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TESSON HOLDINGS LIMITED

天臣控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

PROPOSED CAPITAL REORGANISATION

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises the following:

(1) Share Consolidation

The Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.1 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.0 each in the share capital of the Company.

(2) Capital Reduction and Sub-division

Immediately following the Share Consolidation becoming effective, the Capital Reduction and the Sub-division be implemented in the following manner:

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.1 by cancelling the paid-up share capital to the extent of HK\$0.9 on each of the then issued Consolidated Share, so that immediately following such Capital Reduction, each issued Consolidated Share shall become one New Share with par value of HK\$0.1 each, and the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (ii) immediately following the Share Consolidation and the Capital Reduction becoming effective, the Sub-division whereby each authorised but unissued Consolidated Share will be subdivided into ten (10) authorised but unissued New Shares with par value of HK\$0.1 each.

As at the date of this announcement, 2,196,852,283 Existing Shares have been issued and are fully paid. Assuming no further Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Capital Reorganisation shall become effective, the authorised share capital of the Company shall be HK\$500,000,000 divided into 5,000,000,000 New Shares with par value of HK\$0.1 each, of which 219,685,228 New Shares will be in issue and fully paid.

GENERAL

The SGM will be convened and held for Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, further details of the proposed Capital Reorganisation and the notice convening the SGM is expected to be despatched to the Shareholders on or before Wednesday, 27 November 2024.

Shareholders and potential investors should take note that the Capital Reorganisation is conditional upon the fulfilment of certain conditions. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CAPITAL REORGANISATION

Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Existing Shares with par value of HK\$0.1 each, of which 2,196,852,283 Existing Shares have been issued and are fully paid. The Board proposes to implement the Share Consolidation whereby every ten (10) issued and unissued Existing Shares with par value of HK\$0.1 each be consolidated into one (1) Consolidated Share with par value of HK\$1.0 each.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Capital Reduction and Sub-division

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Sub-division be implemented in the following manner:

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.1 by cancelling the paid-up share capital to the extent of HK\$0.9 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one New Share with par value of HK\$0.1 each;

- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied for such purposes as permitted by all applicable laws and the memorandum of association and bye-laws of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, the Sub-division whereby each authorised but unissued Consolidated Share will be subdivided into ten (10) authorised but unissued New Shares with par value of HK\$0.1 each; and
- (iv) each of the New Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum of association and bye-laws of the Company.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of par value of HK\$0.1 each, and there are 2,196,852,283 Existing Shares in issue which are fully paid.

Assuming no further Existing Shares or (as the case may be) New Shares will be issued or repurchased from the date of this announcement up to and including the date on which the Capital Reorganisation shall become effective, the authorised share capital of the Company shall be HK\$500,000,000 divided into 5,000,000,000 New Shares with par value of HK\$0.1 each, of which 219,685,228 New Shares will be in issue and fully paid or credited as fully paid.

Assuming that the par value of each of the 219,685,228 issued Consolidated Shares will be reduced from HK\$1.0 to HK\$0.1 by cancelling the paid up share capital to the extent of HK\$0.9 per issued Consolidated Share by way of the Capital Reduction, so as to form issued New Shares with par value of HK\$0.1 each, the Company's existing issued share capital of HK\$219,685,228 will be reduced by HK\$197,716,706 to HK\$21,968,522. The Capital Reduction and Sub-division (assuming the Share Consolidation becomes effective) will enable the par value of the Shares to be reduced from HK\$1.0 to HK\$0.1 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied for such purposes as permitted by all applicable laws and the memorandum of association and bye-laws of the Company and as the Board considers appropriate.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation become effective, the share capital structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and Sub-division becoming effective; and (iii) immediately after the Capital Reduction and the Sub-division becoming effective are summarised as follows:

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and Sub-division becoming effective	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.1 per Existing Share	HK\$1.0 per Consolidated Share	HK\$0.1 per New Share
Amount of the authorised share capital	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Number of authorised Shares	5,000,000,000	500,000,000	5,000,000,000
Amount of issued share capital	HK\$219,685,228	HK\$219,685,228	HK\$21,968,522
Number of issued Shares	2,196,852,283	219,685,228	219,685,228

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the passing of necessary resolutions by the Shareholders at the SGM to approve the Capital Reorganisation and transactions contemplated thereunder;
- (ii) compliance with the relevant procedures and requirements under the bye-laws of the Company and the Listing Rules to effect the Capital Reorganisation;
- (iii) compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reduction, which includes the Directors being satisfied that on the date the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due;
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation; and
- (v) obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the date of this announcement, none of the above conditions have been fulfilled.

Fractional entitlement to New Shares

Any fractional New Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders, but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional New Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

Odd lot arrangement and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the New Shares on a best effort basis. Further details in respect of the odd lot arrangements will be set out in the circular to be issued by the Company.

Holders of odd lots of the New Shares should note that successful matching of the sale and purchase of odd lots of the New Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date 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.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 3,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain as 3,000 New Shares.

Based on the closing price of HK\$0.26 per Existing Share (equivalent to the theoretical closing price of HK\$2.60 per New Share) as at the date of this announcement, (i) the value per board lot of 3,000 Existing Shares is HK\$780; and (ii) the value of each board lot of 3,000 New Shares would be HK\$7,800 assuming the Capital Reorganisation becoming effective.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and last updated in September 2024) has further stated that (i) market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares at the value per board lot being substantially less than HK\$2,000, the Board considers that upon the Capital Reorganisation becoming effective, the Share price would be adjusted to HK\$2.60 per New Share (based on the closing price of HK\$0.26 per Existing Share as at the date of this announcement); the new board lot value would be HK\$7,800, which would enable the Company to comply with the trading requirements under the Listing Rules.

