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## TESSON HOLDINGS LIMITED

天臣控股有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1201)

### PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 7 August 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place, on a best efforts basis, as agent for the Company, up to 15,000,000 Placing Shares to the Placees at a price of HK\$0.50 per Placing Share.

The maximum of 15,000,000 Placing Shares under the Placing represent (i) approximately 1.26% of the existing issued share capital of the Company of 1,186,315,700 Shares as at the date of this announcement; and (ii) approximately 1.25% of the Company's issued share capital of 1,201,315,700 Shares as enlarged by the Placing Shares (assuming the Placing is completed in full).

On the assumption that all Placing Shares are fully placed, the gross proceeds arising from the Placing will be approximately HK\$7.5 million and the net proceeds arising from the Placing will amount to approximately HK\$7.3 million which is intended to be used for the purpose of general working capital of the Company.

#### **GENERAL MANDATE**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

**Date:** 7 August 2019 (after trading hours)

**Issuer:** The Company

**Placing Agent:** The Placing Agent

The Placing Agent has been appointed to procure on a best efforts basis Placees to subscribe for the Placing Shares at the Placing Price during the Placing Period.

The Placing Agent will receive the higher of (1) an agreed rate of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent and (2) an amount agreed by the Company and the Placing Agent, as placing commission. The Directors are of the view that the placing commission payable to the Placing Agent pursuant to the Placing Agreement is at normal market rate and was arrived at after arm's length negotiations between the Company and the Placing Agent, and therefore it is fair and reasonable.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placees**

The Placing Shares will be placed to not less than six Placees, who shall be professional, institutional or other investors, and who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees will become substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Placing.

### **Placing Shares**

The maximum of 15,000,000 Placing Shares under the Placing represent (i) approximately 1.26% of the existing issued share capital of the Company of 1,186,315,700 Shares as at the date of this announcement; and (ii) approximately 1.25% of the Company's issued share capital of 1,201,315,700 Shares as enlarged by the Placing Shares (assuming the Placing is completed in full). The Placing Shares have an aggregate nominal value of HK\$1.5 million.

## **Ranking of Placing Shares**

Subject to the lock-up undertakings, the Placing Shares when allotted and issued, will rank *pari passu* in all respects with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

## **Lock Up Undertaking**

The Placing Agent has undertaken to the Company to procure each of the Placees to undertake to the Company and the Placing Agent that, except with the prior written consent of the Company and the Placing Agent, such Placee will not, and will procure the shareholder(s) or ultimate beneficial owner(s) of such Placee not to, for a period of 12 months commencing from the Closing Date:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Placing Shares or any interests therein beneficially owned or held by such Placee or any securities convertible into or exercisable or exchangeable for any such Placing Shares or interests; or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Placing Shares,

whether any such transaction described in paragraph (a) or (b) above is to be settled by delivery of Placing Shares or such other securities, in cash or otherwise; or

- (c) announce any intention to enter into or effect any such transaction described in paragraph (a) or (b) above.

## **Placing Price**

The Placing Price of HK\$0.50 represents:

- (i) a premium of approximately 1.01% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 7 August 2019, being the date of the Placing Agreement; and

- (ii) a premium of approximately 1.83% to the average closing price of HK\$0.491 per Share for the last five consecutive trading days up to and including the Last Trading Day.

After deduction of relevant expenses of Placing, the net placing price per Placing Share is approximately HK\$0.49.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

### **General Mandate**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM, (i.e. 237,263,140 Shares, representing 20% of 1,186,315,700 Shares in issue as at the date of the AGM). Up to the date of this announcement, no Shares have been allotted and issued under the General Mandate. If the maximum of 15,000,000 Placing Shares are successfully placed, such Placing Shares, when allotted and issued, will utilize approximately 6.32% of the General Mandate. The Placing is not subject to Shareholders' approval.

### **Conditions of the Placing**

Completion of the Placing is conditional upon, among other things, the listing committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently revoked prior to the delivery of valid and definitive share certificate(s) representing the Placing Shares to Hong Kong Securities Clearing Company Limited).

