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## **TESSON HOLDINGS LIMITED**

**天臣控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1201)**

### **(1) CLARIFICATION REGARDING VOLUNTARY ANNOUNCEMENT; AND (2) MAJOR TRANSACTION – ESTABLISHMENT OF A JOINT VENTURE COMPANY**

#### **CLARIFICATION REGARDING THE VOLUNTARY ANNOUNCEMENT**

Reference is made to the Voluntary Announcement.

The Company would like to clarify that as disclosed in the section headed “Listing Rules Implications” of this announcement, the establishment of the JV Company and the transaction under the JV Agreement should constitute a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules. The Company is accordingly publishing this announcement and will comply with the applicable requirements under the Listing Rules.

Save as stated above, all other information set out in the Voluntary Announcement shall remain unchanged.

The Company would like to supplement the information in relation to the JV Agreement and the transaction contemplated thereunder as set out in this announcement.

## **ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 16 June 2017, Tesson Shenzhen, an indirect subsidiary of the Company, entered into the JV Agreement with Nanfang Black Sesame and Dalian Zhiyun for the establishment of the JV Company.

Pursuant to the JV Agreement, the registered capital of the JV Company is RMB1,000 million which shall be contributed, on a pro rata basis, by the Company, Nanfang Black Sesame and Dalian Zhiyun for the amounts of RMB600 million, RMB300 million and RMB100 million, representing 60%, 30% and 10% of their respective equity interests in the JV Company respectively.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the establishment of the JV Company exceeds 25% but are all below 100%, the transaction under the JV Agreement constitutes a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The SGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the JV Agreement and the transactions thereunder.

A circular containing, among other things, further details of the JV Agreement and the transaction thereunder and the notice convening the SGM, is expected to be despatched to the Shareholders on or before 24 July 2017.

**As the JV Agreement is subject to the fulfillment of certain conditions and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **THE JV AGREEMENT**

The principal terms of the JV Agreement are as follows:

**Date:**

16 June 2017

**Parties:**

- (i) Tesson Shenzhen;
- (ii) Nanfang Black Sesame; and
- (iii) Dalian Zhiyun.

As at the date of this announcement, Mr. Wei Qingwen is (i) the spouse of Ms. Cheng Hung Mui, who is an executive Director and the controlling shareholder of the Company and is beneficially interested in approximately 61.36% of the issued Shares; and (ii) beneficially interested in less than 30% of the issued shares of Nanfang Black Sesame. Accordingly, Nanfang Black Sesame is not a connected person of the Company under the Listing Rules.

Save for the aforementioned, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Nanfang Black Sesame and Dalian Zhiyun and their ultimate beneficial owners are Independent Third Parties.

### **Shareholding structure and capital contribution**

Pursuant to the JV Agreement, it is agreed by the parties thereunder that, among other things:

- (i) The registered capital of the JV Company is RMB1,000 million which shall be contributed, on a pro rata basis, by Tesson Shenzhen, Nanfang Black Sesame and Dalian Zhiyun for the amounts of RMB600 million, RMB300 million and RMB100 million, representing 60%, 30% and 10% of their respective equity interests in the JV Company respectively; and

- (ii) The parties under the JV Agreement shall pay 20% of their respective committed capital contribution at a time to be agreed by the board of the JV Company based on the business development of the JV Company. The remaining 80% of their respective committed capital contribution shall be paid within two years following completion of the due registration of the JV Company.

The terms and conditions of the JV Agreement have been determined after arm's length negotiation between the parties thereunder with reference to the capital requirement of the JV Company. The Directors consider that the terms of the JV Agreement and the transaction contemplated thereunder is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

### **Condition for the JV Agreement to become effective**

The JV Agreement shall come into effect upon the parties thereto having obtained all necessary approvals, including the Company having obtained the approval from the Shareholders in relation to the JV Agreement and the transaction contemplated thereunder at the SGM.

As at the date of this announcement, the above condition has not yet been fulfilled.

### **Voting rights**

The parties under the JV Agreement shall be entitled to exercise their respective voting rights in the JV Company in proportion to their respective equity interests therein.

### **Profit distribution**

The parties under the JV Agreement shall be entitled to the distributable profits of the JV Company in proportion to their respective equity interests therein.

## **Management of the JV Company**

The board of directors of the JV Company shall consist of five directors. Tesson Shenzhen shall nominate three directors, and each of Nanfang Black Sesame and Dalian Zhiyun shall nominate one director. The chairman of the board of directors of the JV Company (which is also the legal representative) shall be a director nominated by Tesson Shenzhen. The JV Company shall have one supervisor who shall be nominated by Tesson Shenzhen.

## **FINANCIAL EFFECT OF THE JV AGREEMENT**

The JV Company will become a subsidiary of the Company and accordingly, the financial results of the JV Company will be consolidated into the accounts of the Group.

