THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tesson Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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 DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF NANJING RONGZHOU CULTURAL INDUSTRY INVESTMENT COMPANY LIMITED

Capitalised terms used on this cover page shall have the same meanings as defined in the section headed “Definitions” in this circular unless the context otherwise requires.

A letter from the Board is set out on pages 4 to 13 of this circular.

The Disposal has been approved by written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

31 August 2022

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Announcement"	the announcement of the Company dated 7 June 2022 in relation to the Disposal
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong and the PRC are generally open for business
"Company"	Tesson Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1201)
"Completion"	completion of the Disposal in accordance with the SPA
"Completion Date"	the date when the filing requirement and administrative procedures in relation to the change of title to the Sale Shares and modification of industrial and commercial registration of the Disposal Company is officially completed, being the date on which Completion takes place
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules
"Consideration"	the total consideration of RMB20.0 million (equivalent to approximately HK$24.7 million) payable by the Purchaser to the Vendor under the Disposal in accordance with the terms of the SPA
"controlling Shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser

"Disposal Company"	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 the PRC with limited liability and a wholly-owned subsidiary of the Vendor
"Disposal Group"	the Disposal Company and its subsidiaries
"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
"Latest Practicable Date"	25 August 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan)
"Profit Warning Announcement"	the profit warning announcement of the Company dated 27 May 2022
"Property and Cultural Business"	one of the Group's principal business activities, which is the property development business, as well as the cultural industry related business, including large scale event production and themed museums, and architectural design and engineering

"Purchaser"	Guangxi Rongxian Hengtai Investment Company Limited* (廣西容縣恒泰投資有限公司), a company incorporated in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	100% of the issued share capital of the Disposal Company as at the date of this circular
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SPA"	the conditional sale and purchase agreement dated 7 June 2022 and entered into between the Vendor and the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Tesson New Energy Company Limited* (天臣新能源有限公司), a company incorporated in the PRC with limited liability and a 64.6% indirectly owned subsidiary of the Company
"%"	per cent

* *For identification purposes only*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the exchange rate of RMB1.0 to HK$1.2350. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

TESSON HOLDINGS LIMITED
天臣控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 1201)

Executive Directors:
Mr. Tin Kong *(Chairman)*
Ms. Cheng Hung Mui
Mr. Chan Wei
Ms. Liu Liu

Independent Non-executive Directors:
Dr. Ng Ka Wing
Mr. See Tak Wah
Mr. Wang Jinlin

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 401A, Empire Centre
68 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

31 August 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
NANJING RONGZHOU CULTURAL INDUSTRY INVESTMENT
COMPANY LIMITED**

INTRODUCTION

Reference is made to the Announcement in respect of, among other things, the Disposal. On 7 June 2022 (after trading hours), the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares held by the Vendor, at the total Consideration of RMB20.0 million subject to the terms of the SPA. The Sale Shares represent the Company's entire equity interest in the Disposal Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the SPA and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules.

THE SPA

Details of the SPA are set out below:

Date: 7 June 2022 (after trading hours)

Parties: (i) Vendor: Tesson New Energy Company Limited* (天臣新能源有限公司), an indirect non-wholly owned subsidiary of the Company

(ii) Purchaser: Guangxi Rongxian Hengtai Investment Company Limited* (廣西容縣恒泰投資有限公司)

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Assets to be disposed of

Pursuant to the SPA, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares held by the Vendor, representing the entire issued share capital of the Disposal Company, free from all encumbrances. Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company and the financial results of which will no longer be consolidated into the financial results of the Group.

Consideration

The Consideration of the sale and purchase of the Sale Shares was RMB20.0 million (equivalent to approximately HK$24.7 million), which shall be paid by the Purchaser to the account designated by the Vendor in cash as to (i) RMB2.0 million (equivalent to approximately HK$2.5 million) to be paid within 14 business days of the date of the SPA; and (ii) RMB18.0 million (equivalent to approximately HK$22.2 million) to be paid within 7 business days upon the publication of the circular in relation to the Disposal. Within 30 business days of the Vendor receiving the Consideration, the Vendor shall seek to submit the filing requirement and administrative procedures in relation to the change of title to the Sale Shares and modification of industrial and commercial registration of the Disposal Company.

In the event that filing requirement and administrative procedures in relation to the change of title to the Sale Shares and modification of industrial and commercial registration of the Disposal Company is not submitted within 30 business days as aforementioned, the Purchaser has the rights to terminate the SPA and the Consideration received by the Vendor shall be refunded to the Purchaser.

As at the Latest Practicable Date, the first payment of RMB2.0 million (equivalent to approximately HK$2.5 million) has been received by the Group. The Consideration was determined by the parties to the SPA after arm's length negotiation and having taken into account of the (i) the unaudited adjusted consolidated net asset value of Disposal Group attributable to the Company as at 31 March 2022 of approximately HK$38.8 million (the "**Unaudited Adjusted Consolidated NAV**") (calculated based on the unaudited consolidated net asset value of the Disposal Group attributable to the Company as at 31 March 2022 of approximately HK$83.9 million which had been taken into account of the fair value gain on the investment property for 31 December 2021 amounting to approximately HK$13.2 million and the impairment losses on properties for sale under development for 31 December 2021 amounting to approximately HK$130.1 million, and adjusted by the release of foreign exchange reserve of approximately HK$45.1 million); (ii) the unaudited consolidated net profit of the Disposal Group for the year ended 31 December 2020 of approximately HK$184.2 million and the unaudited consolidated net loss of the Disposal Group for the year ended 31 December 2021 of approximately HK$193.6 million; and (iii) the downturn in the PRC property market and the imposition and/or amendment of the real estate industry policies by the local government.

In particular, in view of the downturn in the PRC property market and the imposition and/or amendment of the real estate industry policies by the local government, the Directors have taken into account the following matters when assessing the reasonableness of the Consideration:

(i) The PRC government policies on property market, adverse impact brought by the COVID-19 pandemic, and the general economic downturn have led to the downturn in the property market in the PRC, in particular, the decline in average selling prices of properties and sluggish sales in the property market. The poor property market performance, including the decline in regional transaction floor area and unit price in the result of the various market research reports. According to the National Bureau of Statistics, from January to April 2022 and comparing to the same period in last year, residential investment dropped by 2.1%, new construction area of residential units decreased by 28.4%, sales revenue on residential units dropped by 32.2%. The national property prosperity index (全國房地產景氣指數) dropped continuously from April 2021 at 101.29, to 95.89 in April 2022.

    In 2022, based on various market research reports, from January to May 2022, total transaction floor area has been decreased by 40%, average transaction price decreased by 4.6%, overall market performance in Nanning is weak.

    Whereas in Nanchang, based on various market research reports, total transaction floor area dropped by 10.4% and unit price of the new residential property dropped by 5.04% in 2021. From January to April 2022, transaction area dropped by 7.7%, sales revenue has been decreased by 12.6%.

In addition, the Ministry of Housing and Urban-Rural Development included Nanchang in the list of key cities for real estate market monitoring, and strengthened the supervision and management of Nanchang's real estate market, other on-list cities were Shanghai, Shenzhen, Hangzhou, Wuxi, Chengdu, and Xi'an. The move had a clear message to the property market in Nanchang that stability was more important than boosting market demand, at the same time further diminishing the market confidence.

If the Group were to continue the relevant construction work, it would incur substantial aggregate construction costs of approximately RMB268 million but the prospect of slowing property sales, the declining unit price of property, and the less popular nature of the remaining property units (mainly being apartment which the residents cannot get involved in school places allocation) may place pressure on the Group's cash flow and profitability, which raised the concern of the Directors on the timing and risks on the materialization of the return on investment;

(ii) The local government policy in Nanning adversely affects the flexibility of property developers. In 2022, standard terms in the sales contract are amended and precisely state that mortgage loan is required to be deposited to the specific restricted bank accounts, depositing to other bank account is prohibited. This amendment directly adversely affects the cash flow liquidity and increases the finance cost of the property developers as the specific percentage of monies received from the pre-sale of properties are required to be retained in the bank accounts of the property developers and cannot be utilised to finance the property development projects even if there is mutual agreement with the prospective owners.

Apart from that, delivery standards for residential units are also updated. Before the amendments, the essential criteria for handing over the properties, was either (a) passing the construction completion inspection, or (b) obtaining the construction completion inspection filing document (建設工程竣工驗收備案證明文件). When construction comes to an end, the developer shall organise the design, construction, project supervision and other relevant units to carry out the completion inspection. After passing the inspection, i.e., satisfying (a) as above, property developers may hand over the property units to the prospective owners before satisfying (b) as above.

After the amendment, the essential criteria (a) is updated, on top of passing the completion inspection, approval document or permission document issued by the planning authority and the construction project fire inspection authority must have been obtained, the soonest hand-over time was then extended. Property developers, including subsidiary of the Disposal Group, is required to reserve more time to undergo further inspection and administrative procedures in order to obtain those permission documents despite the tight construction schedule.

(iii) In Nanchang, local government imposed new policy in auction of land parcels in September 2021, residential land parcels are at restricted housing and land price, which set a ceiling for both land price and future housing price, directly affects profitability and flexibility of the potential projects.

In December 2021, Nanchang government imposed "Nanchang City's Three-Year Action Plan for Continuously Renovating and Standardizing the Order of the Real Estate Market" (《南昌市持續整治規範房地產市場秩序三年行動方案》), addressing future plan in market monitoring, which included multiple government departments co-operation in inspection of all property developers. The future plan is comprehensive and covers (1) construction (whether the construction is carried out as planned, construction quality, building of community facilities, etc.); (2) sales (advertisements, restriction in fund received from pre-sales, restriction on top-up charge, etc.); (3) leasing (reporting on-time rental information to respective government departments, non-compliance with rental supervision, etc.); (4) property management (non-compliance in charges per standard charge, restricting other service providers to be chosen by the owners, etc.); and (5) practitioners' behavior (professional and moral quality, misconduct in providing misleading information, etc.). The property-related industries are facing closer and more intense supervision from different government departments which imposed more pressure on daily operations of various real estate market players and greatly reduce flexibility and efficiency in daily operations and construction work; and

(iv) As disclosed in the unaudited annual result announcement 2021 dated 30 March 2022 and Profit Warning Announcement dated 27 May 2022, in November 2021, the Group reached a consensus with Nanjing Bureau of Land and Resources* (南京市國土資源局) to terminate a land transaction of a commercial and residential land parcel in Lishui District in 2018. The depleting land bank of the Group's property development business further prompted the Group to consider bottleneck effect of this segment going forward. Up to the date of the Profit Warning Announcement, the Group has not identified suitable land parcel which is suitable for the future development having considered various factors including location, infrastructure, development scale and provincial market conditions. Against the above background, the Board formed the view that the Group should not commence new property development project in the near future. In the event that the Property and Cultural Business were to cease, the Disposal Group has to incur a substantial amount of severance payment to the employees of the Disposal Group for the termination of employment. Both severance payment and general administrative expenses are inevitably needed to be incurred by the Disposal Group during the sales period of the properties to be completed and upon cessation of the Property and Cultural Business.

