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VESON
HOLDINGS
銳信控股

VESON HOLDINGS LIMITED
銳信控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01399)

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF LEASES FROM SCUD STOCK

FIRST LEASE AGREEMENT AND SECOND LEASE AGREEMENT

On 30 December 2021 (after trading hours), the Group entered into the First Lease Agreement and the Second Lease Agreement with Scud Stock to renew the existing leases of the First Premises and the Second Premises owned by Scud Stock respectively. Scud Electronics and Scud Stock agreed in the First Lease Agreement that the First Premises will be leased by Scud Stock to Scud Electronics for the period commencing from 1 January 2022 and ending on 31 December 2022. The annual rental will be RMB10,361,765.64 (equivalent to approximately HK\$12,677,400). Under the Second Lease Agreement, the Second Premises will be leased by Scud Stock to Scud Battery for the period commencing from 1 January 2022 and ending on 31 December 2022. The annual rental will be RMB668,228.52 (equivalent to approximately HK\$817,600).

LISTING RULE IMPLICATIONS

As at the date of this announcement, Scud Stock is owned as to 70% by Mr. Fang, the controlling Shareholder. Scud Stock is therefore a connected person of the Company under the Listing Rules and accordingly, the Leases under the Lease Agreements constitute continuing connected transactions of the Company and, in light of the size of the annual cap, are only subject to the reporting, announcement and annual review requirements under Chapter 14A of Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2020 in relation to the lease agreements entered into by Scud Stock, a connected person of the Company, with Scud Electronics and Scud Battery respectively, both of which are indirect wholly-owned subsidiaries of the Company, for the rental of the First Premises and the Second Premises respectively for a period of one year. Such lease agreements will expire on 31 December 2021.

On 30 December 2021 (after trading hours), the Group entered into the First Lease Agreement and the Second Lease Agreement with Scud Stock to renew the existing leases of the First Premises and the Second Premises owned by Scud Stock respectively. Scud Electronics and Scud Stock agreed in the First Lease Agreement that the First Premises will be leased by Scud Stock to Scud Electronics for the period commencing from 1 January 2022 and ending on 31 December 2022. The annual rental will be RMB10,361,765.64 (equivalent to approximately HK\$12,677,400). Under the Second Lease Agreement, the Second Premises will be leased by Scud Stock to Scud Battery for the period commencing from 1 January 2022 and ending on 31 December 2022. The annual rental will be RMB668,228.52 (equivalent to approximately HK\$817,600).

A summary of the principal terms of the Lease Agreements is set out below.

FIRST LEASE AGREEMENT

The principal terms of the First Lease Agreement are as follows:

- Date: 30 December 2021 (after trading hours)
- Parties: (i) Scud Electronics as lessee
(ii) Scud Stock as lessor
- First Premises: Land lot numbers 39-2 and 44-2, Kuai An Extension Area, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區快安延伸區第39-2、44-2地) comprising:
- (i) rental area of approximately 31,155 square metres in 4 blocks of factories with a total construction area of approximately 40,627.68 square metres;
 - (ii) rental area of approximately 7,826 square metres in 1 office building with a total construction area of approximately 13,268.80 square metres; and

(iii) rental area of approximately 11,250 square metres in 1 warehouse building with a total construction area of approximately 11,250 square metres.

Total rental area: approximately 50,231 square metres

Term of lease: 1 January 2022 to 31 December 2022

Rental: RMB863,480.47 (equivalent to approximately HK\$1,056,500) per month, i.e. RMB10,361,765.64 (equivalent to approximately HK\$12,677,400) per year

Usage of the First Premises: (i) Factory
(ii) Office for administration use for the Group
(iii) Warehouse for storage of stocks

SECOND LEASE AGREEMENT

The principal terms of the Second Lease Agreement are as follows:

Date: 30 December 2021 (after trading hours)

Parties: (i) Scud Battery as lessee
(ii) Scud Stock as lessor

Second Premises: Land lot numbers 39-2 and 44-2, Kuai An Extension Area, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區快安延伸區第39-2、44-2地) comprising rental area of approximately 1,949 square metres in 1 office building with a total construction area of approximately 13,268.80 square metres.

