidiaries	10,640	11,013
Amounts due from the subsidiaries disposed	200,458	209,620
Prepayment, deposits and other receivables	<u>22,233</u>	<u>30,846</u>
	<u><u>255,786</u></u>	<u><u>291,284</u></u>

### Trade 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 receivables, presented based on the invoice date at the end of the years:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 60 days	12,552	26,041
61 to 90 days	1,372	298
Over 90 days	<u>2,101</u>	<u>1,833</u>
	<u><u>16,025</u></u>	<u><u>28,172</u></u>

## Trade and bills 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 <i>HK\$'000</i>	Less than 60 days past due <i>HK\$'000</i>	Over 60 days and less than 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 31 December 2024</b>					
Weighted average expected loss rate	0%	0%	0%	99%	
Receivable amount	9,611	3,527	2,888	2,271	18,297
Loss allowance	–	–	–	(2,252)	(2,252)
<b>At 31 December 2023</b>					
Weighted average expected loss rate	0%	0%	0%	53%	
Receivable amount	24,454	2,464	3	3,896	30,817
Loss allowance	–	–	–	(2,067)	(2,067)

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.

## 12. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	58,635	77,795
Amounts payable on acquisition of property, plant and equipment	105,868	112,554
Accruals and other payables	104,637	114,905
	<u>269,140</u>	<u>305,254</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 60 days	750	29,182
61 to 90 days	1,859	8,056
Over 90 days	56,026	40,557
	<u>58,635</u>	<u>77,795</u>

### 13. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	<b>As at 31 December 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000	As at 1 January 2023 HK\$'000
Total contract liabilities	<u><b>419</b></u>	<u>3,541</u>	<u>5,342</u>
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
– 2024	–	3,608	
– 2025	<u><b>424</b></u>	<u>–</u>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	<b>HK\$'000</b>
Year ended 31 December			
Revenue recognised in the year that was included in contract liabilities at beginning of year		<u><b>3,250</b></u>	<u>5,022</u>
Significant changes in contract liabilities during the year:			
Increase due to operations in the year		<b>253</b>	3,377
Currency realignment		<b>(60)</b>	(137)
Transfer of contract liabilities to revenue		<u><b>(3,315)</b></u>	<u>(5,041)</u>

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.

## 14. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other borrowing	<u>30,965</u>	<u>48,113</u>

At 31 December 2024, other borrowing was denominated in HK\$, unsecured and repayable within 1 year. The effective interest rates per annum at the end of the years were as follows:

	2024	2023
Borrowings:		
Fixed-rate	<u>8.00%</u>	<u>8.00%</u>

The borrowings are repayable as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
On demand or within one year	<u>30,965</u>	<u>48,113</u>

## 15. CAPITAL COMMITMENTS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contracted but not provided for		
– Property, plant and equipment	12,088	34,265
– Investment in an associate	<u>19,150</u>	<u>19,823</u>
	<u>31,238</u>	<u>54,088</u>

At 31 December 2024, the acquisition of an associate was secured by the pledge of property, plant and equipment held by the Group with carrying value of approximately HK\$634,000 (2023: HK\$5,812,000), which the acquisition is not yet completed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Driven by intensifying industrial competition, overcapacity, and changing market dynamics, lithium ion battery market experienced a significant price reduction by 20% in 2024.

In the key downstream market, being the new energy vehicles market, production and sales quantity had been increased by approximately 35% in 2024. However, sales price of new energy vehicles, including certain leading brands in the market generally experienced a 10% price drop, narrowing profit margin for the new energy vehicle manufacturers, also clouding the pricing strategy of lithium ion battery products.

