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TESSON HOLDINGS LIMITED

天臣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1201)

PROFIT WARNING

This announcement is made by Tesson Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 30 March 2022 in relation to the unaudited annual results for the year ended 31 December 2021 (the “**Unaudited Annual Results Announcement 2021**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement 2021.

The board hereby informs the shareholders of the Company and potential investors that, based on the latest information available to the Group and discussion with the Group’s auditors, it is expected that the Group will further record a loss of approximately HK\$174.7 million in regard of a potential impairment on goodwill.

Based on the Unaudited Annual Results Announcement 2021, the Group's goodwill amounted to HK\$224.9 million and an impairment of HK\$2.7 million had been made in 2021. The goodwill was derived from the Property and Cultural Business, specifically, its property development units. Following by the termination of a transaction of a commercial and residential land parcel in Lishui, Nanjing as detailed in the Unaudited Annual Results Announcement 2021, the Group encounters bottleneck in its future property development business. The management keeps actively seeking suitable land parcels for new property development project. However, up to the date of this announcement, having considered various factors including location, infrastructure, development scale and provincial market conditions, no land parcel was determined suitable for future development. The Group will not commence new property development project in the near future, and is considering the possibility of ceasing our property development business gradually, that also forms a basis for the potential impairment.

Considering the abovementioned and the latest overall market condition on real estate business in the PRC, further impairment is expected to be recorded on goodwill based on applicable accounting principles on a prudent basis. The impairment loss is likely to increase from HK\$2.7 million, to approximately HK\$182.9 million. After taking into account the potential impairment, the unaudited loss for the year ended 31 December 2021 of the Group will then increase from HK\$434.9 million as disclosed in the Unaudited Annual Results Announcement 2021, to approximately HK\$615.1 million. The impairment loss on goodwill is a non-cash item and does not impact the Group's cash flows and operations.

The information contained in this announcement is only a preliminary assessment by the Group based on the unaudited management accounts of the Group and the information currently available, which is subjected to change upon further review by the Company's auditors and the audit committee. The Company is still in the process of finalising the consolidated financial statements of the Group for the year ended 31 December 2021 which is expected to be published on 31 May 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Tesson Holdings Limited
Tin Kong
Chairman and Executive Director

Hong Kong, 27 May 2022

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