
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or other 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 the Prospectus Documents, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS and you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed "Notices" and the paragraph headed "Rights of Overseas Shareholders" under the section headed "Letter from the Board" in this prospectus.

The securities described herein have not been registered under the U.S. Securities Act or the laws of any state in the US and may not be offered or sold within the US, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws.

There is no intention to register any portion of the Rights Shares or any securities described in this prospectus in the US or to conduct a public offering of securities in the US. Distribution of the Prospectus Documents (including this prospectus) in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) in possession of the Prospectus Documents should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the US. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



TESSON HOLDINGS LIMITED

天臣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARE FOR EVERY FOUR (4) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial Adviser to the Company



山證國際

SHANXI SECURITIES INTERNATIONAL

Capitalised terms used in this cover shall have the same meanings as those defined in this prospectus.

The Rights Issue will be made on a non-underwritten basis. Pursuant to the bye-laws of the Company, the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue and there is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced.

The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this Prospectus. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or nil-paid Rights Shares up to the date on which the Rights Issue has become unconditional should be aware of the risk that the Rights Issue may not proceed and are advised to exercise caution.

Details on the expected timetable for the Rights Issue are set out in the section headed "Expected timetable" in this Prospectus. The procedures for acceptance and payment and/or transfer of the nil-paid Rights Shares are set out in the section headed "Letter from the Board – Rights Issue – Procedures for acceptance, payment and/or transfer of the Rights Shares provisionally allotted" in this Prospectus. Shareholders and potential investors are recommended to consult their professional advisers if in doubt.

10 January 2024

NOTICES

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully paid Rights Shares, this prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully paid Rights Shares, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the section headed “Letter from the Board – Rights Issue – Rights of Overseas Shareholders” in this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

NOTICES

FORWARD LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 7 June 2023 in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday, a public holiday and a day on which typhoon signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Circular”	the circular of the Company dated 24 August 2023 in relations to, among other things, the Rights Issue and the transaction contemplated thereunder
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Tesson Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1201)
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares

DEFINITIONS

“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the increase in authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares
“Independent Shareholders”	Shareholders other than (i) the Controlling Shareholder and its respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the SGM
“Irrevocable Undertaking”	a letter of irrevocable undertaking dated 7 June 2023 executed by Double Key International Limited in favour of the Company, the principal terms of which are disclosed in the paragraph headed “Irrevocable Undertaking” in this prospectus
“Last Day for Transfer”	Thursday, 21 September 2023, or such other date as the Company may determine, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company in order to qualify for the Rights Issue
“Last Trading Day”	Wednesday, 7 June 2023, being the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	2 January 2024, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 24 January 2024, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lithium Ion Motive Battery Business”	the Group’s principal activity, which is manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus as issued by the Company in connection with the Rights Issue

DEFINITIONS

“Prospectus Documents”	this Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 10 January 2024, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 28 September 2023, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Share for every four (4) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 1,112,615,025 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company convened and held on Monday, 18 September 2023 at which, among other things, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder, were approved by the Independent Shareholder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 per Rights Share under the Rights Issue
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC (as may be amended from time to time)
“United States” or “US”	the United States of America
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Events	Hong Kong Date and Time 2024
Date of the Prospectus Documents	Wednesday, 10 January
First day of dealings in nil-paid Rights Shares	Friday, 12 January
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Tuesday, 16 January
Last day of dealings in nil-paid Rights Shares	Friday, 19 January
Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Wednesday, 24 January
Announcement of the results of the Rights Issue	Wednesday, 31 January
Despatch of Share certificates for the fully-paid Rights Shares and/or refund cheques on or before	Thursday, 1 February
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 2 February

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

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 24 January 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 24 January 2024. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares does not take place on Wednesday, 24 January 2024, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

LETTER FROM THE BOARD



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

Ms. Yu Xiaolei

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Dr. Ng Ka Wing

Mr. See Tak Wah

Mr. Wang Jinlin

*Head office and principal place of business
in Hong Kong:*

Room 401A, Empire Centre

68 Mody Road

Tsim Sha Tsui

Kowloon

Hong Kong

10 January 2024

*To the Qualifying Shareholders, and for information only,
to the Non-Qualifying Shareholders,*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARE FOR EVERY FOUR (4) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Increase in Authorised Share Capital, the Rights Issue and the transaction contemplated thereunder. The Board announced that the Company proposed to raise up to approximately HK\$111.3 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 1,112,615,025 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of three (3) Rights Share for every four (4) existing Shares held on the Record Date.