The Capital Reorganisation is expected to bring about a corresponding upward adjustment in the trading price per board lot of the New Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the New Shares as a proportion of the market value of each board lot, since most of the banks or securities firms will charge a minimum transaction cost for each securities trade. It is expected that the Capital Reorganisation would maintain the trading amount for each board lot at a reasonable level and attract a broader range of investors of the Company and thus further broaden the Shareholders’ base, including institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor. It is also expected that the liquidity in trading of the New Shares will increase accordingly.

The Capital Reorganisation will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

Under the Companies Act, the Company may not issue Shares at a discount to the par value of such Shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and Sub-division, the par value of the Consolidated Shares will be HK\$1.0 per Consolidated Share. The Capital Reorganisation will keep the par value of the New Shares at a lower level of HK\$0.1 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. In addition, the credit arising from the Capital Reorganisation will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act, thus enabling the Shareholders and potential investors of the Company to have a better appreciation of the financial position of the Company.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

In view of the above reasons, the Board considers that the Capital Reorganisation is justifiable. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no plan or intention to carry out any equity and/or other corporate actions which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Capital Reorganisation having become effective, Shareholders may, during the specified period from 9:00 a.m. on Tuesday, 17 December 2024 to 4:30 p.m. on Monday, 27 January 2025 (both days inclusive), submit the existing share certificates for the Existing Shares to the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the New Shares.

Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for New Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for New Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

The new share certificates for the New Shares will be issued in orange colour in order to distinguish them from the existing share certificates in blue colour.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Events	Hong Kong Time and Date
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Expected despatch date of the circular, proxy form and notice of the SGM	Wednesday, 27 November 2024
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Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the SGM	4:30 p.m. on Monday, 9 December 2024
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Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both days inclusive).	Tuesday, 10 December 2024 to Friday, 13 December 2024
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Latest time for lodging proxy forms for the SGM (not less than 48 hours prior to the time of the SGM)	11:00 a.m. on Wednesday, 11 December 2024
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Date and time of the SGM.	11:00 a.m. on Friday, 13 December 2024
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Publication of the announcement of the results of the SGM	Friday, 13 December 2024
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The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation:

Expected effective date of the Capital Reorganisation.	Tuesday, 17 December 2024
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First day of free exchange of existing share certificates
for new share certificates for the New Shares Tuesday, 17 December 2024

Dealings in the New Shares commences 9:00 a.m. on
Tuesday, 17 December 2024

Original counter for trading in Existing Shares in
board lots of 3,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 17 December 2024

Temporary counter for trading in the New Shares
in board lots of 300 New Shares (in the form of
existing share certificates) opens. 9:00 a.m. on
Tuesday, 17 December 2024

Original counter for trading in the New Shares in
board lots of 3,000 New Shares (in the form of
new share certificates) re-opens 9:00 a.m. on
Friday, 3 January 2025

Parallel trading in the New Shares (in the form of
new share certificates and existing share certificates)
commences 9:00 a.m. on
Friday, 3 January 2025

Designated broker starts to stand in the market to
provide matching services for odd lots of the
New Shares 9:00 a.m. on
Friday, 3 January 2025

Designated broker ceases to stand in the market to
provide matching services for odd lots of the
New Shares 4:00 p.m. on
Thursday, 23 January 2025

Temporary counter for trading New Shares in
board lots of 300 New Shares (in the form of
existing share certificates) closes 4:10 p.m. on
Thursday, 23 January 2025

Parallel trading in the New Shares (in the form of
new share certificates and existing share certificates) ends 4:10 p.m. on
Thursday, 23 January 2025

Last day for free exchange of existing share certificates
for new share certificates for the New Shares 4:30 p.m. on
Monday, 27 January 2025

GENERAL

The SGM will be convened and held for Shareholders to consider and, if thought fit, approve the Capital Reorganisation and the transactions contemplated thereunder. A circular containing, among other things, further details of the Capital Reorganisation, and a notice convening the SGM is expected to be despatched to the Shareholders on or before Wednesday, 27 November 2024.

Shareholders and potential investors should note that the Capital Reorganisation is conditional upon the fulfilment of certain conditions as set out in the section headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (ii) the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.1 by cancelling the paid-up share capital to the extent of HK\$0.9 on each of the then issued Consolidated Share
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act 1981 of Bermuda (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)

“Consolidated Share(s)”	ordinary share(s) of HK\$1.0 each in the share capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and the Sub-division becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the existing share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation and the transactions contemplated thereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.1 each into one (1) Consolidated Share of HK\$1.0 each
“Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, the address of which is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Shareholder(s)”	the holder(s) of the issued Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share of HK\$1.0 each into ten (10) authorised but unissued New Shares of HK\$0.1 each
“%”	per cent.

By order of the Board
Tesson Holdings Limited
Wei Mingren
Chairman

Hong Kong, 1 November 2024

As at the date of this announcement, the Board comprises Mr. Wei Qingwen, Mr. Wei Mingren, Mr. Yan Haiting, Mr. Chan Wei and Ms. Yu Xiaolei as executive Directors, and Dr. Ng Ka Wing, Mr. See Tak Wah and Mr. Wang Jinlin as independent non-executive Directors.