Having considered the foregoing, even though the Consideration represents a discount of approximately 36.3% to the Unaudited Adjusted Consolidated NAV as at 31

March 2022, in light of the aforementioned negative impact brought by the downturn in the property market in the PRC and the tightening of monitoring to the real estate industry imposed by local government authority, the Directors consider that it is commercially rational and in the interest of the Company to dispose of the Disposal Group even at a discount, and record a loss on disposal of approximately HK$14.7 million so that the Group can reallocate more financial resources to its Lithium Ion Motive Battery Business and for future development.

The Directors are of the view that the Consideration is fair and reasonable having considered the abovementioned factors and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is not subject to any conditions precedent.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Purchaser becomes a shareholder of the Disposal Company and enjoys the shareholders' rights and obligations as a shareholder of the Disposal Company. All the profit or loss of the Disposal Group shall be borne by the Purchaser; whereas the debts, contingent liabilities, potential losses, responsibilities and obligations of the Disposal Group that the Vendor has not disclosed to the Purchaser in writing shall be borne by the Vendor.

Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company and the financial results of which will no longer be consolidated into the financial results of the Group.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 1201). The Group is principally engaged in the Lithium Ion Motive Battery Business and Property and Cultural Business.

INFORMATION OF THE PURCHASER

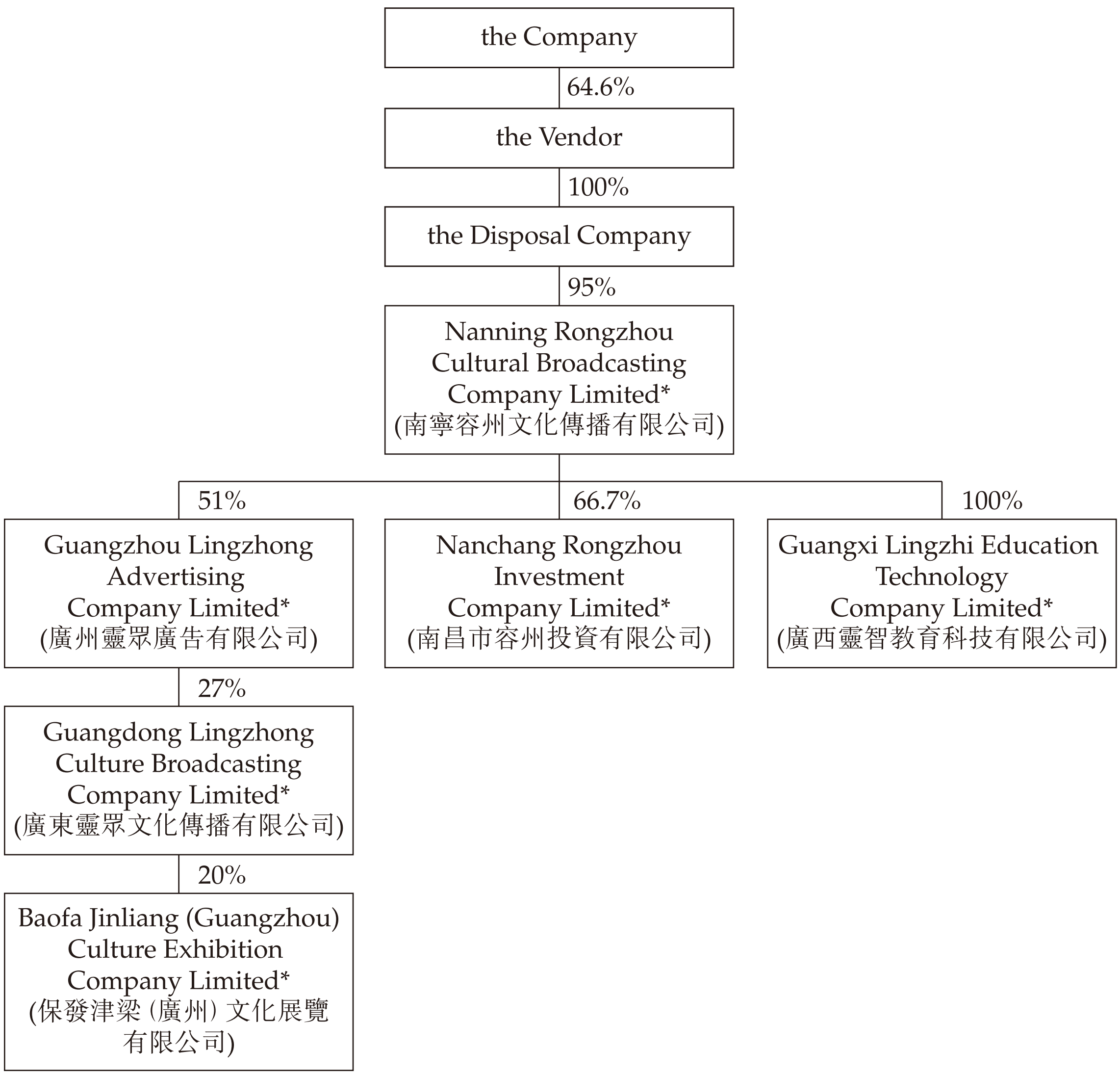
The Purchaser is a company incorporated in the PRC with limited liability. It is principally engaged in investment in construction companies and commercial projects and is an investor with diversified investments in the PRC. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser is collectively and ultimately owned by Mr. Lu Feng (陸鋒先生) and Mr. Zhu Jianhua (朱建華先生) each holding 50% of the Purchaser, both of them are investors holding various construction investment projects in the PRC.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the PRC with limited liability and is owned as to 100% by the Vendor. It is principally engaged in property holding.

As at the Latest Practicable Date, the corporate structure of the Disposal Group is set out as follow:



As at the Latest Practicable Date, the Disposal Company holds 95% of equity interest in Nanning Rongzhou Cultural Broadcasting Company Limited* (南寧容州文化傳播有限公司), a company established in the PRC with limited liability and is principally engaged in the property development of Fengxiang Terrace – Rongzhou Cultural Centre* (鳳翔台－容州文化中心), which in turn respectively holds (i) 51% in Guangzhou Lingzhong Advertising Company Limited* (廣州靈眾廣告有限公司), a company established in the PRC with limited liability and is principally engaged in cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering; (ii) 66.7% equity interest in Nanchang Rongzhou Investment Company Limited* (南昌市容州投資有限公司), a company established in the PRC with limited liability and is principally engaged in the property development of Rongzhou Gangjiucheng* (容州港九城); and (iii) 100% of equity interest in Guangxi Lingzhi Education Technology Company Limited* (廣西靈智教育科技有限公司), a company established in the PRC with limited liability and has not commenced any particular business. Guangzhou Lingzhong Advertising Company Limited* (廣州靈眾廣告有限公司) holds 27% of equity interest in Guangdong Lingzhong Culture Broadcasting Company Limited* (廣東靈眾文化傳播有限公司), which in turn holds 20% of equity interest in Baofa Jinliang (Guangzhou) Culture Exhibition Company Limited* (保發津梁(廣州)文化展覽有限公司).

Set out below is a summary of unaudited consolidated financial information of the Disposal Group, which has been prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2020 and 2021:

	For the year ended 31 December 2020 *HK$'000* *approximately* (unaudited)	**For the year ended 31 December 2021** *HK$'000* *approximately* (unaudited)
Revenue	613,720	11,455
Profit/(loss) before taxation	257,660	(230,386)
Profit/(loss) after taxation	184,168	(193,611)

	As at 31 December 2020 *HK$'000* *approximately* (unaudited)	**As at 31 December 2021** *HK$'000* *approximately* (unaudited)
Net assets	355,052	170,355

The Disposal Group recorded a net profit before taxation of approximately HK$257.7 million for the year ended 31 December 2020 and a net loss of approximately HK$230.4 million for the year ended 31 December 2021. The net loss for the year ended 31 December 2021 was mainly attributable to unsatisfactory construction progress of Rongzhou Gangjiucheng* (容州港九城) that resulted into deferral of residential units handover and as such no income was recorded from the transferal of residential units in

Rongzhou Gangjiucheng* (容州港九城) for the year ended 31 December 2021. As at 31 March 2022, the Disposal Group had an Unaudited Adjusted Consolidated NAV of approximately HK$38.8 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal is one of the Group's restructuring strategies. Through the Disposal, the Group will be able to eliminate the negative impact brought by the downturn in the property market in the PRC and the tightening of monitoring to the real estate industry imposed by local government authority, at the same time reallocate more financial resources to its Lithium Ion Motive Battery Business and for future development.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the SPA are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds of the Disposal (after payment of professional fees and other related expenses) are estimated to be of approximately HK$24.1 million. The Company intends to apply the net proceeds from the Disposal for general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group shall not have any equity interest in the Disposal Company, and the Disposal Group will cease to be the subsidiaries of the Company and the financial results of which will no longer be consolidated into the financial results of the Group.

It is estimated that the Group will record a loss on disposal (after taking into account of professional fees and other related expenses) of approximately HK$14.7 million and such loss is calculated based on the difference between the Consideration of approximately HK$24.7 million, the Unaudited Adjusted Consolidated NAV as at 31 March 2022 of approximately HK$38.8 million and professional fees and other related expenses. The actual gain or loss as a result of the Disposal to be recorded by the Group may be changed depending on the consolidated net book value of the Disposal Group as at the date of completion of the SPA and is subject to any accounting adjustment and audit by the auditors of the Company.

Having taken into account the net proceeds from the Disposal of approximately HK$24.1 million and the Unaudited Adjusted Consolidated NAV of the Disposal Group as at 31 March 2022 of approximately HK$38.8 million, it is estimated that upon completion of the Disposal, the total assets of the Group will decrease by approximately HK$1,544 million while the total liabilities of the Group will decrease by approximately HK$1,384 million. It is estimated that the net assets of the Group will decrease by approximately HK$160.2 million.

The net asset of the Disposal Group as at 31 March 2022 was approximately HK$160.2 million, after deducting the equity attributable to the non-controlling interest of the Disposal Group amounted to approximately HK$76.3 million and the release of foreign exchange reserve of approximately HK$45.2 million upon the disposal of the Disposal Group, which arrives the Unaudited Adjusted Consolidated NAV of the Disposal Group as at 31 March 2022 of approximately HK$38.8 million. As such, upon Completion, the Group expects to record an unaudited estimated disposal loss (after taking into account of professional fees and other related expenses) of approximately HK$14.7 million.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, no Shareholders or any of their associates have any material interest in the Disposal and the transaction contemplated under the SPA and therefore no Shareholder is required to abstain from voting to approve the Disposal and the transactions contemplated thereunder in general meeting of the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The written approvals for the Disposal from Double Key International Limited, a shareholder holding 775,894,533 Shares representing approximately 62.75% of the issued share capital of the Company as at the Latest Practicable Date, have been obtained in respect of the Disposal. Accordingly, no general meeting of the Company will be convened for the purposed of approving the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Tesson Holdings Limited
Tin Kong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tessonholdings.com):

Annual report for the year ended 31 December 2021 (pages 50 to 131):

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0601/2022060100015.pdf

Annual report for the year ended 31 December 2020 (pages 48 to 131):

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101316.pdf

Annual report for the year ended 31 December 2019 (pages 44 to 133):

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0719/2020071900019.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following liabilities:

Borrowings

The Group had outstanding (i) secured borrowings of approximately HK$37,050,000; and (ii) unsecured borrowings of approximately HK$80,000,000.

Lease liabilities

The Group had outstanding lease liabilities of approximately HK$17,844,000.

