

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TESSON HOLDINGS LIMITED

天臣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF LAND PLOTS IN LISHUI DISTRICT

ACQUISITION I

The Board is pleased to announce that, after trading hours on 16 October 2018, Purchaser I won the bid for acquiring the land use rights of Land Plot I, which is located in Lishui District, at a consideration of RMB54,910,000. Purchaser I and the Vendor entered into the Confirmation Letter, confirming the successful bidding of the land use rights of Land Plot I on 16 October 2018. Land Plot I is planned to be developed into Production and Research Facilities for the Lithium Ion Motive Battery Business.

ACQUISITION II

Following the successful acquisition of Land Plot I through public auction, Purchaser II fulfilled the requirements for obtaining the land use rights of Land Plot II, which is located in Lishui District, at a consideration of RMB650,000,000. Land Plot II is planned to be developed into residential and commercial complex, the residential units of which are planned to be sold to the Group's staff, who will work in the Production and Research Facilities.

The Board is of the view that the acquisition of Land Plot I and Land Plot II forms part of the same transaction, as the planned residential and commercial usage of Land Plot II is complementary to the planned industrial usage of Land Plot I.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of Acquisition I exceeds 5% but is less than 25%, Acquisition I, on a standalone basis, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of Acquisition II, standing alone or in aggregate with Acquisition I, exceeds 25% but is less than 100%, Acquisition II, together with Acquisition I, constitutes a major transaction for the Company and the Acquisitions are subject to the reporting, announcement and circular requirements under the Listing Rules.

As no shareholder is interested in the Acquisitions and required to abstain from voting at the general meeting convened for the approval of the Acquisitions, the Company has approved the Acquisitions by the written approval of Double Key International Limited, a shareholder holding 785,887,533 Shares which accounted for approximately 66.25% of the issued share capital of the Company as at the date of this announcement, pursuant to Rule 14.44 of the Listing Rules and is exempt from the requirement to convene a shareholders' meeting for the approval of the Acquisitions.

A circular containing further information in relation to the Acquisitions as required under the Listing Rules will be despatched by the Company to the Shareholders pursuant to the Listing Rules on or before 6 November 2018.

ACQUISITION I

Date: 16 October 2018 (being the date the Company won the bid of Land Plot I)

Parties: (1) Purchaser I
(2) Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Purchase price: The successful bidding price for the land use rights of Land Plot I is RMB54,910,000.

The purchase price was arrived at a successful bid by Purchaser I under the public tender held by the Vendor in accordance with the relevant PRC laws and regulations. In determining the bidding price, the Company has considered a number of factors, such as the location and size of Land Plot I, potential development value and the prevailing market conditions.

Purchaser I has paid the Vendor an amount of approximately RMB10,990,000 as deposit, which will form part of the purchase price.

The purchase price for Land Plot I will be funded by the internal resources of the Group.

Information on Land Plot I: Land Plot I, with site area of 228,782.45 sq. m., is planned to be developed into the Production and Research Facilities. The land use rights of Land Plot I have a term of 50 years.

ACQUISITION II

Date: 16 October 2018 (being the date of fulfillment of all conditions for acquiring Land Plot II)

Parties: (1) Purchaser II
(2) Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Purchase price: The successful bidding price for the land use rights of Land Plot II is RMB650,000,000.

The purchase price was arrived at a successful bid by Purchaser II under the public tender held by the Vendor in accordance with the relevant PRC laws and regulations. In determining the bidding price, the Company has considered a number of factors, such as the location and size of Land Plot II, potential development value and the prevailing market conditions.

Purchaser II has paid the Vendor an amount of RMB500,000,000 as deposit for the bid for the public tender, which has formed part of the purchase price.

The purchase price for Land Plot II will be funded by the internal resources of the Group.

Information on
Land Plot II:

Land Plot II, with site area of 104,600.43 sq. m., is planned to be developed into, among other things, residential and commercial complex, comprising residential units which are planned to be sold to the Group's staff, who will be working in the Production and Research Facilities, and other developments and facilities in accordance with the government approved planning and requirements. The land use rights of Land Plot II have a term of 40 years for commercial use and a term of 70 years for residential use.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the Lithium Ion Motive Battery Business, and commenced its cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering during the year.

As announced in the annual report of the Company for the year ended 31 December 2017, the Group expects to benefit from the implementation of the national policy "China Manufacturing 2025"* (《中國製造2025》), where (a) new energy vehicles that involve national energy security, environmental protection and reshaping of automotive industry chain are going to enjoy long-term development prospects, and (b) the PRC government is expected to continue its effort in releasing preferential policies to support the growth and development of new energy industries, such as the motive batteries industry.

