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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)

CONTINUING CONNECTED TRANSACTION — RENEWAL OF RAW MATERIALS PURCHASE AGREEMENT

2020 RAW MATERIALS PURCHASE AGREEMENT

References are made to (i) the announcement of the Company dated 22 March 2019 in respect of, among others, the 2019 Raw Materials Purchase Agreement; and (ii) the announcement of the Company dated 10 January 2020 in respect of, among others, the revision of annual cap of the 2019 Raw Materials Purchase Agreement.

The term of the 2019 Raw Materials Purchase Agreement and the relevant annual cap thereunder will expire on 31 March 2020.

On 27 March 2020, Hebei Yuteng and the Purchasers (being subsidiaries of the Company) entered into the 2020 Raw Materials Purchase Agreement in respect of the purchase of cashmere and other raw materials by the Purchasers from Hebei Yuteng for a term of one year from 1 April 2020 to 31 March 2021.

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 2020 Raw Materials Purchase Agreement constitute a continuing connected transaction 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.

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The principal terms of the 2020 Raw Materials Purchase Agreement are set out as follows:

Date:	27 March 2020
Parties:	(1) Hebei Yuteng as seller; (2) Each of Nanguan Tech, Huizhou Nanxuan and Huizhou Nanguan as purchasers
Subject matter:	Each of the Purchasers agreed to purchase, and Hebei Yuteng agreed to sell, cashmere and other raw materials pursuant to orders placed from time to time.
Term:	Effective from 1 April 2020 and ending on 31 March 2021.
Pricing of cashmere and other raw materials:	Hebei Yuteng agreed to ensure that the price for cashmere and other raw materials it charges the Purchasers is not higher than (i) the market price, which is the price offered to the Purchasers by independent third parties for the same or similar cashmere and other raw materials; or (ii) the price it offers to its other customers. For the avoidance of doubt, such pricing mechanism should apply to any orders issued during the term of the 2020 Raw Materials Purchase Agreement.

Delivery and payment of cashmere and other raw materials:

Hebei Yuteng should deliver the cashmere and other raw materials to the Purchasers at the designated time and place in accordance with the written order forms placed by the Purchasers. If the Purchasers are satisfied with the quality of the cashmere and other raw materials delivered, they should issue a delivery note to Hebei Yuteng. Within five days from the issuance of the delivery note, Hebei Yuteng should issue an invoice to the Purchasers for the transaction amount of each batch of cashmere and other raw materials delivered by Hebei Yuteng to the Purchasers. The Purchasers should then arrange for payment in accordance with the payment terms as set out in the order forms.

Annual cap:

The annual cap in respect of the purchase of cashmere and other raw materials from Hebei Yuteng by the Purchasers under the 2020 Raw Materials Purchase Agreement for the financial year ending 31 March 2021 is RMB580.0 million (equivalent to approximately HK\$644.4 million). The above annual cap was determined after taking into account the following factors:

- (i) the average unit price for cashmere purchased from the Group's existing suppliers during the 10-month period from 1 April 2019 to 31 January 2020;
- (ii) the current market price of cashmere and other raw materials;
- (iii) the volume of cashmere purchased from Hebei Yuteng by the Group during the period from 1 April 2019 to 31 January 2020; and
- (iv) the expected volume of cashmere and other raw materials required by the Group for production during the term of the 2020 Raw Materials Purchase Agreement based on the Group's sales forecasts and the expected roll out of the Purchasers' production capacity.

The Group's purchases of cashmere from Hebei Yuteng during the three years ended 31 March 2017, 2018 and 2019 were approximately RMB18.0 million (equivalent to approximately HK\$20.0 million), RMB27.0 million (equivalent to approximately HK\$30.0 million) and RMB192.6 million (equivalent to approximately HK\$214.0 million).

The Group's purchase of cashmere from Hebei Yuteng from 1 April 2019 up to 31 January 2020 was approximately RMB361.0 million (equivalent to approximately HK\$401.1 million).

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, the 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 business of Nanguan Tech is the production of cashmere yarn.

Each of Huizhou Nanxuan and Huizhou Nanguan is a wholly-owned subsidiary of the Company. The principal business of each of Huizhou Nanxuan and Huizhou Nanguan is the manufacture of knitwear products.

REASONS FOR AND BENEFITS OF THE 2020 RAW MATERIALS PURCHASE AGREEMENT

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. The entering into of the 2020 Raw Materials Purchase Agreement provides Nanguan Tech access to a reliable supply of high quality cashmere and other raw materials on favourable terms and allows Nanguan Tech to better manage quality control and production lead time for the Group's cashmere knitwear products.

In view of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2020 Raw Materials Purchase Agreement (including the annual cap thereunder) are fair and reasonable, entered into 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 Company and its shareholders as a whole.

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 2020 Raw Materials Purchase Agreement constitute a continuing connected transaction 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 2020 Raw Materials Purchase Agreement and none of the Directors had a material interest in the transactions contemplated under the 2020 Raw Materials Purchase Agreement (including the annual cap thereunder) or was required to abstain from voting on the relevant board resolutions. Given that the Board has approved the 2020 Raw Materials Purchase Agreement and the independent non-executive Directors have confirmed that the terms of the 2020 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 transactions contemplated under the 2020 Raw Materials Purchase Agreement are 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:

“2019 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 for a term from 1 April 2019 to 31 March 2020
“2020 Raw Materials Purchase Agreement”	the raw materials purchase agreement dated 27 March 2020 entered into between Hebei Yuteng and the Purchasers in respect of the purchase of cashmere and other raw materials for a term from 1 April 2020 to 31 March 2021
“Board”	board of Directors
“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”	Hebei Yuteng Cashmere Products Co., Ltd.* (河北宇騰羊絨製品有限公司), 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”	Hebei Nanguan Technology Co., Ltd.* (河北南冠科技有限公司), 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 2020 Raw Materials Purchase Agreement
“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

27 March 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.