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TESSON HOLDINGS LIMITED

天臣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARE FOR EVERY FOUR (4) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes to increase the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 unissued Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the SGM, and the Increase in Authorised Share Capital will become effective on the date of the SGM upon the passing of the relevant ordinary resolution.

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$111.3 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 1,112,615,025 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of three (3) Rights Share for every four (4) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$109.3 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.1.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue. The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Double Key International Limited, being the Controlling Shareholder, holds 775,894,533 Shares, representing approximately 52.30% of the issued share capital of the Company.

On 7 June 2023, the Company received from Double Key International Limited the Irrevocable Undertaking, pursuant to which:

- (i) Double Key International Limited has unconditionally and irrevocably undertaken to the Company to subscribe for 581,920,899 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 775,894,533 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents; and
- (ii) Double Key International Limited has unconditionally and irrevocably undertaken to the Company to ensure that the 775,894,533 Shares currently beneficially owned by it will not be sold, disposed or transferred by it and will remain beneficially owned by it on the Record Date.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this announcement, Double Key International Limited, being a Controlling Shareholder, directly holds 775,894,533 Shares (representing approximately 52.30% of the issued share capital of the Company as at the date of this announcement). Double Key International Limited is a company wholly owned by Ms. Cheng Hung Mui who is an executive Director. Accordingly, Double Key International Limited, Ms. Cheng Hung Mui and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

SBI China Capital Hong Kong Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the transactions contemplated thereunder and the voting recommendation on the relevant resolution.

The Circular containing, among other things, (i) details of the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Thursday, 29 June 2023.

RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes to increase the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 unissued Shares. The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution by the Shareholders at the SGM, and the Increase in Authorised Share Capital will become effective on the date of the SGM upon the passing of the relevant ordinary resolution.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to raise funds by the Rights Issue, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$111.3 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 1,112,615,025 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of three (3) Rights Share for every four (4) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The principal terms of the Rights Issue are as follows:

Rights Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Share for every four (4) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share

- Number of Shares in issue : 1,483,486,700 Shares
as at the date of this
announcement
- Maximum number of Rights : 1,112,615,025 Rights Shares (assuming no change in the
Shares to be issued number of Shares in issue on or before the Record Date)
under the Rights Issue
(assuming the Rights
Issue is fully subscribed)
- Maximum total number of : 2,596,101,725 Shares (assuming no change in the number
issued Shares as enlarged of Shares in issue on or before the Record Date and that no
by the Rights Issue new Shares (other than the Rights Shares) will be allotted
(assuming the Rights and issued on or before completion of the Rights Issue)
Issue is fully subscribed)
- Maximum amount to be : No more than approximately HK\$111.3 million
raised before expenses
(assuming the Rights
Issue is fully subscribed)
- Right of excess applications : Qualifying Shareholders may apply for Rights Shares in
excess of their provisional allotments

As at the date of this announcement, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,112,615,025 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 75% of the issued share capital of the Company as at the date of this announcement and will represent approximately 42.9% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 11.5% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.5% to the average closing price of approximately HK\$0.113 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 9.1% to the average closing price of approximately HK\$0.110 per Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.1% to the theoretical ex-rights price of approximately HK\$0.11 per Share based on the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 72.2% to the latest published audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.36 (based on the net asset value attributable to the owners of the Company as at 31 December 2022 of approximately HK\$528.8 million as shown in the Company's annual report for the year ended 31 December 2022 and 1,483,486,700 Shares in issue as at the date of this announcement); and

- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.7%, represented by a discount of the theoretical diluted price of approximately HK\$0.11 per Share to the benchmarked price of approximately HK\$0.113 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.113 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.113 per Share).

The Subscription Price of the Rights Issue were determined with reference to and having considered (i) the prevailing volatile market conditions of the Hong Kong stock market; (ii) the prices of the Shares during the period from 3 January 2023 to the Last Trading Day, the closing price of which fluctuated between HK\$0.095 to HK\$0.129, representing a deep discount to the latest published audited consolidated net asset value per Share as at 31 December 2022; (iii) the financial performance of the Group for the year ended 31 December 2022; (iv) the relative large fund-raising size when compared with the market capitalisation of the Company as at the Last Trading Day, it would be reasonable to set the Subscription Price at a relatively deep discount for attracting the qualifying shareholders to participate in the Rights Issue; and (v) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reason for the Rights Issue and the Use of Proceeds”, and the amount of funds the Company intends to raise under the Rights Issue.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue.