Total rental area: approximately 1,949 square metres

Term of lease: 1 January 2022 to 31 December 2022

Rental: RMB55,685.71 (equivalent to approximately HK\$68,100) per month, i.e. RMB668,228.52 (equivalent to approximately HK\$817,600) per year

Usage of the Second Premises: Office for administration use for the Group

The rental payable under the Lease Agreements are payable in cash on a monthly basis and were determined after arm's length negotiation between Scud Electronics, Scud Battery and Scud Stock with reference to the rental paid under the lease agreements dated 30 December 2020 entered into between Scud Stock and Scud Electronics in respect of the First Premises and between Scud Stock and Scud Battery in respect of the Second Premises, the market rental for similar properties nearby in the PRC and having taken into account the availability of similar premises nearby and the cost of relocation.

ANNUAL CAP

The annual cap for the aggregate rental payable by Scud Electronics and Scud Battery to Scud Stock under the Leases for the year ending 31 December 2022 is RMB11,029,994.16 (equivalent to approximately HK\$13,495,000), being the aggregate rental payable under the Leases for the year ending 31 December 2022.

The above annual cap was determined based on the aggregate rental payable under the Leases.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS

The Group requires the Premises for its production, administration and storage use. The Directors (including the independent non-executive Directors) are of the view that the Lease Agreements were entered into in the ordinary and usual course of business of the Group and the terms of the Lease Agreements are on normal commercial terms arrived at after arm's length negotiation between the parties and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Lease Agreements, and therefore none have abstained from voting on the Board resolutions approving the Lease Agreements.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Scud Stock is owned as to 70% by Mr. Fang, the controlling Shareholder. Scud Stock is therefore a connected person of the Company under the Listing Rules and accordingly, the Leases under the Lease Agreements constitute continuing connected transactions of the Company. Based on information available to the Company, Mr. Lin Chao (“**Mr. Lin**”) and Ms. Bian Zhen (“**Ms. Bian**”) hold the remaining equity interests of Scud Stock as to 25% and 5% respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Lin and Ms. Bian are third parties independent of the Company and its connected persons.

Based on the annual cap for the year ending 31 December 2022 as set out above, as one or more of the applicable percentage ratios in respect of the Leases are more than 0.1% and less than 5%, the Leases are only subject to the reporting, announcement and annual review requirements and exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP AND SCUD STOCK

The Group's principal business is its ODM business which mainly supplies lithium-ion battery modules to manufacturers of well-known telecommunication brands at home and abroad. For more information, please visit the Group's website at www.vesonhldg.com.

Scud Stock's principal business is property management.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Veson Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Lease Agreement”	the lease agreement dated 30 December 2021 entered into between Scud Electronics as lessee and Scud Stock as lessor in respect of the lease of the First Premises
“First Premises”	a total rental area of approximately 50,231 square metres located at land lot numbers 39-2 and 44-2, Kuai An Extension Area, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區快安延伸區第39-2、44-2地)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreements”	the First Lease Agreement and the Second Lease Agreement
“Leases”	the leases under the Lease Agreements

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fang”	Mr. Fang Jin, the controlling Shareholder holding approximately 50.67% of the total issued share capital of the Company as at the date of this announcement
“ODM”	original design manufacturing
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Premises”	the First Premises and the Second Premises
“RMB”	Renminbi, the lawful currency of the PRC
“Scud Battery”	飛毛腿電池有限公司 (Scud Battery Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Scud Electronics”	飛毛腿(福建)電子有限公司 (Scud (Fujian) Electronics Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Scud Stock”	福建飛毛腿股份有限公司 (Scud Stock (Fujian) Co., Ltd.*), a joint stock limited company established in the PRC, which is held as to 70%, 25% and 5% by Mr. Fang, Mr. Lin Chao and Ms. Bian Zhen respectively as at the date of this announcement and is not part of the Group
“Second Lease Agreement”	the lease agreement dated 30 December 2020 entered into between Scud Battery as lessee and Scud Stock as lessor in respect of the lease of the Second Premises
“Second Premises”	a total rental area of approximately 1,949 square metres located at land lot numbers 39-2 and 44-2, Kuai An Extension Area, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區快安延伸區第39-2、44-2地)

* For identification purpose only

“Share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.81734 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at all.

By order of the Board
Veson Holdings Limited
Feng Ming Zhu
Chairman

Hong Kong, 30 December 2021

As at the date of this announcement, the Board comprises Mr. Feng Ming Zhu and Ms. Lian Xiu Qin being the executive Directors, Mr. Hou Li and Dr. Loke Yu being the non-executive Directors, and Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Mr. Cheung Wai Kwok Gary being the independent non-executive Directors.