Pledge of assets

Secured bank borrowings amounting to approximately HK$37,050,000 is secured by properties under development held by the Group located in Nanning with carrying value of approximately HK$484,701,000.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 31 July 2022, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

4. WORKING CAPITAL SUFFICIENCY

After taking into account the financial resources available to the Group, including the proceeds from the Disposal, the internally generated funds and currently available facilities from its banks, the Directors, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of the publication of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP FOLLOWING THE DISPOSAL

The Company is an investment holding company incorporated in Bermuda with limited liability and the Group is principally engaged in the Lithium Ion Motive Battery Business. Upon completion of the Disposal, the Group will cease to engage in the Property and Cultural Business.

In 2021, the Group encountered numerous difficulties brought by the outbreak of the COVID-19. Upon completion of the Disposal, the Group will be more focused on expanding its Lithium Ion Motive Battery Business.

In 2021, new energy vehicle industry in the PRC developed vigorously. Referring to the statistics of the China Association of Automobile Manufacturers, production and sales of new energy vehicles in the PRC has been increased by 1.6 times in the year. The home appliance market has also rebound from the trough of the epidemic. According to the 2021 China Home Appliance Market Report* (《2021年中國家電市場報告》) released by the China Center for Information Industry Development, the overall home appliance market in the PRC has basically recovered to the level before the epidemic. The annual retail sales reached RMB881.1 billion, representing a year-on-year increase of 5.7%. Online sales accounted for 52.9% of the overall sales of the home appliance retail market, which had been more than 50% for two consecutive years. With the recovery of China's consumer market and the sound development of the new energy industry, various light industries continue to grow, further driving the market demand for battery products.

The Group constantly looked for quality business partners and provided different kinds of battery products to a number of enterprises, which mainly included household appliance manufacturers and electric motorcycles manufacturers. Compared with traditional batteries, lithium ion motive batteries have higher market demand due to higher energy density, higher output power, smaller size and lighter weight, their applications have gradually become more extensive, and can commonly be used in electronic products, household appliances, energy storage devices, etc., it is expected to become the mainstream batteries and replace the traditional batteries. The Group will continue to work closely with our existing customers and also allocate more resources to develop automobile battery products, expand market share of electric motorcycles, and expand the sales base of electronic products, household appliances and energy storage devices in different categories. Under the price pressure on raw materials, the Group will maintain its cautiousness in implementation of production strategy, in order to further increase the gross profit of battery products.

With the recovery of economic activities and booming market conditions across China, the Group will continue to optimize the allocation of resources, strengthen the academic and industrial background of the international research and development team to further improve product quality and develop more battery products targeting on home appliances and electric motorcycles, in order to occupy a place in the increasingly competitive lithium ion motive battery market. Under the volatile international situation and the impact of the COVID-19 epidemic, the Group will continue to focus on its Lithium Ion Motive Battery Business, at the same time actively seize other business opportunities and eventually realise a balanced and diversified business model.

The Group considers the entering into SPA a good opportunity to eliminate the negative impact brought by the downturn in the property market in the PRC and the tightening of monitoring to the real estate industry imposed by local government authority, at the same time reallocate more financial resources to its Lithium Ion Motive Battery Business and for future development with the aim of improving the financial performance of the Group as a whole.

The following is the text of a letter, a valuation summary prepared for the purpose of incorporation in this circular received from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with the valuation of the fair value of the Disposal Group as at 31 May 2022.

亞太 APAC

APAC Asset Valuation and Consulting Limited
5/F, Blissful Building, 243 – 273 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

The Directors
Tesson Holdings Limited
Room 401A, Empire Centre,
68 Mody Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

Date: 31 August 2022

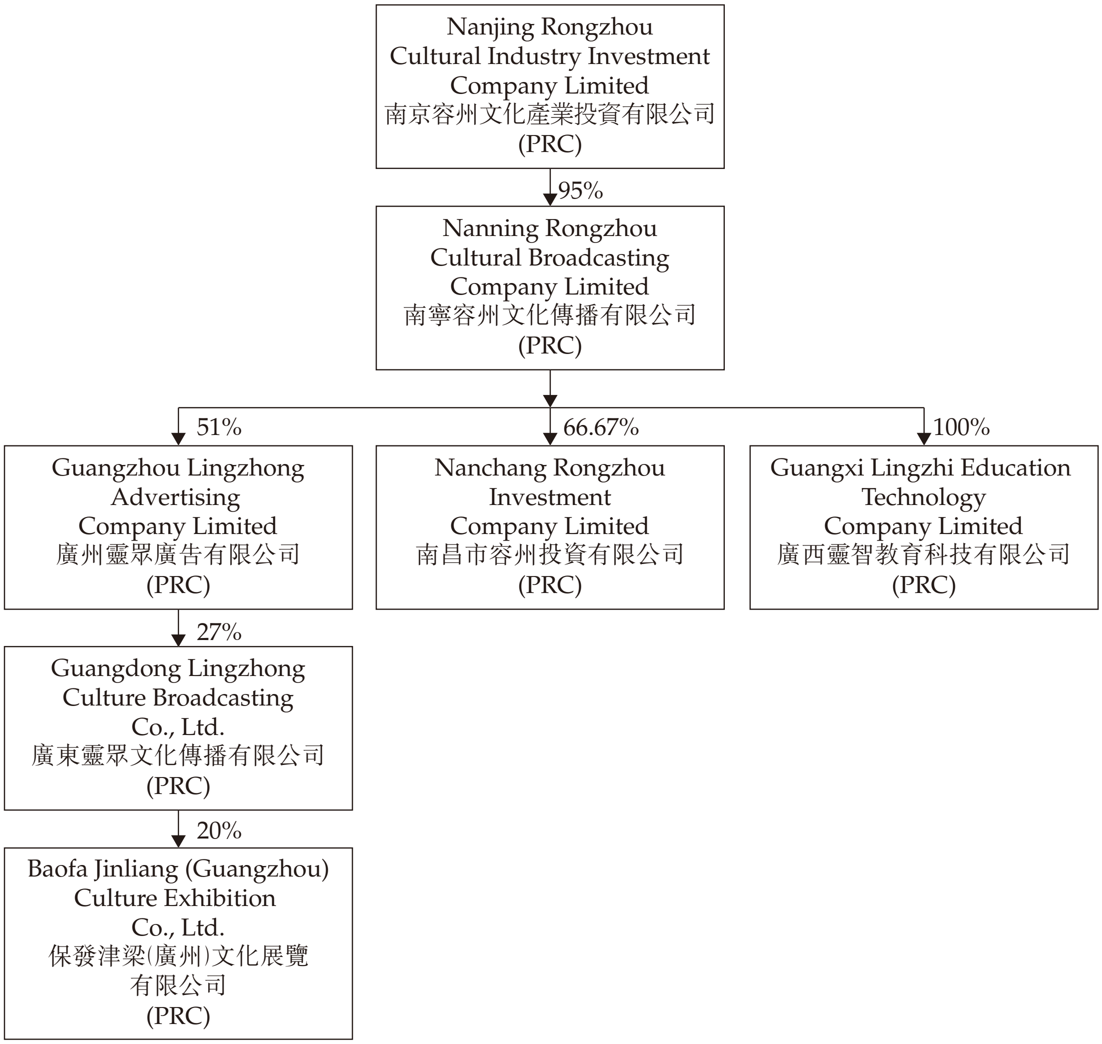
Dear Sirs,

RE: VALUATION OF THE FAIR VALUES OF 100% EQUITY INTERESTS IN 南京容州文化產業投資有限公司 AND ITS SUBSIDIARIES

In accordance with your instructions, we have undertaken a valuation on behalf of Tesson Holdings Limited (the "**Company**") to determine the fair value ("**Fair Value**", to be defined below) of the 100% common equity of 南京容州文化產業投資有限公司 ("**Nanjing Rongzhou Cultural Industry**" or "**Target Company**") and its subsidiaries (collectively, the "**Target Group**" or "**Target Companies**") at 31 May 2022 ("**Valuation Date**").

Nanjing Rongzhou Cultural Industry holds 95% equity interest in 南寧容州文化傳播有限公司 ("**Nanning Rongzhou Cultural Broadcasting**"), which in turns holds 51% equity interest in 廣州靈眾廣告有限公司 ("**Guangzhou Lingzhong Advertising**"), 66.67% equity interest in 南昌市容州投資有限公司 ("**Nanchang Rongzhou Investment**"), and 100% equity interest in 廣西靈智教育科技有限公司 ("**Guangxi Lingzhi Education**"). Nanning Rongzhou Cultural Broadcasting, Guangzhou Lingzhong Advertising and Nanchang Rongzhou Investment are key operating units of the Target Group.

The organization chart of the Target Group is exhibited in the below table:



It is further noted that Guangzhou Lingzohng Advertising holds 27% equity interest in 廣東靈眾文化傳播有限公司, which in turn also holds 20% equity interest in 保發津梁(廣州)文化展覽有限公司. Per representation of the Company, the operations of the two associated companies are dormant and investments in associates are fully written-off.

The Target Group is principally engaged in the provision of the property development business and exhibitions organizing business in the PRC. The property development business is operated by Nanning Rongzhou Cultural Broadcasting and Nanchang Rongzhou Investment, whilst the exhibition organization business is operated by Guangzhou Lingzhong Advertising.

A brief overview on the operations of and assets held under the two business units is summarized below.

– Property development business ("**Property Development Business**") involves the development of two property projects, namely Rongzhou Gangjiucheng Project (容州港九城項目), which is held under Nanchang Rongzhou Investment, and Feng Xiang Terrace – Rongzhou Cultural Centre Project (鳳翔台 – 容州文化中心項目), which is held under Nanning Rongzhou Cultural Broadcasting (collectively, the "**Developments**").

  Rongzhou Gangjiucheng Project is a residential development being erected on two parcels of land with a total site area of approximately 99,793.33 square meters ("**sqm**"), which is situated in Wangcheng New District of Xinjian District of Nanchang. The immediate locality is a newly-developed residential area with some industrial developments in the vicinity.

  Feng Xiang Terrace – Rongzhou Cultural Centre Project is a composite development being erected on a parcel of land with a total site area of approximately 13,148.11 sq. m. The property comprises two residential buildings and retail portion of the Development with a total gross floor area of approximately 27,240.36 sq. m.

– Exhibitions organizing business ("**Exhibitions Business**") is operated by Guangzhou Lingzhong Advertising. It is principally engaged in design, planning, coordination and management of exhibitions and events for government agencies or village committees in Guangzhou.

Purpose of Valuation

The purpose of this valuation is to express an independent opinion of the Fair Value of the Equities as at the Valuation Date based on the financial information, underlying assumptions and information provided by management of the Target Group and the Company ("**Management**") for circular reference and compliance purpose. The valuation result should not be construed to be a fairness opinion, solvency opinion or an investment recommendation. No third party shall have the right of reliance on this report and neither receipt nor possession of this report by any third party shall create any express or implied third-party beneficiary rights.

We relied upon completeness, accuracy and fair representation of operational, financial information and business plans in relation to the business provided by Management. The Fair Values of the Equities of the Target Companies are subject to a number of assumptions concerning historical financial information and its current financial position. To the extent that any of these assumptions or facts changed, the result of the Fair Value conclusion would be changed accordingly.

Standard, Premise and Basis of Valuation

According to International Valuation Standards, our opinion of the Fair Value is defined as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"*.