The Directors noted that the Subscription Price represents a discount of approximately 72.2% to the net asset value attributable to the owners of the Company as at 31 December 2022. It was also noted that the Shares had been in general traded at a substantial discount to the consolidated net assets attributable to owners of the Company per Share over the past six months immediately preceding the Last Trading Day. Therefore, the Directors consider that the current market price of the Shares in fact reflects the value of the Shares that is generally perceived by the market having taken into account all business segments of the Group as well as the prevailing market conditions. Accordingly, the net asset value per Share is not a meaningful benchmark to assess the Subscription Price, instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price in this regard.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Increase in Authorised Share Capital having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Posting Date;
- (v) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Friday, 15 September 2023 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be three (3) Rights Share (in nil-paid form) for every four (4) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Friday, 18 August 2023.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Shareholders, who are not Non-Qualifying Shareholders, having a registered address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

In order to be registered as a member of the Company by the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by no later than 4:30 p.m. on the Last Day for Transfer. The last day for dealing in Shares on a cum-rights basis is Tuesday, 25 July 2023, and the Shares will be dealt with on an ex-rights basis starting from Wednesday, 26 July 2023.

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

This announcement is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Friday, 18 August 2023.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Monday, 28 August 2023. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Monday, 28 August 2023 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Stamp duty and taxation

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 3,000 Shares.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Friday, 28 July 2023 to Thursday, 3 August 2023 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

INDICATIVE TIMETABLE FOR THE RIGHTS ISSUE

Events	Hong Kong Date and Time 2023
Date of this announcement	Wednesday, 7 June
Expected despatch date of the Circular, proxy form and the notice of the SGM	Thursday, 29 June
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Thursday, 13 July
Closure of register of members of the Company (both days inclusive).	Friday, 14 July to Monday, 24 July
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Saturday, 22 July
Record date for attendance and voting at the SGM	Monday, 24 July
Expected time and date of the SGM	11:00 a.m. on Monday, 24 July

**Hong Kong Date and Time
2023**

Events

Announcement of the poll results of the SGM	Monday, 24 July
Last day of dealings in Shares on a cum-rights basis	Tuesday, 25 July
First day of dealings in Shares on an ex-rights basis	Wednesday, 26 July
Latest time for lodging transfers of Shares on the Last Day for Transfer in order to qualify for the Rights Issue.	4:30 p.m. on Thursday, 27 July
Closure of register of members for determining entitlements under the Rights Issue (both days inclusive)	Friday, 28 July to Thursday, 3 August
Record Date for determining entitlements under the Rights Issue.	Thursday, 3 August
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only) on the Prospectus Posting Date	Friday, 4 August
First day of dealings in nil-paid Rights Shares	Tuesday, 8 August
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Thursday, 10 August
Last day of dealings in nil-paid Rights Shares	Tuesday, 15 August
Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares.	4:00 p.m. on Friday, 18 August
Announcement of the results of the Rights Issue	Friday, 25 August
Despatch of Share certificates for the fully-paid Rights Shares and/or refund cheques on or before	Monday, 28 August
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 29 August

All times in this announcement refer to Hong Kong local times. Dates specified above are indicative only and may be varied by the Company. If there is any change to the above indicative timings, an announcement will be made by the Company as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares

The latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 18 August 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 18 August 2023. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares does not take place on Friday, 18 August 2023, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Double Key International Limited, being the Controlling Shareholder, holds 775,894,533 Shares, representing approximately 52.30% of the issued share capital of the Company.

On 7 June 2023, the Company received from Double Key International Limited the Irrevocable Undertaking, pursuant to which:

- (i) Double Key International Limited has unconditionally and irrevocably undertaken to the Company to subscribe for 581,920,899 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 775,894,533 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents; and
- (ii) Double Key International Limited has unconditionally and irrevocably undertaken to the Company to ensure that the 775,894,533 Shares currently beneficially owned by it will not be sold, disposed or transferred by it and will remain beneficially owned by it on the Record Date.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming (a) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; or (b) none of the Qualifying Shareholders other than Double Key International Limited and its associates have taken up their respective entitlements of the Rights Shares and applied for all Excess Rights Shares, and assuming no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, are expected to be as follows:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		(iii) Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders other than Double Key International Limited and its associates have taken up their respective entitlement of the Rights Shares and applied for all Excess Rights Shares	
	Number of Shares	Appro. %	Number of Shares	Appro. %	Number of Shares	Appro. %
Double Key International Limited (Note)	775,894,533	52.30	1,357,815,432	52.30	1,357,815,432	65.74
Public Shareholders	707,592,167	47.70	1,238,286,293	47.70	707,592,167	34.26
Total	1,483,486,700	100	2,596,101,725	100	2,065,407,599	100

Note: Double Key International Limited is wholly-owned by Ms. Cheng Hung Mui who is an executive Director.