In line with the national initiative in supporting the development of new energy industries, the government of Lishui District is committed to expedite the development of new energy industries and to promote technological advancement of Lishui District. In this regard, Lishui District has been identified as a priority development base, or a National Base with Torch Characteristic* (國家火炬特色產業基地), for developing new energy cars and related industries pursuant to the "The Management Rules for Developing Industries with National Torch Characteristics"* (《國家火炬特色產業基地建設管理辦法》) promulgated by the Ministry of Science & Technology. According to the Secretary of Economic Development Bureau of the Lishui Economic Development Zone Management Committee* (溧水經濟開發區管委會經濟發展局), the development zone has been focusing on developing new energy cars and related industries since 2011, where such industries are expected to lead the economic transformation of the development zone. Since 2017, the government of Nanjing has been encouraging foreign investment in new energy cars and related industries.

The Board is of the view that the relevant government authorities of Lishui District listed Land Plot I and Land Plot II for sale through public auction under the above context, and the sale of Land Plot I and Land Plot II are part and parcel of one transaction. In this regard, the planned residential and commercial development of Land Plot II are complementary to the planned industrial development of Land Plot I, where the residential properties to be developed on Land Plot II are planned to be sold to the Group's staff who will be working in the Production and Research Facilities to be developed on Land Plot I. The Group's view that the purchase of Land Plot I and Land Plot II are part and parcel of one transaction is further supported by the advice of the Company's PRC legal adviser that, as the usage of Land Plot II is complementary to that of Land Plot I, the Group's acquisition of the land use rights of Land Plot II cannot be ascertained until the Group has successfully acquired Land Plot I, which has now been materialised.

The Board believes that the Acquisitions are in line with the Group's development strategy and allow the Group to acquire a permanent production base (that complements the housing and other commercial needs of its staff) in the Lishui Economic Development Zone, which is committed to developing new energy cars and related industries. The acquisition of Land Plot I also secures the Group's ownership with respect to Land Plot II. Accordingly, the Board considers that the Acquisitions will be beneficial to the Company and its Shareholders as a whole. The Directors are of the view that the terms of the Acquisitions are on normal commercial terms, which are fair and reasonable and are in the interests of the Company and the Shareholders taken as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of Acquisition I exceeds 5% but is less than 25%, Acquisition I, on a standalone basis, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under Acquisition II, standing alone or in aggregate with Acquisition I, exceeds 25% but is less than 100%, Acquisition II, together with Acquisition I, constitutes a major transaction of the Company and the Acquisitions are subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As no shareholder is interested in the Acquisitions and required to abstain from voting at the general meeting convened for the approval of the Acquisitions, the Company has approved the Acquisitions by the written approval of Double Key International Limited, a shareholder holding 785,887,533 Shares which accounted for approximately 66.25% of the issued share capital of the Company as at the date of this announcement, pursuant to Rule 14.44 of the Listing Rules and is exempt from the requirement to convene a shareholders' meeting for the approval of the Acquisitions.

A circular containing further information in relation to the Acquisitions as required under the Listing Rules will be despatched by the Company to the Shareholders pursuant to the Listing Rules on or before 6 November 2018.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

| | |
|------------------|---|
| “Acquisitions” | the acquisition of Land Plot I and Land Plot II |
| “Acquisition I” | the acquisition of Land Plot I |
| “Acquisition II” | the acquisition of Land Plot II |
| “Board” | the board of Directors |
| “Business Day” | a day (excluding a Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business during their normal business hours |

| | |
|-----------------------------|---|
| “Company” | Tesson Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1201) |
| “Confirmation Letter” | the confirmation letter dated 16 October 2018 entered into between Purchaser I and the Vendor confirming the successful bidding of the land use rights of Land Plot I at RMB54,910,000 by Purchaser I |
| “connected person(s)” | bears the meaning ascribed in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Parties” | 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, and the term “Independent Third Party” shall be construed accordingly |
| “Land Plot I” | a parcel of land located in Lishui District with a site area of 228,782.45 sq. m. for construction of Production and Research Facilities |

| | |
|---------------------------------------|---|
| “Land Plot II” | a parcel of land located in Lishui District with a site area of 104,600.43 sq. m. for developing into residential and commercial complex, the residential units of which are planned to be sold to the Group’s staff, who will work in the Production and Research Facilities |
| “Lishui District” | Lishui District (溧水區), Nanjing City, Jiangsu Province, the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “Lithium Ion Motive Battery Business” | one of the Group 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 |
| “Production and Research Facilities” | the production plants, buildings, research and development centres and logistic centres for the Lithium Ion Motive Battery Business of the Group |
| “Purchaser I” | Tesson New Energy Company Limited* (天臣新能源有限公司), an indirect non-wholly owned subsidiary of the Company, a company incorporated in PRC with limited liability |
| “Purchaser II” | Nanjing Rongzhou Cultural Industry Investment Company Limited* (南京容州文化產業投資有限公司), an indirect non-wholly owned subsidiary of the Company, 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 PRC |
| “sq. m.” | square metres |
| “Share(s)” | the ordinary Share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Nanjing Bureau of Land and Resources* (南京市國土資源局), a government body in the PRC responsible for, among other things, management of land resources |
| “%” | per cent |

By order of the Board
Tesson Holdings Limited
Tin Kong
Chairman

* *for identification purpose only*

Hong Kong, 18 October 2018

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