## **REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY**

The Group is principally engaged in printing and manufacturing of packaging products and the Lithium Ion Motive Battery Business.

The PRC government has made a clear vision that it will support the development of the electric vehicle industry and it is one of the focusing industrial areas in upcoming years. The Company, Nanfang Black Sesame and Dalian Zhiyun are of the view that there will be a huge market opportunity and demand in the electric vehicle industry as well as the related automobile motive batteries, and thus gaining a foothold in such rapidly-developing industry will create enormous value for the investors.

With the substantial support and promotion from the PRC government, electric vehicles have become increasingly popular in the PRC, and therefore has offered a huge market potential for selling automobile motive batteries. The Group is of the view that the automobile motive batteries market will continue to undergo a strong growth trend in the coming years. It has been the Group's intention to focus on and re-allocate its resources to further develop and capture the market potential of the Lithium Ion Motive Battery Business, so as to enhance the long-term growth potential of the Company and Shareholders' value.

The Directors are of the view that the JV Agreement and the transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE JV COMPANY**

The JV Company is (i) a company to be established under law of the PRC with limited liability; and (ii) to be principally engaged in the Lithium Ion Motive Battery Business, including but not limited to the businesses of research and development on, production, operation and provision of services for, among others, lithium-ion battery, battery packs and battery management system in the PRC.

It is expected by the Company that the JV Company will be mainly focusing on the research and development and manufacturing of the battery packs and battery management system, and thus expanding the production capacity for these products under the Lithium Ion Motive Battery Business.

## **INFORMATION OF THE PARTIES UNDER THE JV AGREEMENT**

Tesson Shenzhen (i) is a company established under the laws of the PRC with limited liability; (ii) is an indirect subsidiary of the Company owned as to 88.89% by the Company; and (iii) is principally engaged in the Lithium Ion Motive Battery Business.

Nanfang Black Sesame (i) is a company established under the laws of the PRC with limited liability; (ii) is listed on the Shenzhen stock exchange; and (iii) is principally engaged in production and distribution of black sesame related products in the PRC.

Dalian Zhiyun (i) is a company established under the laws of the PRC with limited liability; (ii) is listed on the Shenzhen stock exchange; and (iii) is principally engaged in the provision of and research and development on automation and integration system, design, manufacturing and technical consultation services.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the establishment of the JV Company exceeds 25% but are all below 100%, the transactions under the JV Agreement constitute a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

## GENERAL

The SGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the JV Agreement and the transactions thereunder. In view that Mr. Wei Qingwen is a substantial shareholder of Nanfang Black Sesame which is a party to the JV Agreement, Ms. Cheng Hung Mui being his spouse and the controlling shareholder of the Company, is considered to have to material interest in the JV Agreement. Accordingly, Ms. Cheng Hung Mui and her associates shall abstain form voting on the resolution(s) to be proposed at the SGM. To the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder other than Ms. Cheng Hung Mui and her associates has any material interest in the JV Agreement and the transactions contemplated thereunder. Therefore, no other Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM.

A circular containing, among other things, further details of the JV Agreement and the transactions thereunder and the notice convening the SGM, is expected to be despatched to the Shareholders on or before 24 July 2017.

**As the JV Agreement is subject to the fulfillment of certain conditions and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Tesson Holdings Limited (stock code: 1201), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Dalian Zhiyun”	大連智雲自動化裝備股份有限公司 (Dalian Zhiyun Automatic Equipment Company Limited*), a company established under the laws of the PRC with limited liability, the issued shares of which are listed on the Shenzhen stock exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons
“JV Agreement”	the joint venture agreement dated 16 June 2017 entered into between Tesson Shenzhen, Nanfang Black Sesame and Dalian Zhiyun in relation to the establishment of the JV Company
“JV Company”	天臣南方電源系統有限公司 (Tesson Nanfang Power System Company Limited*), the joint venture company to be established under the laws of the PRC with limited liability pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Lithium Ion Motive Battery Business”	one of the Group’s principal business activities, which is the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investments holding and import and export trading
“Nanfang Black Sesame”	南方黑芝麻集團股份有限公司 (Nanfang Black Sesame Group Company Limited*), a company established under the laws of the PRC with limited liability, the issued shares of which are listed on the Shenzhen stock exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tesson Shenzhen”	天臣新能源 (深圳) 有限公司 (Tesson New Energy (Shenzhen) Limited*), a company established under the laws of the PRC with limited liability and is an indirect subsidiary of the Company

“Voluntary Announcement” the voluntary announcement dated 21 June 2017 of the Company in relation to, among others, the establishment of the JV Company

“%” per cent.

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

Hong Kong, 26 June 2017

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

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*

\* *for identification purpose only*