The purpose of this Prospectus is to provide you with, among other things, (i) further information on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you; (ii) certain financial information of the Group; and (iii) general information in respect of the Group.

LETTER FROM THE BOARD

At the SGM held on Monday, 18 September 2023, the necessary resolutions for approving, among other things, the Increase in Authorised Share Capital, the Rights Issue and the transaction contemplated thereunder, were duly passed by the Shareholders or the Independent Shareholders (as the case may be). As at the date of the SGM, Double Key International Limited, being a Controlling Shareholder, directly holds 775,894,533 Shares (representing approximately 52.30% of the issued share capital of the Company as at the Latest Practicable Date). Double Key International Limited is a company wholly owned by Ms. Cheng Hung Mui who is an executive Director. Accordingly, Double Key International Limited, Ms. Cheng Hung Mui and their respective associates abstained from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

RIGHTS ISSUE

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

The principal terms of the Rights Issue are as follows:

Rights Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Share for every four (4) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue on the Record Date	:	1,483,486,700 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	1,112,615,025 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	2,596,101,725 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

LETTER FROM THE BOARD

Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	No more than approximately HK\$111.3 million
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

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

As at the Latest Practicable Date, the Group has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Non-underwritten basis

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

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

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

LETTER FROM THE BOARD

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

The Subscription Price

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

The Subscription Price represents:

- (i) a discount of approximately 11.5% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.5% to the average closing price of approximately HK\$0.113 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 9.1% to the average closing price of approximately HK\$0.110 per Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 6.9% to the theoretical ex-rights price of approximately HK\$0.107 per Share based on the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 7.5% to the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 72.2% to the latest published audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.36 (based on the net asset value attributable to the owners of the Company as at 31 December 2022 of approximately HK\$528.8 million as shown in the Company's annual report for the year ended 31 December 2022 and 1,483,486,700 Shares in issue as at the Latest Practicable Date); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 4.9%, represented by a discount of the theoretical diluted price of approximately HK\$0.107 per Share to the benchmarked price of approximately HK\$0.113 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.113 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.113 per Share).

LETTER FROM THE BOARD

The Subscription Price of the Rights Issue were determined with reference to and having considered (i) the prevailing volatile market conditions of the Hong Kong stock market; (ii) the prices of the Shares during the period from 3 January 2023 to the Last Trading Day, the closing price of which fluctuated between HK\$0.095 to HK\$0.129, representing ranged from a discount of approximately 64.2% to a discount of approximately 73.6% to the latest published audited consolidated net asset value per Share as at 31 December 2022; (iii) the financial performance of the Group for the year ended 31 December 2022; (iv) the relative large fund-raising size when compared with the market capitalisation of the Company as at the Last Trading Day, it would be reasonable to set the Subscription Price at a relatively deep discount for attracting the qualifying shareholders to participate in the Rights Issue; and (v) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reasons for the Rights Issue and the Use of Proceeds”, and the amount of funds the Company intends to raise under the Rights Issue. The Directors are of the view that consider the period of approximately six months, can fairly represent the recent market trend in relation to rights issue of other listed companies and consider that a period of approximately six months being a reasonable period to provide an overview of the recent rights issue exercises which are reflective of the latest market conditions and sentiments.

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

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

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Rights Issue

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

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

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Tuesday, 9 January 2024 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

Basis of provisional allotment

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

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Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Wednesday, 24 January 2024.

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

Status of the Rights Shares

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

The Qualifying Shareholders

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

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

In order to be registered as a member of the Company by the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by no later than 4:30 p.m. on the Last Day for Transfer. The last day for dealing in Shares on a cum-rights basis is Tuesday, 19 September 2023, and the Shares is dealt with on an ex-rights basis starting from Wednesday, 20 September 2023.

The Non-Qualifying Shareholders

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

LETTER FROM THE BOARD

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

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

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Based on the register of members of the Company, there were in total 6 Overseas Shareholders which had registered addresses situated in the PRC as at the Record Date.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the preliminary legal advice provided by the legal advisers of the PRC engaged by the Company as at the Latest Practicable Date and having considered the circumstances, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The

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Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights or the fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

As at the Record, there were no Non-Qualifying Shareholders. Should there be any Non-Qualifying Shareholders that appear on the register of members of the Company on the Record Date, the Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them. For the avoidance of doubt, the Non-Qualifying Shareholders were entitled to attend and vote at the SGM as Independent Shareholders.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their own professional advisers.