INFORMATION ON THE GROUP

The Group is 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.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Under the current global trend of interest rates hike environment and taking into account the Group's capital requirements and savings in underwriting costs by conducting the Rights Issue on a non-underwritten basis, the Directors have weighted the costs, benefits and timings of different types of fund-raising alternatives available to the Group including but not limited to debt financing and other equity fund raising such as placement of shares, and the possible impacts on the interests of Shareholders and consider the Rights Issue to be currently the preferred means for the Group to enhance its financial position without increasing its gearing or finance costs. The Board believes that the enhanced capital position of the Company from the Rights Issue will provide the Group with immediate financial resources for future development, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom.

Assuming all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$109.3 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.1.

The net proceeds from the Rights Issue are currently intended to be applied as to (i) approximately HK\$66 million (or approximately 60.4%) of which will be used for development of the Group's Lithium Ion Motive Battery Business, which include improving current facilities to enhance the production capacity, and redeployment of manpower and facilities to enhance production efficiency, as well as the arrangement of logistics of the goods; (ii) approximately HK\$11 million (or approximately 10.1%) of which will be used for the Group's general working capital purposes, including but not limited to, settlement of purchase of raw material, staff costs, utility costs and other office overheads; and (iii) approximately HK\$32.3 million (or approximately 29.5%) of which will be used for repayment of loan, which is unsecured, repayable within one year and bears interests at 8% per annum as at 31 December 2022. The remaining loan balance will be settled by internal resources. The Company will update Shareholders on the use of proceeds as appropriate in accordance with the Listing Rules.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole for the reasons stated above.

EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
6 November 2022	Placing of new shares under general mandate	Approximately HK\$10.47 million	The Group's general working capital	Fully utilised for the Group's general working capital

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this announcement, Double Key International Limited, being a Controlling Shareholder, directly holds 775,894,533 Shares (representing approximately 52.30% of the issued share capital of the Company as at the date of this announcement). Double Key International Limited is a company wholly owned by Ms. Cheng Hung Mui who is an executive Director. Accordingly, Double Key International Limited, Ms. Cheng Hung Mui and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

SBI China Capital Hong Kong Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the transactions contemplated thereunder and the voting recommendation on the relevant resolution.

SGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The SGM will be convened and held to consider and, if thought fit, approve, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder.

The Controlling Shareholder and its respective associates and Shareholders who are involved in or interested in the Rights Issue will be required to abstain from voting in respect of the resolution(s) to approve the Rights Issue at the SGM.

DESPATCH OF PROSPECTUS DOCUMENTS AND CIRCULAR

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL and EAF on or before Thursday, 29 June 2023. A copy of the Prospectus will also be made available on the websites of the Company (www.tessonholdings.com) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL and EAF to them.

The Circular containing, among other things, (i) details of the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Thursday, 29 June 2023.

RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the meanings respectively ascribed below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday, a public holiday and a day on which typhoon signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Increase in Authorised Share Capital and the Rights Issue
“Company”	Tesson Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1201)
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares

“Independent Board Committee”	the Independent Board Committee which comprises all the independent non-executive Directors, namely, Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin, established to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor
“Independent Financial Adviser” or “SBI China Capital”	SBI China Capital Hong Kong Securities Limited, a licensed corporation to carry out Type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	Shareholders other than (i) the Controlling Shareholder and its respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the SGM
“Irrevocable Undertaking”	a letter of irrevocable undertaking dated 7 June 2023 executed by Double Key International Limited in favour of the Company, the principal terms of which are disclosed in the paragraph headed “Irrevocable Undertaking” in this announcement
“Last Day for Transfer”	Thursday, 27 July 2023, or such other date as the Company may determine, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company in order to qualify for the Rights Issue
“Last Trading Day”	Wednesday, 7 June 2023, being the date of this announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 18 August 2023, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lithium Ion Motive Battery Business”	the Group’s principal activity, which is 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

“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Prospectus Posting Date”	Friday, 4 August 2023, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 3 August 2023, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Share for every four (4) existing Shares held on the Record Date at the Subscription Price

“Rights Share(s)”	up to 1,112,615,025 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 per Rights Share under the Rights Issue
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC (as may be amended from time to time)
“United States”	the United States of America
“%”	per cent.

By Order of the Board
Tesson Holdings Limited
Tin Kong
Chairman

Hong Kong, 7 June 2023

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