While in the upstream market, raw material for lithium ion battery products was in over-supply condition throughout the year, market price had been dropped by 18-30%. Such reduction not only brought benefits to lithium ion battery manufacturers, but also more intense industrial competition. The overcapacity led to unsustainable pricing strategies. Sales price of the Group's lithium ion battery products was also adjusted to accommodate with industrial change. Given the current production scale, the Group is not able to enjoy the benefit of scale production as other leading lithium ion battery manufacturers did in the PRC. Revenue for the year had been dropped by HK\$62,446,000. Under current market conditions, certain capacity enhancement plans of the plant in Weinan, Shaanxi were postponed. The Group currently have an industrial land in Lishui, Nanjing, which was planned to be developed into another production base in Nanjing, had limited construction progress since the market downturn in previous years. In view of the future market conditions and current production capacity, the Group may consider different options to process the industrial land in Lishui, Nanjing including disposal, leasing or auction.

Besides, a new lithium ion battery business standard was issued in the PRC during the year in order to strengthen the standardised management of lithium ion battery industry, guide the transformation of the industry, and promote its high-quality development, by putting forward higher requirements on the technological transformation progress and product quality, as well as setting more stringent standards for performance indicators in terms of energy density, product life cycle, capacity and tensile strength of various lithium ion batteries material. The push for higher standard requirements reflects a broader commitment to safety, sustainability, and performance. These standards pose challenges for lithium ion battery manufacturers, including the Group. Substantial resources had been allocated by the Group in research and development for lithium ion battery products in order to further enhance their quality and stability. We believe that adapting to these higher standards will be better positioned to thrive in an increasingly competitive and environmentally-conscious market.

Apart from self enhancement, the Group was also keen to cooperate with other market participants for more business opportunities. In 2024, the Group had tried to collaborate with a counterpart for a lithium ion battery pack project regarding electric heavy goods vehicles in the PRC which was in turn terminated on March 2025 due to the change in business environment and discrepancies in financial risk management. In the future, the Group will continue to search for new investment opportunities with suitable partners in respect of battery production, energy storage technologies, raw materials provision and battery recycling.

As at the year ended, HK\$200,458,000 was receivable from the subsidiaries disposed in previous year. Throughout the year, the management had put considerable effort in collecting the debts. However, followed by the decease of the ultimate beneficial owner of those companies, the debt collection process had been prolonged. The Group will continue to negotiate with the corresponding parties, assess the recoverability and consider to provide for impairment when appropriate.

## **Prospect**

In early 2025, several new energy vehicles manufacturers had already imposed a discount package on their products including cash and other type of subsidy, as well as some flexible payment methods including no down payment and interest-free installments. The continuation of price competition may result in further price reduction pressure to the upstream suppliers. The lithium ion battery production market in the PRC in 2025 is expected to be characterised by increased production capacity, technological advancements, product sustainability, and evolving government policies. These trends will shape the competitive landscape and influence investment opportunities within the sector. The Group will continue to explore new opportunities and develop in new energy market taking market expansion, strategic partnerships and synergy effect into consideration, ultimately generate greater value to the shareholders in the future.

## **FINANCIAL REVIEW**

### **Revenue and gross profit ratio**

During the year, the Group's revenue was derived from its Lithium Ion Motive Battery Business, which had been decreased from HK\$129,159,000 to HK\$66,713,000 mainly due to deteriorated market condition. Gross profit narrowed as a result of adjustments to product price.

### **Other loss and income, net**

Other loss and income, net for the year amounted to loss of HK\$27,332,000 (2023: income of HK\$23,857,000), mainly represented impairment loss on property, plant and equipment of HK\$19,250,000.

### **Distribution and selling expenses**

During the year, the Group incurred distribution and selling expenses at approximately HK\$4,247,000 (2023: HK\$4,760,000) which mainly consisted of staff costs and entertainment expenses.

### **Administrative expenses**

Administrative expenses increased from HK\$117,525,000 to HK\$129,468,000, which mainly represented depreciation of HK\$64,382,000 (2023: HK\$47,148,000) and staff cost of HK\$18,246,000 (2023: HK\$22,252,000).