Arrangements for the Non-Qualifying Shareholders Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro-rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

No fractional entitlement to the Rights Shares

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

Odd lot arrangement

No odd lot matching services will be provided.

Procedures for acceptance, payment and/or transfer of the Rights Shares provisionally allotted

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes

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to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PALs, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Wednesday, 24 January 2024. All remittances must be made by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "TESSON HOLDINGS LIMITED – RIGHTS ISSUE ACCOUNT" and must be crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar for registration by no later than 4:00 p.m. on Wednesday, 24 January 2024, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of a Qualifying Shareholder's rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 16 January 2024 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations as required. The new PALs will be available for collection at the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and banker's cashier orders will be presented for payment following receipt and all interests earned on such application monies (if any) will be retained for the benefit of the Company. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of the PAL together with a cheque or banker's cashier order in payment of the Rights Shares,

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whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by such person that the cheque or banker's cashier order will be honoured upon first presentation.

No receipt will be issued in respect of any application monies received.

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

Application for Excess Rights Shares

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

The Excess Rights Shares will comprise:

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

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Wednesday, 24 January 2024. All remittances must be made by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders

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must be issued by, a licensed bank in Hong Kong and made payable to “TESSON HOLDINGS LIMITED – EXCESS APPLICATION ACCOUNT” and must be crossed “ACCOUNT PAYEE ONLY”.

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

Basis of allocation of Excess Rights Shares

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

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

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

Important notice to beneficial owners: Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Thursday, 1 February 2024. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Thursday, 1 February 2024 to the applicants concerned.

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Stamp duty and taxation

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

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

Application for listing

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

Admission of Rights Shares into CCASS

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

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

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

THE IRREVOCABLE UNDERTAKING

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

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

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

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

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

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

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

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

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INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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

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

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

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investment holding company and a party known to the Group from its business network. As at 30 November 2023, HK\$48,113,000 remains outstanding and is repayable on demand.

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

The breakdown of the net proceeds from the Rights Issue for the Company as follows:

		Estimated construction period	Estimated amount <i>(Approx. RMB'000)</i>	Hong Kong dollar equivalent <i>(Approx. HK\$'000) (Note)</i>
(i) Development of Lithium Ion Motive Battery Business	Modification of current facilities including purchase, replacement, testing and/or adjustment of machinery	January 2024 to October 2024	10,000	11,000
	Modification and relocation of machines and equipment, enhancement of work flow and logistics upon further review	January 2024 to October 2024	1,000	1,100
	Alteration of factory premises (including construction of staff canteen and addition of north-gate) and current steam facility	January 2024 to October 2024	4,000	4,400
	Potential purchase of factory premise currently used by the Group	N/A	5,000	5,500
	Material cost, staff cost, utility and overhead cost of the factory	N/A	40,000	44,000
Subtotal				66,000

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	Estimated construction period	Estimated amount (Approx. RMB'000)	Hong Kong dollar equivalent (Approx. HK\$'000) (Note)
(ii) General working capital	Rent for factory and dormitory, payroll, electricity, utility including steam and electricity and other office cost in the PRC	5,200	6,000
	Rent for office and dormitory, payroll and MPF in Hong Kong		600
	Repayment for account payables		4,400
Subtotal			11,000
(iii) Repayment of loan	Other borrowings with outstanding amount of approximately HK\$52.8 million as 31 December 2022 as mentioned in the 2022 Annual Report		32,300
Subtotal			32,300
Total			109,300

Note: RMB1 = HK\$1.1

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole for the reasons stated above.

LETTER FROM THE BOARD

EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

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

LISTING RULES IMPLICATIONS

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

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules. At the SGM, the Shareholders approved the Rights Issue.

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

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

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

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

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

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ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this prospectus.

Yours faithfully,
By order of the Board
Tesson Holdings Limited
Tin Kong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2020, 2021, 2022, and the six months period ended 30 June 2023 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>):

- The interim report of the Group for the six months period ended 30 June 2023 (pages 4 to 24);
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0926/2023092600869.pdf>)
- Annual report for the year ended 31 December 2022 (pages 48 to 132);
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704098.pdf>)
- 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>)

2. STATEMENT OF INDEBTEDNESS

As at 30 November 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had the following liabilities:

Borrowings

The Group had outstanding unsecured borrowing of approximately HK\$48,113,000.