Application will be made to the listing committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares to be issued.

In the event that the condition of the Placing is not fulfilled in full on or before the Long Stop Date, the Placing Agreement shall terminate and neither the Company nor the Placing Agent shall have any obligations and liabilities under the Placing Agreement (save and except any liability for antecedent breaches and provided that the Company shall remain liable for the payment of any costs, charges and expenses as agreed under the Placing Agreement).

### **Termination**

The Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement without liability to the Company by giving notice to the Company if at any time on or prior to the Closing Date:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing;
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

### **Completion of the Placing**

Completion of the Placing shall take place on the Closing Date.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group principally engaged in the Lithium Ion Motive Battery Business and the Property and Cultural Business.

On the assumption that all Placing Shares are fully placed, the gross proceeds arising from the Placing will be up to approximately HK\$7.5 million and the net proceeds arising from the Placing will amount to approximately HK\$7.3 million which is intended to be used for the purpose of general working capital of the Company. The net proceeds raised per Placing Share upon the completion of the Placing will be approximately HK\$0.49 per Placing Share.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. The net proceeds of the Placing will strengthen the Group's financial position. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE

Assuming (i) there will not be any change in the issued share capital of the Company and (ii) none of the outstanding Convertible Bonds will be converted from the date of this announcement up to the completion of the Placing, the existing and enlarged shareholding structure of the Company immediately before and after the completion of the Placing is set out below:

	As at the date of this announcement		Immediately after completion of the Placing assuming all Placing Shares are fully placed, allotted and issued	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Double Key	785,887,533	66.25	785,887,533	65.42
Lankai Limited ( <i>Note</i> )	100,000,000	8.43	100,000,000	8.32
Placees	–	–	15,000,000	1.25
Other public shareholders	300,428,167	25.32	300,428,167	25.01
Total	<u>1,186,315,700</u>	<u>100.00</u>	<u>1,201,315,700</u>	<u>100.00</u>

*Note:* Lankai Limited is wholly owned by Mr. Li Yujun, an Independent Third Party.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not raised any funds on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 10 June 2019
“Board”	board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong during normal working hours
“Closing Date”	the date on which the Placing Shares will be allotted and issued to the Placees in exchange for the payment of the net proceeds of the Placing to the Company, which shall be the date falling within five Business Days after the date on which the conditions of the Placing Agreement are fulfilled, but in any event no later than five Business Days following the Long Stop Date unless otherwise agreed between the Company and the Placing Agent in writing
“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

“Convertible Bonds”	the convertible bonds due 2036 with an aggregate principal amount of HK\$300,000,000 as announced by the Company on 17 January 2017, the aggregate outstanding principal amount of which was HK\$60,000,000 as at the date of this announcement
“Directors”	directors of the Company
“Double Key”	Double Key International Limited, which (i) is a company incorporated in the British Virgin Islands with limited liability; (ii) is a controlling shareholder of the Company; and (iii) is wholly-owned by Ms. Cheng Hung Mui who is an executive Director
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Director by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules)
“Last Trading Day”	6 August 2019, being the last trading day for the Shares before the date of this announcement
“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
“Long Stop Date”	the day falling ten Business Days after the date of the Placing Agreement, or such other date as may be agreed between the Company and the Placing Agent
“Placee(s)”	any professional, institutional or other investor procured by or on behalf of the Placing Agent to subscribe for any Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Southwest Securities (HK) Brokerage Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 7 August 2019 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	means the period commencing upon the date of the Placing Agreement and terminating at completion on the Closing Date, unless terminated earlier pursuant to the Placing Agreement
“Placing Price”	HK\$0.50 per Placing Share

“Placing Shares(s)”	up to 15,000,000 new Shares to be allotted and issued by the Company and placed through the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property and Cultural Business”	one of the Group’s business segments, which is property development business, as well as the cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 August 2019

*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 Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin as independent non-executive Directors.*