The intended use of the Valuation is to serve as basis for the internal reference and compliance purpose of the Company. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. The responsibility for determining the agreed acquisition price of the Target Companies rests solely with the Company. The results of our analysis should not be construed to be a fairness opinion, solvency opinion or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the financial projections and underlying assumptions.

Economic Overview

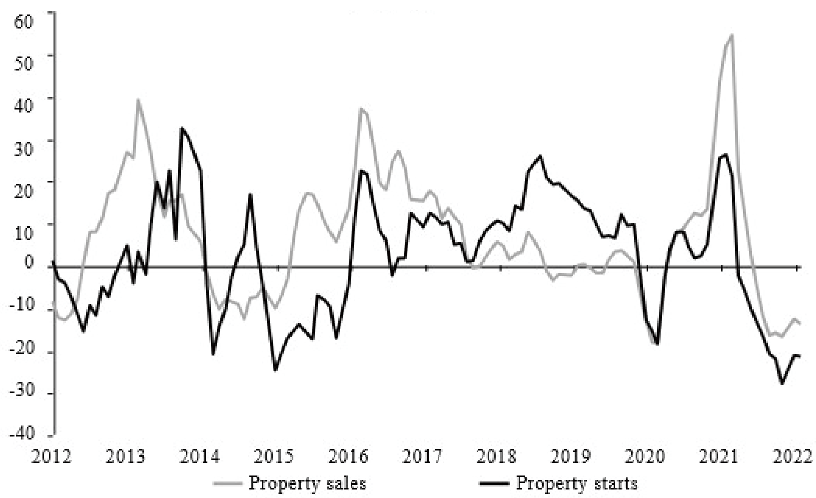
As the Target Companies is operating within the economy of China, its business is affected by economic conditions and market fluctuations in China. We have reviewed the economic condition of China where the Target Companies will derive its future income from.

China's real GDP grew 4.8% year-over-year in Q1, up from 4.0% in Q4 and higher than market expectations. The highly transmissible Omicron variant of COVID-19 has affected many regions in China, with the combined number of daily confirmed and asymptomatic cases exceeding previous highs in early 2020. The new wave has led to tightened quarantine measures and a few cities have escalated to full lockdowns since mid-March 2022. There were 41 cities containing risk area(s) in April over 10 days, representing about 21.5% of China's population or 25.7% of GDP. Domestic consumption remained weak and retail sales declined by 3.5% in March, the first contraction since August 2020. The unemployment rate edged up from 5.5% in February to 5.8% in March.

Industry Overview (Property Development Business)

The property development market continues to face pressures in 2022. Real estate investment rose by 0.7% in the first quarter from a year ago. After a soft rebound in February, new property sales fell 17.7% and property starts dropped 22.2% year on year in March.

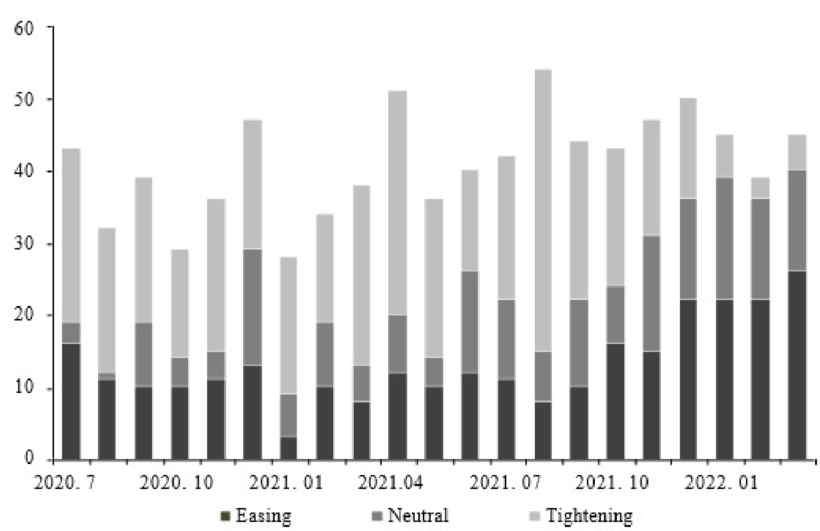
Growth of the Property Market, 3mma, %, YOY



Source: China Economic Monitor, KPMG, 2022 Q2

However, more local governments are announcing easing policies on the property market to cushion the slowdown. The proportion of easing policies reached 57.8% in March, up from 44% in December 2021. In addition, China's Ministry of Finance also announced on 16 March that the much-watched pilot programme on property tax will be postponed. It is expected that more easing policies may be adopted to prevent a sharp decline of property prices in the market during 2022.

Number of New Real Estate Policies Released by Local Governments

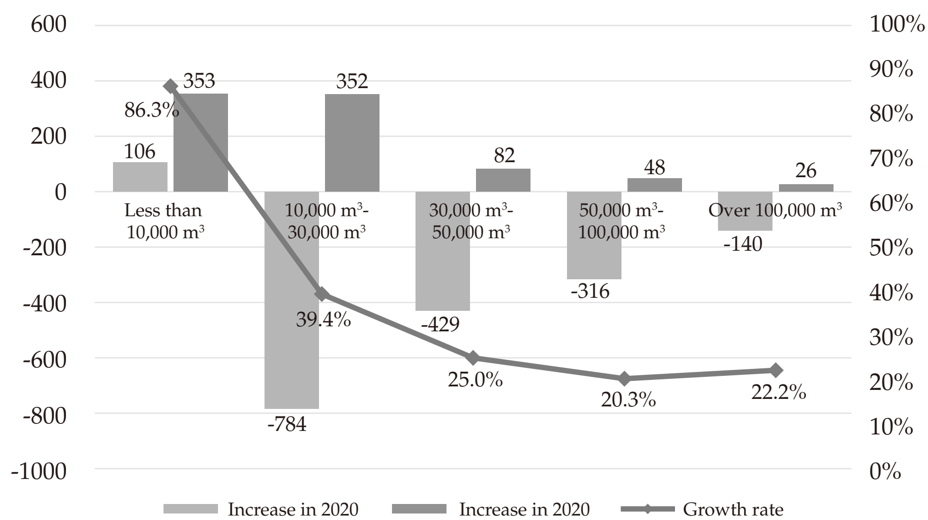


Source: China Economic Monitor, KPMG, 2022 Q2

Industry Overview (Exhibitions Business)

According to statistics, the number of exhibition venues across the country in 2021 reached 151, two more than in 2020, an increase of about 1.3%; the total indoor rentable area was about 10.34 million square meters, an increase of about 760,000 square meters or 7.9% over 2020. Comparing the exhibitions quantity of 2021 and 2020, it can be seen that in 2021, exhibitions below 10,000 square meters increased by 353 over 2020, with a year-on-year growth of 86.3%. Those reflecting a trend of continuous growth in the total supply of exhibition venues under normal epidemic prevention and control.

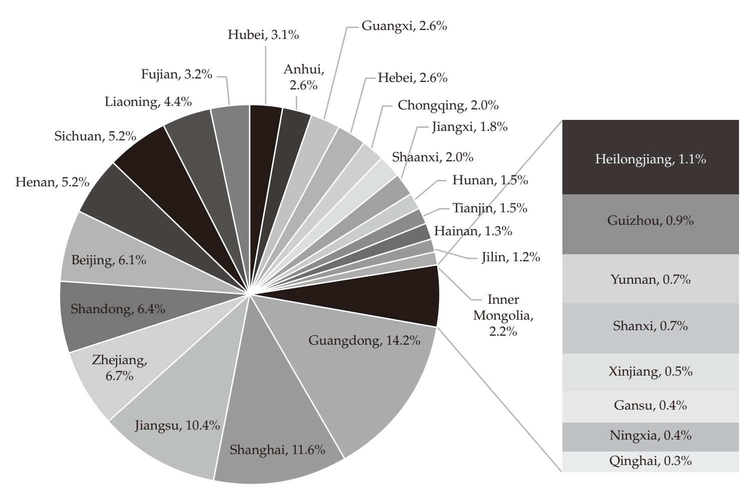
Chart – Variation in Quantities of Exhibitions of All Scales, 2020-2021



Source: Annual Report on China's Exhibition Industry, CCPIT, 2021

In 2021, the top three cities by the number of exhibitions in China were Shanghai, Guangzhou and Beijing, with Guangzhou surpassing Beijing to rank second.

Chart – Proportions of Numbers of Exhibitions in Cities in 2021



Source: Annual Report on China's Exhibition Industry, CCPIT, 2021

Valuation Methodology

We have conducted the Valuation in accordance with the International Valuation Standard. The valuation procedures employed include an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Target Companies. All the matters we consider essential to the proper understanding of the Valuation are disclosed in our valuation report. In arriving at our assessed value, we have considered three accepted approaches, namely, income approach, cost approach and market approach.

Income approach: provides an indication of value by converting future cash flows to a single current asset value, and is commonly applied to an aggregation of assets consisting of all assets of a business enterprise, including working capital and tangible and intangible assets. Value is derived based upon the present worth of economic benefits of ownership of asset.

Cost approach: provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. Value is established based on cost of reproducing or replacing the asset, less depreciation or amortization from functional and economic obsolescence, if present and measurable.

Market approach: provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised.

The income approach is not adopted in this exercise as the cash flow projections prepared by Management for the exhibitions operating companies would require numerous assumptions on projected growth/changes in revenue streams, cost of revenue, operating expenses, administrative expenses, projected movements in working capital balances, and expected capital expenditure. Such assumptions and estimated are therefore not easily verifiable, supportable or reliably measured.

According to Management, it is noted that the property development business unit only have two existing projects with no new projects planned. The asset-based approach was adopted for the valuation of the common equity of the property development business unit, as the tangible assets of these companies are the best indicator of value for property development companies. This is the most common valuation method for this type of cases.

The market approach is adopted for the valuation of common equity of the exhibition organizing business unit, as this is commonly applicable to operating companies, and there are sufficient comparable companies identified that can facilitate a meaningful comparison, thereby allowing us to form a reasonable opinion of value.

Valuation of the Equity of Property Development Business

Based on the financial statements provided by Management, the net assets value of the business unit of property development (with assets and liabilities relating to the exhibition organizing business excluded) is HK$153,620,516. The provisional financial positions of the property development business unit is summarized in the below table:

Provisional Statement of the Property Development Business's Financial Position at 31 May 2022

	Book Value 31 May 2022 *HKD*
Assets	
Right-of-use assets	6,255,069
Property, plant and equipment	343,350
Investment property	55,662,640
Goodwill	114,545,635
Amount due from the non-controlling shareholder of an Intra-group company	248,059,432
Construction in progress	988,009,158
Trade and other receivables	81,096,356
Bank balances and cash	42,714,866
Total assets	**1,536,686,506**
Liabilities	
Deferred tax liabilities	(43,014,627)
Trade and other payables	(1,145,643,879)
Lease liabilities	(6,974,227)
Borrowings	(100,028,000)
Amount due to the Intra-group companies	(87,405,257)
Total liabilities	**1,383,065,990**
Net Assets	**153,620,516**

Asset-Based Approach

As part of our analysis, we have conducted a high-level review of the breakdown and nature of the assets and liabilities held by the property development business unit. We have also relied to a considerable extent on information provided by Management in arriving at our appraisal of these assets and liabilities. Details of adjustments (if any) to the assets and liabilities to reflect fair value basis is outlined as follows.