Lease liabilities

The Group had outstanding lease liabilities of approximately HK\$8,568,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities or normal trade and other payables, at the close of business on 30 November 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, 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 2022, being the date to which the latest published audited financial statements of the Company were made up.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, and after taking into account the Group's business prospects, present internal resources and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this prospectus. 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

The Company is an investment holding company incorporated in Bermuda with limited liability and the Group is principally engaged in the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading.

In 2022, preventive measures for the novel coronavirus disease ("COVID-19") were still in place, travelling restriction continued, temporary lockdown was found unsurprising. Overall consumption sentiment of the general public had been reduced throughout these years, forming additional pressure on sales growth on consumer goods. Operation of the Group was still affected by such measures, production base of the battery products was temporarily closed and led to reduced production volume, revenue from the sales of battery products declined in 2022.

In early 2023, market demand for lithium ion motive battery continued to grow, total production output in the PRC for January to February 2023 and March to April 2023 had been increased by 24% and 45% respectively compared to the same period in last year. Meanwhile, the Group's operation in the production base in Weinan had gradually resumed to normal in the second quarter of 2023, it is expected that the Group can be benefited from the market growth.

Having restructured the Group's business in 2022, the Group is able to concentrate its business development in the Lithium Ion Motive Battery Business. In the future, with the lifting of COVID-19 preventive measures, the Group believes that operation of the production base will be resumed to optimal level. The Group will adhere to enhance its product's efficiency, quality and safety, and further diversify its application to different household and industrial use. Our battery products will be promoted around the world, suitable for various electrical products. Without compromising products' quality, cost control and optimal resources allocation will continue to be the Group's operational focus.

The Group will strive to achieve production with lowest possible cost with outstanding product quality, meanwhile promote its battery products in more locations to sustain sales growth, which is the best way to materialise our enterprise's value, as well as to maximise investment return to our Shareholders.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Right Issue had taken place on 30 June 2023.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited condensed consolidated net tangible assets of the Group as at 30 June 2023, adjusted as described below:

	Unaudited condensed consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 (Note 1) HK\$'000	Estimated net proceeds from the Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2023 HK\$'000
	497,592	109,262	606,854
Unaudited condensed consolidated net tangible assets per existing Share before implementation of the Rights Issue (Note 3)			<u>HK\$0.34</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue (Note 4)			<u>HK\$0.23</u>

Notes:

1. The unaudited condensed consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 are based on the consolidated net assets in the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023.
2. The estimated net proceeds from the Rights Issue are based on 1,112,615,025 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share, after deduction of the estimated related expenses payable by the Company of approximately HK\$2,000,000.
3. Based on 1,483,486,700 Shares in issue as at 30 June 2023 before completion of the Rights Issue.
4. Based on 2,596,101,725 Shares, on which 1,112,615,025 Rights Shares were in issue as at 30 June 2023, assuming that the Rights Issue had been completed on 30 June 2023.

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

10 January 2024

The Board of Directors
Tesson Holdings Limited
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Tesson Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2023 as set out on pages II-1 to II-2 of the prospectus (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 June 2023 as if the transaction had been taken place at 30 June 2023. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements as included in the interim report for the six months ended 30 June 2023, on which an unaudited report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and the Use of Proceeds" set out on page 22 of the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, 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 prospectus 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 prospectus or this prospectus misleading.

2. SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Rights Issue, are expected to be as follows:

As at the Latest Practicable Date

Authorised share capital: HK\$

<u>5,000,000,000</u>	ordinary Shares of HK\$0.1 each	<u>500,000,000</u>
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Issued share capital: HK\$

<u>1,483,486,700</u>	ordinary Shares of HK\$0.1 each	<u>148,348,670</u>
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Immediately following the completion of the Rights Issue (assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full)

Authorised share capital: HK\$

<u>5,000,000,000</u>	ordinary Shares of HK\$0.1 each	<u>500,000,000</u>
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Issued share capital: HK\$

1,483,486,700	ordinary Shares of HK\$0.1 each	148,348,670
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	Rights Shares of HK\$0.1 each to be	
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<u>1,112,615,025</u>	issued pursuant to the Rights Issue	<u>111,261,503</u>
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	Shares of HK\$0.1 each immediately following the completion of the Rights Issue	
<u>2,596,101,725</u>		<u>259,610,173</u>