## **Finance costs**

Finance costs for the year decreased to approximately HK\$2,908,000 (2023: HK\$4,777,000) due to partial settlement of other borrowings during the year.

## **Basic and diluted loss per share**

Basic and diluted loss per share in the year ended 31 December 2024 were both HK69.54 cents (2023: HK60.48 cents).

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 had bank and cash balances of approximately HK\$9,552,000 (31 December 2023: HK\$2,598,000). The gearing ratio of the Group (which was expressed as a percentage of total borrowings over total equity) was 27.42% as at 31 December 2024 (31 December 2023: 21.15%).

## **EMPLOYMENT**

As at 31 December 2024, the Group had 123 employees (2023: 294), most of whom were working in the Company's subsidiaries in the PRC. During the year, the total employees' costs including Directors' emoluments were approximately HK\$24,864,000 (2023: HK\$31,129,000).

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 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 2024, the Group did not have any material contingent liabilities (2023: nil).

## PLEDGE OF ASSETS

Details of pledged assets as at 31 December 2024 are set out in Note 15 to this announcement.

## SHARE CAPITAL AND USE OF PROCEEDS

As at 31 December 2024, the Company's issued share capital is HK\$21,968,522 and the total number of issued ordinary shares is 219,685,228 shares of HK\$0.1 each.

### Rights Issue

On 18 September 2023, the Company approved the rights issue on the basis of three (3) rights share for every four (4) existing shares held on the record date to the qualifying shareholders of a maximum of 1,112,615,025 rights share at the subscription price of HK\$0.1 per rights share (the "Rights Issue") as detailed in the prospectus of the Company dated 10 January 2024 (the "Prospectus"). On 1 February 2024, the Rights Issue was completed and 593,365,583 rights shares were issued and allotted by the Company. Gross proceeds raised from the Rights Issue are approximately HK\$59.3 million and the net proceeds raised after expenses are approximately HK\$57.9 million. Net proceeds from the Rights Issue were applied as follow. Amount for intended use of proceeds was adjusted proportionally to reflect the actual subscription results.

		<b>Proportionated amount to the intended use of proceeds as mentioned in the Prospectus HK\$'000</b>	<b>Net proceeds utilised HK\$'000</b>	
(i)	Development of Lithium Ion Motive Battery Business	Modification of current facilities including purchase, replacement, testing and/or adjustment of machinery	5,829	60
		Modification and relocation of machines and equipment, enhancement of work flow and logistics upon further review	583	239
		Alteration of factory premises (including construction of staff canteen and addition of north-gate)	2,331	–
		Potential purchase of factory premise currently used by the Group	2,914	–
		Material cost, staff cost, utility and overhead cost of the factory	23,314	34,639

		<b>Proportionated amount to the intended use of proceeds as mentioned in the Prospectus HK\$'000</b>	<b>Net proceeds utilised HK\$'000</b>
(ii) General working capital	Rent for factory and dormitory, payroll, electricity, utility including steam and electricity and other office cost in the PRC	3,179	3,179
	Rent for office and dormitory, payroll and MPF in Hong Kong	318	318
	Repayment for account payables	2,332	2,332
(iii) Repayment of loan	Other borrowings with outstanding amount of approximately HK\$52.8 million as 31 December 2022 as mentioned in the 2022 Annual Report	17,115	17,148
		<u>57,915</u>	<u>57,915</u>

With the fact of market downturn for battery products in the PRC in the year, modification for current facilities was not in urgent need and was postponed. The management had utilised the corresponding amount for the purchase of factory premise and modification of current facility to settle the operation costs which included material cost, staff cost and other overhead. As at the date of this announcement, net proceeds from Rights Issue were fully utilised.