1. Investment properties:

   This represents certain buildings in phase 1 of the Rongzhou Gangjiucheng Project, which is classified by the Company as properties which are held for investment in the PRC. We have made reference to the comparable sales evidences as available on the relevant markets and, where appropriate, valued the properties on the basis of capitalization of the rental incomes as shown on the tenancy agreements handed to us by the Company. For details of the valuation of the investment properties, please refer to our separate valuation report titled "*Valuation of Various Properties Located in the People's Republic of China*" regarding the Rongzhou Gangjiucheng Project.

2. Construction in progress:

   This represents the Feng Xiang Terrace – Rongzhou Cultural Centre Project and phase 2 of the Rongzhou Gangjiucheng Project, which are classified as properties held under development in the PRC. We have valued the property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidences as available in the relevant market and have also taken into account the expended construction cost and the cost that will be expended to complete the development to reflect the quality of the completed development.

   For details of the valuation of the properties under development, please refer to our separate valuation report titled "*Valuation of Various Properties Located in the People's Republic of China*" on the Rongzhou Gangjiucheng Project and the Feng Xiang Terrace – Rongzhou Cultural Centre Project

3. Property, plant and equipment:

   This represents furniture and office equipment and motor vehicles used by the Target Group. As the book value of property, plant and equipment was not significant, it is considered that the book value is not materially different from its Fair Value, and no individual valuation on this was performed per the instruction of Management. We have assumed no material errors in the accounting record of the Target Group as at the Valuation Date.

4. Goodwill:

This represents goodwill arising from the capital injection to Nanning Rongzhou Cultural Broadcasting and Nanchang Rongzhou Investment by the Target Company prior to the Valuation Date. According to Management, other than the existing development projects, the business unit has not planned for any new projects. As the values of investment properties and construction in progress have been marked to market, and the business unit has no new development projects nor other ongoing business activities, no intangible asset can be reasonably quantified and recognized. Therefore, the fair value of goodwill as at the Valuation Date is considered nil.

5. Bank balances and cash:

This represents cash in banks and time deposits and is the most liquid asset available for use of the firm. The Fair Value of cash and cash equivalents is equal to its carrying amount.

6. Right-of-use assets and Lease liabilities:

These represents right-of-use assets and lease liabilities arising from the tenancy agreements on Nanning. The valuations of the right-of-use assets and lease liabilities are derived as the sum of present values of lease payments from the tenancy agreement. In this exercise, the values of ROU Assets and the Lease Liabilities would be equal to the sum of present values of the expected market rent and lease payments, derived using the discounted cash flow ("**DCF**") analysis of the valuation dates.

According to Management, it is considered that the book values of Right-of-use assets were adopted as Fair Values of lease liabilities and no valuation was performed. We have assumed no material errors in the accounting record of the Target Group as at the Valuation Date.

7. Trade and other receivables:

According to Management, this asset comprises trade receivables, prepayments, other receivables. The receivables should be settled either on demand or in a short period of time and necessary impairment provision was made and the carrying amounts of the receivables shall reflect their Fair Values as at the Valuation Date.

8. Trade and other payables:

According to Management, this comprises other payables, accruals, deposits received and tax payable. Such payables should be settled at the demand of the creditors, and full repayment of the carrying amount would be required at any time. The full carrying amount of the payables should be adopted to reflect the Fair Value of this liability as at the Valuation Date.

9. Amount due from the non-controlling shareholder of an Intra-group companies:

   The carrying amount of this account as at the Valuation Date is positive. Management is of the view that these balances can be settled either on demand or in a short period of time, and the carrying amounts of the balances shall reflect their Fair Value as at the Valuation Date.

10. Amount due to the Intra-group companies:

   The carrying amount of this account as at the Valuation Date is positive. Per discussion with Management, it is noted that the intercompany transactions and the resulting balances are conducted at arm's length. Management is of the view that these balances can be settled either on demand or in a short period of time, and the carrying amounts of the balances shall reflect their Fair Value as at the Valuation Date.

11. Borrowings:

   The borrowings of the Target Group carry interest rate, which is similar to the existing market interest rate in the People's Republic of China. We have adopted the book value of the loans in our valuation. We have assumed that no material recording errors were noted.

12. Deferred tax liabilities:

   According to Management, the deferred tax liabilities arising from the increase in Fair Value of the properties, it is considered that the book values of deferred tax liabilities were adopted as Fair Values and no valuation was performed. We have assumed no material errors in the accounting record of the Target Group as at the Valuation Date.

13. Profit Tax Provision:

   For the profit tax provision, we multiplied the difference between the book values and fair values of investment properties and construction in progress by the applicable profit tax rate of 25% based on the Company's advice of relevant tax policies that would be applied to the subject properties after the development projects would be completed.

Adjusted Net Asset Value Analysis of Property Development Business at 31 May 2022

	Book Value 31 May 2022 *HKD*	Fair Value 31 May 2022 *HKD*
Assets		
Right-of-use assets	6,255,069	6,255,069
Property, plant and equipment	343,350	343,350
Investment properties	55,662,640	55,751,880
Goodwill	114,545,635	–
Amount due from the non-controlling shareholder of an Intra-group company	248,059,432	248,059,432
Construction in progress	988,009,158	995,770,920
Trade and other receivables	81,096,356	81,096,356
Bank balances and cash	42,714,866	42,714,866
Total assets	**1,536,686,506**	**1,429,991,873**
Liabilities		
Deferred tax liabilities	(43,014,627)	(43,014,627)
Profit Tax Provision	–	(24,076,180)
Trade and other payables	(1,145,643,879)	(1,145,643,879)
Lease liabilities	(6,974,227)	(6,255,069)
Borrowings	(100,028,000)	(100,028,000)
Amount due to the Intra-group companies	(87,405,257)	(87,405,257)
Total liabilities	**1,383,065,990**	**1,406,423,012**
Net Asset Value (before marketability and control adjustments)	**153,620,516**	**23,568,861**

Allocation of Common Owners' Equity and Non-controlling Interests

The valuation subject of this report is the common equity of the Target Group. The value of the non-controlling interest has to be deducted from the net asset value to arrive at the fair value of common equity of the property development business unit. The book value of non-controlling interest as at the Valuation Date is as below.

As the Target Company holds 95% equity interest in Nanning Rongzhou Cultural Broadcasting, which holds 66.67% interest in Nanchang Rongzhou Investment, and 100% interest in Guangxi Lingzhi Education, the property development business unit holds effective equity interest of 63.34% in Nanchang Rongzhou Investment and effective equity interest of 95% in Guangxi Lingzhi Education.

The fair value adjustments to the net asset value attributable to non-controlling interest are calculated based on the above effective equity interest holdings by the Target Company. The total net adjustment to non-controlling interest is derived as follows:

	Total *HKD*	Attributable to Non-controlling Interest *HKD*
Adjustment to goodwill	(114,545,635)	(21,245,953)
Adjustment to investment properties	89,240	32,719
Adjustment to 容州港九城 CIP	(88,453,720)	(32,430,230)
Adjustment to 鳳祥台–容州文化中心 CIP	96,215,482	4,810,774
Adjustment to Profits tax provision	(24,076,180)	(4,843,493)
Adjustment to lease liabilities	719,158	35,958
Net Adjustment	**(130,051,655)**	**(53,640,225)**

The book value of non-controlling interest is HKD30,388,196. After incorporating the above net adjustment, the adjusted non-controlling interest is calculated as HKD(23,252,029). Per representations of Management, as the subsidiaries of the Target Group are limited liability companies, the non-controlling interest holders would not have obligation to settle net liabilities of the subsidiaries. As such, the fair value of the non-controlling interests is determined to be nil.

The calculation of common owners' equity from adjusted net asset value and non-controlling interests is outlined below:

	Book Value *HKD*	Fair Value *HKD*
Net Asset Value (before marketability and control adjustments)	153,620,516	23,568,861
Less: Non-controlling Interests	30,388,196	–
Common Owners' Equity (before marketability and control adjustments)	**123,232,320**	**23,568,861**

*Discount for Lack of Marketability ("**DLOM**")* and Adjustment for Control

Privately held companies are not readily marketable and would face more difficulty in converting its shares into cash as compared with publicly held companies. DLOM is commonly considered in the valuations of privately held companies to reflect difference in the marketability of the shares of the subject private companies and that of the selected publicly-traded comparable companies.

A DLOM of 20.6% is estimated with reference to the 2021 Stout Restricted Stocks Studies on Determining Discount for Lack of Marketability included an examination of 763 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through December 2020. The adopted DLOM is the average discount implied by these 763 private placement transactions in comparison with the corresponding publicly traded common stocks, and is considered fair and reasonable for the valuation of the equities of the Target Companies.

As the adjusted net assets represents the value basis of a majority shareholder, and the subject equity being valued is the 100% interest in the Target Group, no adjustment for control is necessary.

Common Owners' Equity (before marketability and control adjustments)	(A)	HKD23,568,861
Discount of Lack of Marketability	(B)	20.6%
Fair Value of Common Owners' Equity of the Property Development Business Unit	**(A)*1-(B) = (C)**	**HKD18,714,000**

Valuation of the Equity of Exhibitions Organizing Business

As discussed above, the valuation of equity of exhibitions organizing business unit held by the Target Group was conducted using the Market Approach, on the basis that this business unit would remain a going concern per management's advice.

Under the market approach, there are two commonly adopted methods of valuation known as the guideline public company method and the comparable transaction method. The guideline public company method utilizes market information and financial fundamentals of publicly-traded comparable companies that is similar to the subject business to arrive at an indication of value. The comparable transaction method utilizes information of transactions of assets similar to the subject asset to derive an opinion of value.

The comparable transaction method is considered not appropriate as there are insufficient recent comparable transactions in which the company size of acquired target, percentage of equity interest transacted, and shareholding and capital structure is similar. The guideline public company method is adopted as there are sufficient comparable companies with similar business nature as Exhibitions Business.

Under this approach, Fair Value are determined by multiplying the financial fundamentals, such as net income and net book value of common owner equity, of the subject companies with common valuation multipliers based on the risks and nature of the underlying businesses. These multiples are derived with reference to the valuation multiples of the comparable companies ("**Comparable Companies**") of the Target Companies. We have considered price-to-sales ("**P/S**"), enterprise-value-to-earnings-before-interest-tax-depreciation-and-amortization ("**EV/EBITDA**"), price-to-earnings ("**P/E**") and price-to-book ("**P/B**") multiples.

EV/EBITDA, P/E and P/B multiples were not adopted because the business of Exhibitions Business, as their EBITDA, earnings and NAV are currently negative.

P/S was a commonly adopted pricing multiple in valuation of operating businesses with net losses. Also, P/S is a ratio for valuing a company that measures its current market value relative to the sales of common owner equity, which is an important indicator of shareholder value. Hence, we considered P/S multiple is appropriate and employed in the valuation for Exhibitions Business as of the Valuation Date.

In estimating the P/S, we have made reference to the historical operating results of the Comparable Companies, which are considered to have similar business nature as the subject companies, and whose ownership interests are publicly traded.

As part of our analysis, we are furnished with information provided by Management that includes the unaudited financial statements and related operational information regarding Exhibitions Business. We have also had discussions with Management and have relied to a considerable extent on such information in arriving at our value.