Immediately following the completion of the Rights Issue (assuming none of the Qualifying Shareholders other than Double Key International Limited and its associates have taken up their respective entitlement of the Rights Shares and applied for all Excess Rights Shares)

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	ordinary Shares of HK\$0.1 each	<u>500,000,000</u>
<i>Issued share capital:</i>		<i>HK\$</i>
1,483,486,700	ordinary Shares of HK\$0.1 each	148,348,670
<u>581,920,899</u>	Rights Shares of HK\$0.1 each to be issued pursuant to the Rights Issue	<u>58,192,090</u>
<u>2,065,407,599</u>	Shares of HK\$0.1 each immediately following the completion of the Rights Issue	<u>206,540,760</u>

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Main Board of the Stock Exchange.

The Company has made an application to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT**(a) Business Addresses**

The business address of all the Directors and senior management is the same as the address of the Company's principal place of business at Room 401A, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(b) Biographical Details**Mr. Tin Kong**

Chairman, Executive Director and Chief Executive Officer

Mr. Tin Kong, aged 63, is a Hong Kong resident. Mr. Tin has been executive Director of the Company and the chairman of the Board since 27 August 2015 and has been appointed as the chief executive officer of the Company on 1 August 2019. He has been an authorised representative of the Company, the chairman of the nomination committee and internal control committee of the Company, and a member of remuneration committee of the Company since March 2016. Mr. Tin holds directorships in certain subsidiaries of the Company. He is also a director of Double Key International Limited, the controlling shareholder of the Company. He graduated from the Department of Economics and Management in Beijing Academy of Cultural Administration* (北京文化幹部管理學院經濟管理學系).

Ms. Cheng Hung Mui

Executive Director

Ms. Cheng Hung Mui, aged 53, is a Hong Kong resident and an individual investor. Ms. Cheng was appointed as an executive Director of the Company on 27 June 2014. Ms. Cheng is the beneficial owner and director of Double Key International Limited, the controlling shareholder of the Company.

Mr. Chan Wei

Executive Director, Chief Financial Officer, Company Secretary

Mr. Chan Wei, aged 45, has been the chief financial officer, company secretary and authorised representative of the Company since 7 March 2016 and has been appointed as an executive Director of the Company on 28 July 2021. He is also a supervisor of a subsidiary of the Group. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chan obtained the degree of a Bachelor of Science in applied accounting from the Oxford Brookes University. He has over 20 years of experience in auditing, accounting and financial advisory. Before joining the Company, Mr. Chan worked in a listed company as financial controller. He also previously served as an independent non-executive director of Elegance Optical International Holdings Limited, a listed company, until 17 April 2018.

Ms. Liu Liu (also known as Liu Xiaoqing)

Executive Director

Ms. Liu Liu, aged 38, was appointed as an executive Director of the Company on 28 July 2021. She is currently a legal representative and an executive director of Oriental Galaxy (Beijing) Cultural Media Co., Ltd.* (東方銀河(北京)文化傳媒有限公司), which is a subsidiary of the Company. She is also the vice-director (副理事長) of each of the Live Webcast & Short Video Professional Committee (網絡直播與短視頻專業委員會) and the Electronic Commerce Professional Committee (電子商務專業委員會) of the China Electronics Chamber of Commerce (中國電子商會). Ms. Liu has more than 18 years of experience in film and television production and brand planning, marketing and promotion. Since 2004, Ms. Liu has been participating in the publisher and producer team of a number of film and television products, including several award-winning TV series which have become the top TV series in the annual audience ratings or click through rates in the first-tier satellite TV or multi-media platforms. From 2014, Ms. Liu has tapped into the China TV shopping industry and has built up her team in providing various brand planning, marketing and promotion services in live stream e-commerce.

Ms. Yu Xiaolei*Executive Director*

Ms. Yu Xiaolei, aged 38, was appointed as an executive Director of the Company on 1 October 2023. She was awarded a master's degree in architecture (professional) in the University of Auckland, New Zealand, in 2011. Ms. Yu served as sustainable building appraiser at GWS – Green World Solutions* (中際國潤(北京)低碳科技有限公司) from December 2010 to May 2016, mainly engaged in green building evaluation (including but not limited to conceptual design, assessment standard for green building, and leading energy and environmental design (or LEED) evaluation), as well as low carbon planning. She later served as an administrative manager at Beijing Anjie Asset Management Co., Ltd.* (北京安傑資產管理股份有限公司) from April 2018 to August 2020. Ms. Yu has over 5 years of experience in green building and low-carbon planning.

