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南旋控股有限公司

NAMESON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1982)

**REVISION OF ANNUAL CAP OF
RAW MATERIALS PURCHASE AGREEMENT**

REVISION OF ANNUAL CAP

Reference is made to the announcement of the Company dated 22 March 2019 in respect of, among others, the Raw Materials Purchase Agreement.

During a recent review on the existing continuing connected transactions of the Group, the Directors found that the transaction amount under the Raw Materials Purchase Agreement is approaching the existing annual cap for the financial year ended 31 March 2020. The Board is of the view that the existing annual cap under the Raw Materials Purchase Agreement will not be sufficient to meet the expected transaction amount for the purchase of cashmere and other raw materials from Hebei Yuteng for the year ending 31 March 2020. Therefore, the Company will revise the existing annual cap under the Raw Materials Purchase Agreement for the year ending 31 March 2020 to RMB580 million (equivalent to approximately HK\$645 million).

LISTING RULES IMPLICATIONS

Nanguan Tech is a non-wholly owned subsidiary of the Company and Hebei Yuteng, a substantial shareholder of Nanguan Tech, is a connected person of the Company at the subsidiary level under the Listing Rules and the transactions contemplated under the Raw Materials Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules that is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Board has approved the revised annual cap under the Raw Materials Purchase Agreement and none of the Directors had a material interest in the transactions contemplated under the Raw Materials Purchase Agreement (including the revision of annual cap thereunder) or was required to abstain from voting on the relevant board resolutions. Given that the Board has approved the revised annual cap under the Raw Materials Purchase Agreement and the independent non-executive Directors have confirmed that the revised annual cap under the Raw Materials Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, the revision of annual cap under the Raw Materials Purchase Agreement will be exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Reference is made to the announcement of the Company dated 22 March 2019 in respect of, among others, the Raw Materials Purchase Agreement.

REVISION OF ANNUAL CAP

Pursuant to the Raw Materials Purchase Agreement, each of Nangan Tech, Huizhou Nanxuan and Huizhou Nangan (both being wholly-owned subsidiaries of the Company) agreed to purchase cashmere and other raw materials from Hebei Yuteng for a term commencing from 1 April 2019 to 31 March 2020. The existing annual cap in respect of the purchase of cashmere and other raw materials under the Raw Materials Purchase Agreement for the year ending 31 March 2020 is RMB400 million (equivalent to approximately HK\$445 million).

During a recent review on the existing continuing connected transactions of the Group, the Directors found that the transaction amount under the Raw Materials Purchase Agreement is approaching the existing annual cap for the financial year ending 31 March 2020. For the period from 1 April 2019 to 30 November 2019, the transaction amount under the Raw Materials Purchase Agreement amounted to approximately RMB326 million.

The Board is of the view that the existing annual cap under the Raw Materials Purchase Agreement will not be sufficient to meet the expected transaction amount for the purchase of cashmere and other raw materials from Hebei Yuteng for the year ending 31 March 2020. Therefore, the Company will revise the existing annual cap in respect of the purchase of cashmere and other raw materials under the Raw Materials Purchase Agreement for the year ending 31 March 2020 to RMB580 million (equivalent to approximately HK\$645 million).

In arriving at the revised annual cap, the Directors have considered:

- (a) the historical transaction amounts recognised by the Group under the Raw Materials Purchase Agreement for the period from 1 April 2019 to 30 November 2019 and transaction amounts for the purchase of cashmere for the financial year ended 31 March 2019; and

- (b) the expected volume of the cashmere and other raw materials required by the Group for production during the remaining term of the Raw Materials Purchase Agreement based on the Group's sales forecasts and the expected roll out of the Purchasers' production capacity.

The Directors confirm that the annual cap for the purchase of cashmere and other raw materials under the Raw Materials Purchase Agreement for the year ending 31 March 2020 has not been exceeded up to the date of this announcement.

Reasons for the revision of annual cap

The Group is principally engaged in the manufacture of knitwear products, knitted upper for footwear and knitted upper shoes. The Group also produces cashmere yarn for the production of cashmere knitwear.

