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## **TESSON HOLDINGS LIMITED**

**天臣控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1201)**

### **DISCLOSEABLE TRANSACTION CAPITAL INCREASE AGREEMENT**

#### **THE CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 9 May 2018 (after trading hours), Nanjing Investment, an indirect non-wholly owned subsidiary of the Company entered into the Capital Increase Agreement with the Target Company and Mr. Wang, pursuant to which Nanjing Investment agreed to make a capital contribution of RMB19,000,000 to the Target Company. Upon Completion, the registered capital of the Target Company will be increased from RMB1,000,000 to RMB20,000,000. The Target Company will be owned as to 95% by Nanjing Investment and 5% by Mr. Wang, and will become an indirect non-wholly owned subsidiary of the Company.

#### **LISTING RULES IMPLICATION**

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Contribution are more than 5% but less than 25%, the transaction contemplated under the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on 9 May 2018 (after trading hours), Nanjing Investment, an indirect non-wholly owned subsidiary of the Company entered into the Capital Increase Agreement with the Target Company and Mr. Wang, pursuant to which Nanjing Investment agreed to make a capital contribution of RMB19,000,000 to the Target Company. Upon Completion, the registered capital of the Target Company will be owned as to 95% by Nanjing Investment and 5% by Mr. Wang and the total registered capital of the Target Company will be increased from RMB1,000,000 to RMB20,000,000.

## **THE CAPITAL INCREASE AGREEMENT**

Principal terms of the Capital Increase Agreement are set out below:

### **Date**

9 May 2018 (after trading hours)

### **Parties involved**

- (i) Nanjing Investment, an indirect non-wholly owned subsidiary of the Company;
- (ii) Mr. Wang; and
- (iii) the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owner, namely Mr. Wang are Independent Third Parties.

### **Subject matter**

Pursuant to the Capital Increase Agreement, Nanjing Investment agreed to make a capital contribution of RMB19,000,000 to the Target Company. Upon Completion, the registered capital of the Target Company will be increased from RMB1,000,000 to RMB20,000,000. The Target Company will be owned as to 95% by Nanjing Investment and 5% by Mr. Wang, and will become an indirect non-wholly owned subsidiary of the Company.

## Capital contribution

Pursuant to the Capital Increase Agreement, Nanjing Investment shall inject RMB19,000,000 in cash into the Target Company before 30 December 2020.

The Capital Contribution under the Capital Increase Agreement was agreed among the parties after arm's length negotiation taking into consideration, inter alia, (i) the Target Group's unaudited consolidated net assets value of approximately RMB34,205,000 as at 31 December 2017; and (ii) the prospects of the cultural and creative industries. The Capital Contribution will be funded by internal resources of the Group.

## INFORMATION ON THE TARGET GROUP

The Target Company was established under the laws of the PRC with limited liability on 15 October 2012 with registered capital of RMB1,000,000. As at the date of this announcement, (i) the Target Company is owned as to 100% by Mr. Wang, an Independent Third Party; (ii) the Target Company holds 51% equity interest in Guangzhou Lingzhong, which was established under the laws of the PRC with limited liability on 27 March 2006 with registered capital of RMB5,836,735; and (iii) the remaining 49% equity interest in Guangzhou Lingzhong is held by Independent Third Parties. The Target Group is principally engaged in cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering.

Set out below is the unaudited consolidated financial information on the Target Group for the two years ended 31 December 2017 prepared in accordance with Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2017</b> <i>(approximately)</i> <i>RMB'000</i>	<b>For the year ended 31 December 2016</b> <i>(approximately)</i> <i>RMB'000</i>
Net (loss)/profit before taxation	(856)	22,052
Net (loss)/profit after taxation	(856)	15,805

As at 31 December 2017, the unaudited consolidated net assets value of the Target Group was approximately RMB34,205,000.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the Lithium Ion Motive Battery Business.

The Board expects that the Capital Contribution will enable the Group to engage in the cultural and creative industries, so as to diversify the income streams of the Group and broaden its revenue base with a view to generate higher investment returns.

The Directors consider that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Contribution are more than 5% but less than 25%, the transaction contemplated under the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meaning:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Capital Contribution”	the contribution of an aggregate amount of RMB19,000,000 by Nanjing Investment pursuant to the Capital Increase Agreement

“Capital Increase”	the proposed increase of an aggregate of RMB19,000,000 in the fully paid registered capital of the Target Company by Nanjing Investment pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 9 May 2018 entered into among Nanjing Investment, the Target Company and Mr. Wang
“Company”	Tesson Holdings Limited (stock code: 1201), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Capital Increase in accordance with the terms and conditions of the Capital Increase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Lingzhong”	Guangzhou Lingzhong Advertising Company Limited* (廣州靈眾廣告有限公司), a company incorporated in PRC with limited liability, being a non-wholly owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective shareholders, ultimate beneficial owners (if applicable) and associate(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lithium Ion Motive Battery Business”	one of the Group’s principal business activities, which is 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
“Mr. Wang”	Mr. Wang Junhua (王俊華)
“Nanjing Investment”	Nanjing Rongzhou Cultural Industry Investment Company Limited* (南京容州文化產業投資有限公司), a company incorporated in PRC with limited liability
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Target Company”	Nanning Rongzhou Cultural Broadcasting Company Limited* (南寧容州文化傳播有限公司), a company incorporated in the PRC with limited liability

“Target Group”	the Target Company and Guangzhou Lingzhong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Tesson Holdings Limited**  
**Ting Kong**  
*Chairman*

Hong Kong, 9 May 2018

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

\* *for identification purpose.*