Comparable Companies Selection Criteria

As discussed above, a set of comparable companies was required to estimate the benchmark P/S ratio of Exhibitions Business. We have identified relevant comparable companies listed on the stock exchanges in China and Hong Kong. The selection criteria include:

– The selected companies are principally engaged in the business, in design, planning, coordination and management of exhibitions and events;

– The selected comparable companies should have principal operating activities and assets in China or Hong Kong; and

– Shares of the comparable companies should be actively traded in the market.

An extract of the comparable companies and their respective P/S ratio included in our calculation were as follows:

Company Name	**Stock Code**	**Listing location**	**P/S**
Pico Far East Holdings Ltd	752: HK	Hong Kong	0.30
Dowway Holdings Ltd	8403: HK	Hong Kong	0.63
AV Promotions Holdings Ltd	8419: HK	Hong Kong	0.38
Huakai Yibai Technology Co Ltd	300592: CH	China	1.49
Shenzhen ESUN Display Co Ltd	002751: CH	China	1.75
Median			**0.63**

Source: Bloomberg or other public databases

We considered that the selected companies fulfilled the above selection criteria. Due to limited comparable companies, we considered these comparable companies were selected exhaustively by our best efforts. It is our view that the sampling of the above 5 companies is a good representation of the population of the exhibitions industry, and the implied parameters from this sample is indicative of the industry norm.

Discount for Lack of Marketability ("DLOM") and Adjustment for Control

The resulting equity value from multiplying the normalized annual sales of the exhibitions organizing business unit with P/S represents a non-controlling and marketable value basis. Similar to the marketability adjustment made in the valuation of the property development business unit, a DLOM of 20.6% is adopted with reference to the 2021 Stout Restricted Stocks Studies on Determining Discount for Lack of Marketability. As the Target Group effectively holds 48.45% equity of the exhibitions organizing business unit, the Target Group has less control over this business segment than a majority shareholder, but it still exerts significant influence over the business decision-making on the operations of the business unit. Therefore, a control premium of 10% is adopted with reference to FactSet Mergerstat Review on the implied control premium by comparison of transactions of controlling interest against minority interest, in consideration of the effective equity interest held by the Target Group representing an equity interest with some control over the business operation.

The detailed calculation using Trailing PS is shown in below table:

Sales	(A)	HKD6,285,453
P/S Ratio derived from comparable companies	(B)	0.63
Equity Value before marketability discount and before non-operating asset and liability adjustment)	(A)*(B)=(C)	HKD3,959,835
Non-operating Assets	(D)	HKD7,217,888
Non-operating Liabilities	(E)	HKD2,607,303
Equity Value before marketability discount & control premium and after non-operating asset and liability adjustment)	(C)+(D)-(E)=(F)	HKD8,570,420
DLOM	(G)	20.6%
Control premium	(H)	10.0%
100% equity	(F)*(1-(G))*(1+(H))=(I)	HKD7,485,405
48.45% equity	(J)	48.45%
Fair Value of 48.45% equity interest in the Exhibitions Business	(I)*(J)	HKD3,626,679 HKD3,627,000

Other Factors Considered in Our Valuation

In the course of our valuation, we have taken into consideration of all pertinent factors affecting the business operations of the Target Companies. The factors basically include:

– the market and the business risks of the Target Companies;

– the general economic outlook as well as specific investment environment for the Target Companies;

– the nature and current status of the Target Companies;

– the historical performance of the Target Companies; and

– the assumptions as stated under the section of Assumptions in this report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the various industries, it should be noted that the valuation results derived from the prospective financial projections could be materially different from the actual results.

It is reasonable to consider that the effects of COVID-19 would be reflected in market prices and transactions under the market approach. Therefore, it is reasonable to consider that the valuation result has appropriately taken into account management's assumption concerning the effects of COVID-19 on the business.

We have been provided with extracts of copies of relevant documents, audited and unaudited financial information relating to the Target Companies. We have relied upon the aforesaid information in forming our opinion of the value of the Target Companies. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the said information which is material to the valuation. We have also been advised by the Target Companies that no material fact has been omitted from the information provided. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the economic environment, competitive uncertainties or any other abrupt alternations of external factors.

Assumptions

In the course of this valuation exercise, a number of assumptions and caveats have been made. We have based on the following to arrive at the valuation conclusion in this report.

- We have assumed that the accuracy of financial and operational information provided to us by Management, and relied to a considerable extent on such information in arriving at our opinion of value;

- It is assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;

- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;

- There will be no major changes in the current taxation law in the areas in which the company conducting their business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with;

- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;

- The Target Companies will retain their key management and technical personnel to maintain their ongoing operations;

- There will be no major business disruptions through international crisis, diseases, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;

- The company will remain free from claims and litigation against the business or their customers that will have a material impact on value;

- The business is unaffected by any statutory notice and that operation of the business gives, or will give, no rise to a contravention of any statutory requirements;

- The business is not subject to any unusual or onerous restrictions or encumbrances; and

- The potential bad debt of the Target Companies will not materially affect their business operations.

Limiting Conditions

We have to a considerable extent relied on the financial data and other related information provided by the Company. We are not in a position to comment on the lawfulness of the business.

To the extent that any of the adopted assumptions or facts provided to us are changed, the result of the Valuation would be different. It should be noted that the financial information regarding the Target Companies provided to us has been represented by management and was assumed for the purposes of this opinion that such information was reasonably prepared with diligence and based on best efforts of management as to the current results of the operations and financial conditions of the Target Companies to which information relate.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

Management Confirmation of Facts

A draft of this report and our calculation has been sent to management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects. Management confirms that they have performed the necessary due-diligence on the information provided, and understands that any material changes or errors in such information could lead to a substantial change in our valuation result. As of the date of this report, they are not aware of any material matters relevant to our engagement which have been excluded.

Management should also acknowledge that the valuation was carried out using theoretical valuation approaches, and thus could be different from any potential transaction prices. The valuation result should therefore be used for the Company's internal reference and compliance purpose only. It is noted that management has reviewed all valuation results and agreed with all relevant valuation inputs and calculations.

Remarks

We hereby confirm that we have neither present nor prospective interest in the Company, subsidiaries, and associated companies, or the value reported herein.

Unless otherwise stated, all money amounts are stated in Hong Kong Dollars.

The conclusion of value is based on accepted valuation procedures and practices that rely on substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and us.

This report is issued subject to our Assumptions and Limiting Conditions stated above.

Opinion of the Value

Based on the investigation and analysis stated above and the valuation method employed, we are of the opinion that the Fair Values of 100% Equities of the Target Group after marketability were reasonably stated as follow:

Valuation Date	**31 May 2022**
	HKD
Property Development Business	18,714,000
Exhibitions Business	3,627,000
Total	**22,341,000**

Yours faithfully,
For and on behalf of
APAC Asset Valuation and Consulting Limited
Jasper Chan
CFA, FRM
Director

Note:

Jasper Chan, CFA, FRM

Mr. Jasper Chan is a CFA® charterholder and a certified FRM® with 9 years of experience in handling valuations and financial modelling for financial reporting, merger and acquisition, financial derivatives, intangible assets, biological assets, mine valuations, etc. He also has extensive experience in providing valuation advisory services to private equity funds, and providing litigation support in relation to commercial and matrimonial disputes. His work has covered a range of different industries including manufacturing, financial services, mineral resources, forestry, IT, pharmaceutical, casinos & gaming, etc.

The following is the text of a letter and property valuation report, prepared for the purpose of incorporation in this circular received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with the valuation of the property interest of the Disposal Group as at 31 May 2022.

亞太
APAC

APAC Asset Valuation and Consulting Limited
5/F, Blissful Building, 243 – 273 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

Tesson Holdings Limited
Room 401A, Empire Centre,
68 Mody Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

31 August 2022

Dear Sirs,

RE: VALUATION OF VARIOUS PROPERTIES LOCATED IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTIES")

In accordance with the instructions from Tesson Holdings Limited (the "**Company**") for us to value the Properties situated in The People's Republic of China (the "**PRC**"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 May 2022 (the "**valuation date**") for the purpose of incorporation into the circular issued by the Company.

BASIS OF VALUATION

Our valuation of each of the Properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Company and our valuation is prepared in accordance with the "HKIS Valuation Standards 2020" published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the Properties on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the Properties.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Properties nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

VALUATION METHODOLOGY

In valuing the Properties in Group I, which are held for investment in the PRC, we have made reference to the comparable sales evidences as available on the relevant markets and, where appropriate, valued the Properties on the basis of capitalization of the rental incomes as shown on the tenancy agreements handed to us by the Company.

In valuing the Properties in Group II which are held under development in the PRC, we have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidences as available in the relevant market and have also taken into account the expended construction cost and the cost that will be expended to complete the development to reflect the quality of the completed development.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Properties. However, we have not caused title searches to be made for the Properties at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Properties in the PRC, we have relied on the legal opinion provided by the Company's PRC legal adviser, Guangxi Wanyingjia Law Firm (廣西萬瀛佳律師事務所), regarding the title and other legal matters to the Properties.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, site and floor areas, construction costs and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

Due to the pandemic conditions and the instructions from the Company, we have not carried out on-site inspection. However, we have inspected the Properties by means of video conferencing in July 2022 by Mr. Pang Kin Fai. We have inspected the exterior and, where possible, the interior of the Properties. We have not inspected those parts of the Properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Properties which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our summary of valuation and valuation report are attached.

Yours faithfully,

For and on behalf of
APAC Asset Valuation and Consulting Limited
Pang King Fai
MHKIS, MRICS, RPS (GP)
Director

Note: Mr. Pang Kin Fai is a Registered Professional Surveyor in General Practice Division with over 25 years valuation experience on properties in Hong Kong and the PRC.

Encl.

SUMMARY OF VALUES

No.	Property	Market Value in existing state as at 31 May 2022
Group I – Properties held for investment in the PRC		
1	Unit Nos. 102 to 126, Block 16 Commercial Building of Phase I of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	RMB25,000,000
2.	Block 17 Commercial Building of Phase I of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	RMB22,400,000
Group II – Properties held under development in the PRC		
3.	Block 11 Commercial and Residential Building and Block 12 Residential Building of Phase II of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	RMB260,900,000
4.	Block 15 Office Building of Phase II of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	RMB118,300,000

No.	Property	Market Value in existing state as at 31 May 2022
5.	Residential Buildings of Feng Xiang Terrace — Rongzhou Cultural Centre, Junction of Fengxiang Road and Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, The PRC	RMB302,200,000
6.	Various Portion of Feng Xiang Terrace — Rongzhou Cultural Centre, Junction of Fengxiang Road and Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, The PRC	RMB165,200,000
	Total:	**RMB894,000,000**

VALUATION REPORT

Group I – Property held for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
1.	Unit Nos. 102 to 126, Block 16 Commercial Building of Phase I of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	Rongzhou Gangjiucheng (容州港九城) (the "**Development**") is a residential development being erected on two parcels of land with a total site area of approximately 99,793.33 sq. m. The Development is situated in Wangcheng New District of Xinjian District of Nanchang. The immediate locality is a newly-developed residential area with some industrial developments in the vicinity. The property comprises 25 retail units with a total gross floor area of approximately 2,235.82 sq. m. of Phase I of the Development. The land use rights of the Development have been granted for two concurrent terms expire on 31 January 2051 for commercial use and 31 January 2081 for residential use respectively.	As at the valuation date, the property and Unit No. 101, Block 16 of Phase I of the Development were subject to a tenancy for a term commencing on 10 May 2019 and expiring on 9 May 2029. The annual rent for the first and second year are RMB389,773.44, RMB668,183.04 respectively. Starting from the third year, the annual rent will be increased by 8% every two years. (please refer to Note 5)	RMB25,000,000

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land of the Development have been granted to Nanchang Rongzhou Investment Company Limited (南昌市容州投資有限公司) (the "**Nanchang Investment**"). Details of the said certificates are as follows:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Use and Expiry Date
Xin Guo Yong (2014) No. 08025	27 August 2014	30,453.33	Commercial: 31 January 2051 Residential: 31 January 2081
Xin Guo Yong (2014) No. 08026	27 August 2014	69,340.00	Commercial: 31 January 2051 Residential: 31 January 2081
	Total:	**99,793.33**	

2. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 360122201500162 dated 4 June 2015, the construction works of A# Commercial Building of Phase I of the Development with a total gross floor area of 2,320.24 sq. m. were approved.