The principal business of Nanguan Tech is the production of cashmere yarn. As Nanguan Tech's sales of cashmere yarn are higher than the previous estimation, there is an increase in demand for cashmere by Nanguan Tech. Increasing the annual cap under the Raw Materials Purchase Agreement allows Nanguan Tech to have access to a reliable supply of high quality cashmere and other raw materials on favourable terms and to better manage quality control and production lead time for the Group's cashmere knitwear and cashmere yarn products.

In view of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the revised annual cap under the Raw Materials Purchase Agreement are fair and reasonable, on normal commercial terms or terms not less favorable than those offered by independent third parties, in the ordinary and usual course of business of the Company, and are in the interests of the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES

Hebei Yuteng

Hebei Yuteng is principally engaged in the production of dehaired cashmere and cashmere tops. It is located in Qinghe County, Xingtai City, Hebei Province, PRC which is a region where high quality cashmere is found. So far as the Directors are aware, Hebei Yuteng is one of the largest cashmere processing factories in Hebei Province and is also well-known for its use of advanced technology used in its production of high quality cashmere.

The Purchasers

Nanguan Tech is a joint venture company owned as to 55% and 45% by the Company and Hebei Yuteng respectively. The principal activities of Nanguan Tech is the production of cashmere yarn.

Each of Huizhou Nanxuan and Huizhou Nanguan is a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

Nanguan Tech is a non-wholly owned subsidiary of the Company and Hebei Yuteng, a substantial shareholder of Nanguan Tech, is a connected person of the Company at the subsidiary level under the Listing Rules and the transactions contemplated under the Raw Materials Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules that is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Board has approved the revised annual cap under the Raw Materials Purchase Agreement and none of the Directors had a material interest in the transactions contemplated under the Raw Materials Purchase Agreement (including the revision of annual cap thereunder) or was required to abstain from voting on the relevant board resolutions. Given that the Board has approved the revised annual cap under the Raw Materials Purchase Agreement and the independent non-executive Directors have confirmed that the revised annual cap under the Raw Materials Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, the revision of annual cap under the Raw Materials Purchase Agreement will be exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Board”	board of directors of the Company
“Company”	Nameson Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hebei Yuteng”	河北宇騰羊絨製品有限公司 (Hebei Yuteng Cashmere Products Co., Ltd.*), a limited liability company established under the laws of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huizhou Nanguan”	Huizhou Nanguan Knitting Factory Limited* (惠州南冠織造有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company
“Huizhou Nanxuan”	Huizhou Nanxuan Knitting Factory Limited* (惠州南旋毛織廠有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanguan Tech”	河北南冠科技有限公司 (Hebei Nanguan Technology Co., Ltd.*), a limited liability company established under the laws of the PRC, a non-wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Purchasers”	collectively, Nanguan Tech, Huizhou Nanxuan and Huizhou Nanguan, the purchasers to the Raw Materials Purchase Agreement
“Raw Materials Purchase Agreement”	the raw materials purchase agreement dated 22 March 2019 entered into between Hebei Yuteng and the Purchasers in respect of the purchase of cashmere and other raw materials
“RMB”	the lawful currency of the PRC
“%”	per cent

For illustration purposes only, HK\$ has been translated at HK\$1 to RMB0.9.

English translations of company names in Chinese which are marked with “*” are for identification purposes only.

By order of the Board of
Nameson Holdings Limited
Mr. Wong Ting Chung *BBS, JP*
Chairman

10 January 2020

As at the date of this announcement, the Board comprises Mr. Wong Ting Chung BBS, JP (Chairman and chief executive officer), Mr. Wong Wai Yue (Vice Chairman), Mr. Wong Ting Chun and Mr. Li Po Sing as executive Directors; Mr. Tam Wai Hung, David and Mr. Wong Ting Kau, as non-executive Directors; Ms. Fan Chiu Fun, Fanny GBM, GBS, JP, Mr. Kan Chung Nin, Tony SBS, JP, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew JP, Ms. Lee Bik Kee, Betty and Mr. Ip Shu Kwan, Stephen GBS, JP, as independent non-executive Directors.