Mr. Wang Jinlin*Independent Non-executive Director*

Mr. Wang Jinlin, aged 58, was appointed as an independent non-executive Director of the Company on 24 March 2015. He is a member of the audit committee, the remuneration committee, the nomination committee and the internal control committee of the Company. Mr. Wang graduated from Zhejiang University and obtained a bachelor's degree in 1984. He is a senior engineer and used to serve as deputy general manager of Jiaxing Silk Spinning Factory* (嘉興絹紡廠), deputy general manager and general manager of Zhejiang Jinying Silk Spinning Co., Ltd.* (浙江金鷹絹紡有限公司), and deputy general manager of Zhejiang Jinying Holding Limited, possessing rich experience in corporate management and practice. He was a member of CPPC of Jiaxing, a director of Chinese Silk Industry Association* (中國絲綢工業協會) and vice chairman of the silk spinning branch of the Chinese Silk Industry Association.

Dr. Ng Ka Wing*Independent Non-executive Director*

Dr. Ng Ka Wing, aged 67, was appointed as an independent non-executive Director of the Company on 8 March 2016. He is the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the internal control committee of the Company. Dr. Ng received a Doctor Honoris Causa of Business Administration in Manufacturing and Services from International American University in April 2019. In the same year, he is elevated as the honorary life chairman of Hong Kong Bus Suppliers Association. Dr. Ng has extensive experience in the manufacturing of motor vehicles. He is now the managing director of a bus manufacturer.

Mr. See Tak Wah*Independent Non-executive Director*

Mr. See Tak Wah, aged 60, was appointed as an independent non-executive Director of the Company on 27 January 2017. He is the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the internal control committee of the Company. Mr. See graduated from the Management School of Waikato University in New Zealand with first class honours in Bachelor of Management Studies. He is a member of the Institute of Chartered Accountants of Australia and New Zealand, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors.

Mr. See has over 36 years of experience in financial and general management as he previously worked as the regional business controller of Nokia Mobile Phones Asia Pacific, the managing director of Nokia Mobile Phones Hong Kong, the chief operating officer of First Mobile Group Holdings Limited, and held key management positions in the North Asia offices of Philips and Siemens. From 2010 to 2019, Mr. See served as an independent non-executive director and chairman of audit committee of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (Stock Code: 01938). He was also appointed as an independent non-executive director, chairman of the audit committee, a member of the remuneration committee and the nomination committee of Enviro Energy International Holdings Limited (Stock Code: 01102) in 2020 to 2021.

Mr. See currently runs his own boutique management consultancy practice focusing on business strategies formulation and transformation consultation. In addition, he is currently an independent non-executive director and chairman of the audit committee and a member of the nomination committee and the remuneration committee of Lever Style Corporation (Stock Code: 01346).

Mr. Chen Jun*General Manager*

Mr. Chen Jun, aged 55, has been employed as the general manager of a subsidiary of the Group since March 2022, and is responsible for management and operation of the Lithium Ion Motive Battery Business. Mr. Chen holds a master's degree in Mathematics and System Engineering from the National University of Defense Technology. He was admitted as a Certified Quality Engineer and a Certified Quality Manager of the American Society of Quality, also obtained the qualification of Certified Six Sigma Black Belt in 2008. He is also a Certified Management Accountant (CMA) by the Institute of Management Accountants. Mr. Chen has over 35 years of working experience in new energy company operation in the PRC and overseas.

Mr. Niu Wen Tao*Deputy General Manager*

Mr. Niu Wen Tao, aged 38, has been employed as the deputy general manager of a subsidiary of the Group since April 2016 and currently served as sales director since 2022, and is responsible for product design, development and technical management of battery packs, and sales of battery packs and cell products. Mr. Niu holds a bachelor degree in Northwest University. He has over 15 years of working experience in design and development of battery pack products.

4. 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 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)	52.30%

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 is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company (the "Shares") which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Capacity/Nature of interest	Number of issued ordinary Shares held	Approximate percentage of the total issued share capital of the Company
Double Key International Limited	Beneficial owner	775,894,533	52.30%
Cui Qiang	Beneficial owner	105,810,750	7.13%
Leung Ka Chun	Beneficial owner	101,824,000	6.86%

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.