   As advised by the Company, A# Commercial Building has been renamed as Block 16 Commercial Building.

3. Pursuant to the Construction Work Commencement Permit No. 360122201507100101 dated 10 October 2015, the construction works of Block 1#-4# Residential Buildings, A, B, C Commercial, D# 8 Classes Kindergarten and basement of Block 1# of Phase I of the Development with a total gross floor area of 117,857.01 sq. m. were approved for commencement.

   As advised by the Company, A# Commercial Building, B# Commercial Building, C# Commercial Building and D# 8 Classes Kindergarten have been renamed as Block 16 Commercial Building, Block 17 Commercial Building, Block 18 Commercial Building and Block 19 Kindergarten respectively.

4. Pursuant to 25 Real Estate Title Certificates, the building ownership of the unit nos. 102-126 of Block 16 of the Development with a total gross floor area of 2,235.82 sq. m. is vested to Nanchang Investment.

5. The existing tenancy includes Unit Nos. 101 to 126 of Block 16 of Phase I of the Development. As advised by the Company, Unit 101 has been sold and in our valuation, we have excluded the rental proportion to this unit.

6. We have been provided with a legal opinion on the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanchang Investment has legally obtained the land use rights of the property and is the legal owner of the property;

   ii. Nanchang Investment is entitled to occupy, use, earn from, dispose of (included but not limited to transfer or lease) the property legally; and

   iii. the property is free from mortgage and other encumbrances.

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
2.	Block 17 Commercial Building of Phase I of Rongzhou Gangjiucheng, South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, The PRC	Rongzhou Gangjiucheng (容州港九城) (the "**Development**") is a residential development being erected on two parcels of land with a total site area of approximately 99,793.33 sq. m. The Development is situated in Wangcheng New District of Xinjian District of Nanchang. The immediate locality is a newly-developed residential area with some industrial developments in the vicinity. The Property comprises various retail units with a total gross floor area of approximately 1,864.64 sq. m. of Phase I of the Development. The land use rights of the Development have been granted for two concurrent terms expire on 31 January 2051 for commercial use and 31 January 2081 for residential use respectively.	As at the valuation date, the Property was subject to a tenancy for a term commencing on 9 July 2021 and expiring 8 February 2032. The annual rent for the first three year is RMB960,000. Starting from the fourth year, the annual rent will be increased by 8% every two years.	RMB22,400,000

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land of the Development have been granted to Nanchang Rongzhou Investment Company Limited (南昌市容州投資有限公司) (the "**Nanchang Investment**"). Details of the said certificates are as follows:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Use and Expiry Date
Xin Guo Yong (2014) No. 08025	27 August 2014	30,453.33	Commercial: 31 January 2051 Residential: 31 January 2081
Xin Guo Yong (2014) No. 08026	27 August 2014	69,340.00	Commercial: 31 January 2051 Residential: 31 January 2081
	Total:	**99,793.33**	

2. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 3601222015000163 dated 4 June 2015, the construction works of the B# Commercial Building of Phase I of the Development with a total gross floor area of 1,864.64 sq. m. were approved.

   As advised by the Company, B# Commercial Building has been renamed as Block 17 Commercial Building.

Pursuant to the Construction Work Commencement Permit No. 360122201507100101 dated 10 October 2015, the construction works of Block 1#-4# Residential Buildings, A, B, C Commercial, D# 8 Classes Kindergarten and basement of Block 1# of Phase I of the Development with a total gross floor area of 117,857.01 sq. m. were approved for commencement.

As advised by the Company, A# Commercial Building, B# Commercial Building, C# Commercial Building and D# 8 Classes Kindergarten have been renamed as Block 16 Commercial Building, Block 17 Commercial Building, Block 18 Commercial Building and Block 19 Kindergarten respectively.

3. Pursuant to the Completion Examination and Acceptance Form — Xin Jian (2018) Di No. 008, the construction works of the B# Commercial Building of Phase I of the Development with a total gross floor area of 1,864.64 sq. m. have been completed under quality approval.

4. We have been provided with a legal opinion on the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanchang Investment has legally obtained the land use rights of the property and is entitled to legally use the land according to the legal uses of the land within the granted land use term;

   ii. Nanchang Investment has not obtained the building ownership certificate of the property but has obtained the Completion Examination and Acceptance Form and Pre-sale Permit. Therefore, Nanchang Investment has legal right to occupy, use, earn from, dispose of the property; and

   iii. the property is free from mortgage and other encumbrances.

Group II – Properties held under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
3.	Block 11 Commercial and Residential Building and Block 12 Residential Building of Phase II of Rongzhou Gangjiucheng (容州港九城), South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, PRC	Rongzhou Gangjiucheng (容州港九城) (the "**Development**") is a residential development being erected on two parcels of land with a total site area of approximately 99,793.33 sq. m. The Development is situated in Wangcheng New District of Xinjian District of Nanchang. The immediate locality is a newly-developed residential area with some industrial developments in the vicinity. According to the latest development proposal provided by the Company, the property comprises residential and retail portion of Phase II of the Development with a total gross floor area of approximately 40,143.53 sq. m. Details of the uses and approximate gross floor areas are as follows: **Portion** / **Approximate gross floor area** *(sq.m.)* Residential: 38,661.97 Office: 1,481.56 **Total: 40,143.53** The property is scheduled for completion in December 2022. The land use rights of the Development have been granted for two concurrent terms expire on 31 January 2051 for commercial use and 31 January 2081 for residential use respectively.	As at the valuation date, the property was under development.	RMB260,900,000

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land of the Development have been granted to Nanchang Rongzhou Investment Company Limited (南昌市容州投資有限公司) ("**Nanchang Investment**"). Details of the said certificates are as follows:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Use and Expiry Date
Xin Guo Yong (2014) No. 08025	27 August 2014	30,453.33	Commercial: 31 January 2051 Residential: 31 January 2081
Xin Guo Yong (2014) No. 08026	27 August 2014	69,340.00	Commercial: 31 January 2051 Residential: 31 January 2081
	Total:	**99,793.33**	

2. Pursuant to Pursuant to the following 2 Construction Work Planning Permits, the construction works of the property were approved. Details of the said permits are as follows:

Certificate No.	Issue Date	Block No.	Gross Floor Area and Uses *(sq. m.)*
Jian Zi Di No. 36012220160000233	27 December 2016	11	12,740.08 (Residential) 1,442.13 (Retail)
Jian Zi Di No. 36012220160000234	27 December 2016	12	25,956.69 (Residential)
		Total	**40,138.90**

3. Pursuant to the Construction Work Commencement Permit No. 360122201704270101 dated 27 April 2017, the construction works of Blocks 9#-14#, E# Office Building and basement of Phase II of the Development with a gross floor area of 171,842.53 sq. m. have been approved for commencement.

   As advised by the Company, E# Office Building has been renamed as Block 15 Office Building.

4. Pursuant to the following 2 Pre-sale Permits, the property was allowed for pre-sale. Details of the said permits are as follows:

Certificate No.	Issue Date	Block No.	Gross Floor Area and Uses *(sq. m.)*
Xin Fang Yu Shou Zheng Di No. 2018039	17 August 2018	11	12,685.33 (Residential) 1,481.56 (Retail)
Xin Fang Yu Shou Zheng Di No. 2018064	26 October 2018	12	25,976.64 (Residential)
		Total	**40,143.53**

5. As advised by the Company, various residential units of the property with a total gross floor area of 38,661.97 sq. m. have been pre-sold at a total consideration of approximately RMB346,224,118. We have taken into account the said consideration in our valuation.

6. As advised by the Company, various retail units of the property with a total gross floor area of 783.49 sq. m. have been pre-sold at a total consideration of approximately RMB10,262,447. We have taken into account the said consideration in our valuation.

7. As advised by the Company, the total construction cost incurred for the property as at the valuation date was approximately RMB87,849,000 whereas the total budget construction cost was approximately RMB141,741,000. In the course of our valuation, we have taken into account the said amounts in our valuation.

8. The market value of the proposed property if completed as at the date of valuation was about RMB366,201,000.

9. We have been provided with a legal opinion on the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanchang Investment has legally obtained the land use rights of the property and is entitled to legally use the land according to the legal uses of the land within the granted land use term;

   ii. Nanchang Investment has entitled to occupy, use, earn from, dispose of (including but not limited to transfer or lease) the property legally;

   iii. Nanchang Investment has obtained the relevant certificates and approval from the Government in respect of the proposed construction of the property; and

   iv. the property is free from mortgage and other encumbrances.

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
4.	Block 15 Office Building of Phase II of Rongzhou Gangjiucheng (容州港九城), South of 320 National Highway and East of Chuangye Middle Avenue, Wangcheng New District, Xinjian District, Nanchang, Jiangxi Province, PRC	Rongzhou Gangjiucheng (容州港九城) (the "**Development**") is a residential development being erected on two parcels of land with a total site area of approximately 99,793.33 sq. m. The Development is situated in Wangcheng New District of Xinjian District of Nanchang. The immediate locality is a newly-developed residential area with some industrial developments in the vicinity. According to the latest development proposal provided by the Company, the property comprises office and shopping mall of Phase II of the Development with a total gross floor area of approximately 17,636.04 sq. m. Details of the uses and approximate gross floor areas are as follows:	As at the valuation date, the property was under development.	RMB118,300,000

Portion	Approximate gross floor area *(sq.m.)*
Shopping Mall	7,947.48
Office	9,688.56
Total:	**17,636.04**

The property is scheduled for completion in December 2022.

The land use rights of the Development have been granted for two concurrent terms expire on 31 January 2051 for commercial use and 31 January 2081 for residential use respectively.

1. Pursuant to the following State-owned Land Use Rights Certificates, the land use rights of two parcels of land of the Development have been granted to Nanchang Rongzhou Investment Company Limited (南昌市容州投資有限公司) ("**Nanchang Investment**"). Details of the said certificates are as follows:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Use and Expiry Date
Xin Guo Yong (2014) No. 08025	27 August 2014	30,453.33	Commercial: 31 January 2051 Residential: 31 January 2081
Xin Guo Yong (2014) No. 08026	27 August 2014	69,340.00	Commercial: 31 January 2051 Residential: 31 January 2081
	Total:	**99,793.33**	

2. Pursuant to the Construction Work Planning Permit Jian Zi No. 36012220160000237 dated 27 December 2016, the construction work of E# of Phase II of the Development with a gross floor area of 17,402.77 sq. m. has been approved.