### **Subscription**

On 20 September 2024, the Company entered into the subscription agreement with Aerospace Lithium Battery (Hong Kong) Co., Limited (the “**Subscriber**”) to allot and issue 120,000,000 subscription shares at the subscription price of HK\$0.10 per subscription share (the “**Subscription**”). The Company intended to apply the net proceeds to support the Group’s operation for approximately four months for both Hong Kong head office and the production base in the PRC. On 7 October 2024, the Subscription was completed and 120,000,000 new ordinary shares was issued to the Subscriber by the Company. The net proceeds after deduction of expenses of the Subscription amounted to approximately HK\$11,740,000 had been fully utilised as intended as at the date of this announcement.

## Capital Reorganisation

The shareholders had approved the Share Consolidation, Capital Reduction and Sub-division (as defined below) as stated below at the special general meeting held on 13 December 2024.

- (i) every ten (10) issued and unissued existing shares with par value of HK\$0.1 each be consolidated into one (1) consolidated share with par value of HK\$1.0 each (“**Share Consolidation**”);
- (ii) immediately following the Share Consolidation becoming effective, any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation be cancelled, and the par value of each issued consolidated share be reduced from HK\$1.0 to HK\$0.1 by cancelling the paid-up share capital to the extent of HK\$0.9 per issued consolidated share, so that following such reduction, each issued consolidated share shall become one new share with par value of HK\$0.1 each (“**Capital Reduction**”). The credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company; and
- (iii) immediately following the Capital Reduction becoming effective, the sub-division whereby each authorised but unissued consolidated share be subdivided into ten (10) authorised but unissued new shares with par value of HK\$0.1 each (“**Sub-division**”).

The above became effective on 17 December 2024.

## EVENTS AFTER THE REPORTING PERIOD

At the special general meeting held on 30 December 2024, the shareholders approved the transactions contemplated under the joint venture agreement dated 1 November (the “**JV Agreement**”) entered into between the Company and the Subscriber in respect of the establishment of the joint venture companies (“**JV Companies**”) which aim to develop, assemble and sell lithium battery pack in the PRC.

On 1 March 2025, considering (i) the change in national policy in relation to new energy; and (ii) differences arisen between the contract parties regarding financing risk control with respect to the JV Companies, the contract parties entered into a deed of termination and mutually agreed to terminate the JV Agreement, and to release each other from its respective obligations thereunder, the Company shall also release the Subscriber from its lock-up undertaking given to the Company in respect of the Subscription.

As the JV Companies have yet to commence operation, it is expected that there will be no material adverse impact on the financial results of the Group due to the termination of the JV Agreement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2024, 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 (the "**CG Code**") contained in Appendix C1 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 2024, save for the deviations disclosed below, the Company had complied with all the applicable provisions set out in the CG Code:

Pursuant to the Code Provision C.1.6, independent non-executive Directors and non-executive Directors should attend general meetings of the Company. However, two executive Directors were absent from the annual general meeting of the Company held on 21 June 2024 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 C.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 had served as the chairman and the chief executive officer of the Company (the "**CEO**") from 1 August 2019 to 20 October 2024 which deviated from Code Provision C.2.1 of the CG Code. The Board considered that consolidation of these roles provided strong and consistent leadership to the Company which facilitates effective planning and efficient management of the Company. Since 20 October 2024, Mr. Wei Mingren serves as the Chairman of the Board while Mr. Tin Kong serves as the deputy CEO and is responsible for the overall management of the Group. The separation of these roles did not affect management effectiveness of the Group while at the same time enabled the Company to comply with Code Provision C.2.1 of the CG Code.

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 Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix C3 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 2024. 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 2024.

## **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 2024 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 2024. 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 2024 containing all the information as required by the Listing Rules will be available on the aforesaid websites and dispatched to the Shareholders in due course.

By order of the Board  
**TESSON HOLDINGS LIMITED**  
**Wei Mingren**  
*Chairman and Executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises Mr. Wei Qingwen, Mr. Wei Mingren, Mr. Chan Wei and Ms. Yu Xiaolei as executive Directors, and Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin as independent non-executive Directors.*