5. 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.

6. DIRECTORS' INTERESTS IN GROUP'S ASSETS AND CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this prospectus (the "Expert"):

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, (i) the Expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) the Expert was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) the Experts did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Principal place of business	Room 401A, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
Authorised representative	Mr. Tin Kong Room 401A, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. Mr. Chan Wei Room 401A, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
Company secretary	Mr. Chan Wei
Legal advisers to the Company in relation to the Rights Issue	As to Hong Kong law: Loong & Yeung Room 1603, 16/F, China Building 29 Queen's Road Central Central Hong Kong
Financial adviser to the Company	Shanxi Securities International Capital Limited Unit A, 29/F Admiralty Centre Tower 1 18 Harcourt Road, Admiralty Hong Kong
Auditors and reporting accountant	ZHONGHUI ANDA CPA Limited <i>Certified Public Accountants</i> 23/F, Tower 2, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.
Principal banker	Bank of China (Hong Kong) Limited 53/F, Bank of China Tower, 1 Garden Road, Hong Kong. China CITIC Bank International Limited The Chinese Bank Building, 61 to 65 Des Voeux Road Central, Hong Kong.

Share registrar and transfer office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen’s Road East,
Wanchai, Hong Kong.

10. LITIGATION

As disclosed in the 2022 Annual Report of the Company, certain subsidiaries of the Company were involved in litigation or claims of material importance arising in the ordinary course of business. As at the Latest Practicable Date, the Directors would like to provide an update on the following litigation.

On 10 January 2022, a contractor of Tesson New Energy Company Limited* (天臣新能源有限公司) (“**Tesson New Energy**”) filed a claim against Tesson New Energy for the payment of construction cost and overdue interest. A judgment was issued on 29 December 2023 ordering Tesson New Energy, among other things, to pay a judgment sum of approximately RMB12,164,000. The Group intends to use the proceed from the trade and other receivables to settle the judgment debt. The Directors are of the view that the aforesaid judgment would not have a material adverse effect on the results of operations or financial conditions of the Group.

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.

11. MATERIAL CONTRACTS

Save for the contracts 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 prospectus and up to the Latest Practicable Date, which is or may be material.

- (a) the termination agreement dated 31 March 2023 entered into between Tesson New Energy Company Limited, Tesson New Energy (Shenzhen) Limited, Nanfang Black Sesame Group Co. Ltd., and Dalian CBAK Power Battery Co., Ltd. to terminate the capital increase agreement;
- (b) the placing agreement dated 6 November 2022 entered into between the Company and Shanxi Securities International Limited, regarding the placing of new shares under general mandate;
- (c) the capital increase agreement dated 10 October 2022 entered into between Tesson New Energy Company Limited, Tesson New Energy (Shenzhen) Limited, Nanfang Black Sesame Group Co. Ltd., and Dalian CBAK Power Battery Co., Ltd.;

- (d) the conditional sale and purchase agreement dated 7 June 2022 and entered into between Tesson New Energy Company Limited and the Guangxi Rongxian Hengtai Investment Company Limited in relation to the disposal of the entire issued share capital of Nanjing Rongzhou Cultural Industry Investment Company Limited;
- (e) a termination agreement dated 19 November 2021 entered into between Nanjing Bureau of Land and Resources, Tesson New Energy Company Limited and Nanjing Rongzhou Cultural Industry Investment Company Limited regarding the Acquisitions of Land Plots in Lishui District, Nanjing City, Jiangsu Province, the PRC; and
- (f) a placing agreement dated 25 June 2021 entered into between the Company and Cheong Lee Securities Limited, regarding the placing of new shares under general mandate.

12. EXPENSES

The expenses in connection with the Rights Issue, including the fees of the financial adviser, legal advisers, auditors, printing, registration, translation, subsequent issue fee and other related expenses are estimated to be approximately HK\$2 million, which will be borne by the Company.

13. 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) This prospectus has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the respective Chinese text.
- (f) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of section 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents, and the written consent as referred to in the paragraph headed “8. Qualification and Consent of Expert” in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (WUMP) Ordinance.

16. 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 prospectus:

- (a) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (b) the written consent of the Expert referred to in the paragraph headed “8. Qualification and Consent of Expert” in this Appendix; and
- (c) the material contracts referred to in the paragraph headed “11. Material Contracts” in this Appendix.

* *For identification purpose only*