   As advised by the Company, E# Office Building has been renamed as Block 15 Office Building.

3. Pursuant to the Construction Work Commencement Permit No. 360122201704270101 dated 27 April 2017, the construction works of Blocks 9#-14#, E# Office Building and basement of Phase II of the Development with a gross floor area of 171,842.53 sq. m. have been approved for commencement.

4. As advised by the Company, the total construction cost incurred for the property as at the valuation date was approximately RMB38,594,000 whereas the total budget construction cost was approximately RMB62,270,000. In the course of our valuation, we have taken into account the said amounts in our valuation.

5. The market value of the proposed property if completed as at the date of valuation was about RMB181,380,000.

6. We have been provided with a legal opinion on the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanchang Investment has legally obtained the land use rights of the property and is entitled to legally use the land according to the legal uses of the land within the granted land use term;

   ii. Nanchang Investment has entitled to occupy, use, earn from, dispose of (including but not limited to transfer or lease) the property legally;

   iii. Nanchang Investment has obtained the relevant certificates and approval from the Government in respect of the proposed construction of the property; and

   iv. the property is free from mortgage and other encumbrances.

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
5.	Residential Buildings of Feng Xiang Terrace — Rongzhou Cultural Centre, Junction of Fengxiang Road and Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, The PRC	Feng Xiang Terrace - Rongzhou Cultural Centre (鳳翔台 — 容州文化中心) (the "**Development**") is a composite development being erected on a parcel of land with a total site area of approximately 13,148.11 sq. m. The property comprises two residential buildings and retail portion of the Development with a total gross floor area of approximately 27,240.36 sq. m. Details of the uses and approximate gross floor areas are as follows:	As at the valuation date, the property was under development.	RMB302,200,000

Portion	Approximate gross floor area *(sq.m.)*
Residential	25,782.55
Retail	1,457.81
Total:	**27,240.36**

The property also comprises 163 car parking spaces and scheduled for completion in August 2022.

The land use rights of the property have been granted for three concurrent terms expiring on 25 March 2044, 25 March 2054 and 25 March 2074 for retail, commercial and residential uses respectively.

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Nanning Rongzhou Cultural Broadcasting Company Limited (南寧容州文化傳播有限公司) ("**Nanning Cultural**"). Details of the said certificate are as follows:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Use & Expiry Date
Gui (2019) Nan Ning Shi Bu Dong Chan Quan No. 0029615	22 January 2019	Commercial: 6,251.93 Residential: 6,533.30 Retail: 362.88	Commercial: 25 March 2054 Residential: 25 March 2074 Retail: 25 March 2044
	Total:	**13,148.11**	

2. Pursuant to the 5 Construction Work Planning Permits — Jian Zi Di Nos. 450101201900025 to 450101201900029 all dated 18 January 2019, the construction works of the Development with a gross floor area of 84,395.06 sq. m. have been approved.

3. Pursuant to the Construction Work Commencement Permit No. 450101201901240101 dated 24 January 2019, the construction works of the Development with a gross floor area of 84,395.00 sq. m. have been approved for commencement.

4. Pursuant to 2 Presale Permits — Nan Fang Yu Zi (2019) Di No. 387 and Nan Zhu Jian Yu Zi (2021) Di No. 411, the residential portion of the property with a total gross floor area of 25,782.55 sq. m. and the retail portion of the property with a total gross floor area of 1,457.81 sq. m. were allowed for presale.

5. As advised by the Company, various residential units of the property with a total gross floor area of 25,313.85 sq. m. have been pre-sold at a total consideration of approximately RMB392,247,176. We have taken into account the said consideration in our valuation.

6. As advised by the Company, various retail units of the property with a total gross floor area of 246.16 sq. m. have been pre-sold at a total consideration of approximately RMB5,894,796. We have taken into account the said consideration in our valuation.

7. As advised by the Company, the total construction cost incurred for the property as at the valuation date was approximately RMB126,941,000 whereas the total budget construction cost was approximately RMB227,112,000. In the course of our valuation, we have taken into account the said amounts in our valuation.

8. The market value of the proposed property if completed as at the date of valuation was about RMB457,584,000.

9. We have been provided with a legal opinion on the Property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanning Cultural has legally obtained the land use rights of the property and is entitled to legally use the land according to the legal uses of the land within the granted land use term;

   ii. Nanning Cultural has entitled to occupy, use, earn from, dispose of the property legally;

   iii. Nanchang Investment has obtained the relevant certificates and approval from the Government in respect of the proposed construction of the property;

   iv. The land portion of property is subject to a mortgage in favour of Guilin Bank Company Limited (桂林銀行) for a debt guarantee of a maximum of RMB160,000,000; and

   v. The construction work of property is subject to a mortgage in favour of Guilin Bank Company Limited (桂林銀行) for a debt guarantee of a maximum of RMB200,000,000. Nanning Cultural has obtained the consent from the mortgagee and is entitled to pre-sell the residential, retail, basement and car parking portion of property.

No.	Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 May 2022
6.	Various Portion of Feng Xiang Terrace — Rongzhou Cultural Centre, Junction of Fengxiang Road and Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, The PRC	Feng Xiang Terrace - Rongzhou Cultural Centre (鳳翔台 — 容州文化中心) (the "**Development**") is a composite development being erected on a parcel of land with a total site area of approximately 13,148.11 sq. m. The property comprises various portion of the Development with a total gross floor area of approximately 24,830.15 sq. m. Details of the uses and approximate gross floor areas are as follows: **Portion** / **Approximate gross floor area** *(sq.m.)* Apartment 13,558.74 Hotel 3,129.09 Office 3,075.32 Retail 5,067.00 **Total: 24,830.15** The property also comprises 163 car parking spaces and scheduled for completion in November 2022. The land use rights of the property have been granted for three concurrent terms expiring on 25 March 2044, 25 March 2054 and 25 March 2074 for retail, commercial and residential uses respectively.	As at the valuation date, the property was under development.	RMB165,200,000

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Nanning Rongzhou Cultural Broadcasting Company Limited (南寧容州文化傳播有限公司) ("**Nanning Cultural**"). Details of the said certificate are as follows:

Certificate No.	**Issue Date**	**Site Area** *(sq.m.)*	**Use & Expiry Date**
Gui (2019) Nan Ning Shi Bu Dong Chan Quan No. 0029615	22 January 2019	Commercial: 6,251.93 Residential: 6,533.30 Retail: 362.88	Commercial: 25 March 2054 Residential: 25 March 2074 Retail: 25 March 2044
	Total:	**13,148.11**	

2. Pursuant to the 5 Construction Work Planning Permits — Jian Zi Di Nos. 450101201900025 to 450101201900029 all dated 18 January 2019, the construction works of the Development with a gross floor area of 84,395.06 sq. m. have been approved.

3. Pursuant to the Construction Work Commencement Permit No. 450101201901240101 dated 24 January 2019, the construction works of the Development with a gross floor area of 84,395.00 sq. m. have been approved for commencement.

4. As advised by the Company, the total construction cost incurred for the property as at the valuation date was approximately RMB115,709,000 whereas the total budget construction cost was approximately RMB207,018,000. In the course of our valuation, we have taken into account the said amounts in our valuation.

5. The market value of the proposed property if completed as at the date of valuation was about RMB323,455,000.

6. We have been provided with a legal opinion on the Property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:

   i. Nanning Cultural has legally obtained the land use rights of the property and is entitled to legally use the land according to the legal uses of the land within the granted land use term;

   ii. Nanning Cultural has entitled to occupy, use, earn from, dispose of the property legally;

   iii. Nanchang Investment has obtained the relevant certificates and approval from the Government in respect of the proposed construction of the property;

   iv. The land portion of property is subject to a mortgage in favour of Guilin Bank Company Limited (桂林銀行) for a debt guarantee of a maximum of RMB160,000,000; and

   v. The construction work of property is subject to a mortgage in favour of Guilin Bank Company Limited (桂林銀行) for a debt guarantee of a maximum of RMB200,000,000. Nanning Cultural has obtained the consent from the mortgagee and is entitled to pre-sell the residential, retail, basement and car parking portion of property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Long position in the issued Shares

Name of Director	Capacity/ Nature of interest	Number of issued ordinary Shares held	Approximate percentage of the total issued share capital of the Company
Ms. Cheng Hung Mui *(Note 1)*	Interest in a controlled corporation	775,894,533 *(Note 1)*	62.75%

Note:

1. The entire issued share capital of Double Key International Limited is wholly owned by Ms. Cheng Hung Mui, an executive Director. Ms. Cheng Hung Mui is deemed to be interested in 775,894,533 Shares held by Double Key International Limited pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the

SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of substantial Shareholder	Capacity	Number of issued ordinary Shares held/ underlying Shares	Percentage of the total issued share capital of the Company
Ms. Cheng Hung Mui *(Note 1)*	Interest of controlled corporation	775,894,533	62.75%
Double Key International Limited *(Note 1)*	Beneficial owner	775,894,533	62.75%
Leung Ka Chun	Beneficial owner	101,824,000	8.23%

Note:

1. The entire issued share capital of Double Key International Limited is wholly owned by Ms. Cheng Hung Mui. Therefore, Ms. Cheng Hung Mui is deemed to be interested in the Shares held by Double Key International Limited pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than the Directors and chief executive of the Company), who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates had any interests in any business apart from the Group's businesses which competed or might compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. QUALIFICATION AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have been named in this circular or have given opinion or advice contained in this circular (collectively, the "**Experts**"):

Name	Qualification
APAC Asset Valuation and Consulting Limited	Independent valuer
Guangxi Wanyingjia Law Firm* (廣西萬瀛佳律師事務所)	PRC Legal Adviser

As at the Latest Practicable Date, the Experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letters, reports or names in the form and context in which they respectively appear in this circular.

As at the Latest Practicable Date, the Experts did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Experts did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware of, none of the members of the Group was involved in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

7. MATERIAL CONTRACTS

Save for the contract set out below, there was no contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, which is or may be material.

(a) the SPA;

(b) a termination agreement received on 19 November 2021 entered into between Nanjing Bureau of Land and Resources* (南京市國土資源局), Tesson New Energy Company Limited* (天臣新能源有限公司) and Nanjing Rongzhou Cultural Industry Investment Company Limited* (南京容州文化產業投資有限公司) regarding the acquisition of land plot in Lishui District, Nanjing City, Jiangsu Province, the PRC the total consideration of which amounts to RMB650,000,000; and

(c) a placing agreement dated 25 June 2021 entered into between the Company and Cheong Lee Securities Limited as placing agent, regarding the placing of new shares under general mandate of up to 75,000,000 new shares by the placing agent at the placing price of HK$0.40 per placing share.

8. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors had any material interest, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group.

9. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Chan Wei, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants;

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;

(c) The head office and principal place of business of the Company in Hong Kong is at Room 401A, Empire Centre 68, Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong;

(d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and

(e) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the respective Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://tessonholdings.com) for a period of 14 days commencing from the date of this circular:

(a) the SPA;

(b) the business valuation and property valuation reports from APAC Asset Valuation and Consulting Limited, the texts of which are set out on Appendix II to this circular;

(c) the written consents of the experts referred to in the paragraph headed "Qualification and Consents of Experts" in this Appendix;

(d) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(e) the annual reports of the Company for each of the three years ended 31 December 2019, 2020 and 2021; and

(f) this circular.