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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
AND
CONNECTED TRANSACTION**

2022 RAW MATERIALS PURCHASE AGREEMENT

On 30 March 2022, Hebei Yuteng and the Purchasers (being subsidiaries of the Company) entered into the 2022 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 2022 to 31 March 2023.

2022 LEASE AGREEMENT

On 30 March 2022, Hebei Yuteng (as lessor) and Nanguan Tech (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2022 Lease Agreement in respect of the lease of the Factory Plant by Nanguan Tech from Hebei Yuteng for the production of cashmere yarn for a term of three years from 1 April 2022 to 31 March 2025.

LISTING RULES IMPLICATIONS

Since Hebei Yuteng (i) is a substantial shareholder of Nanguan Tech (being a subsidiary of the Company); and (ii) is ultimately beneficially owned as to 51% by Mr. Ma Haitao (being a director of each of Nanguan Tech and Moro International) and 49% by Mr. Ma Jiangtao (being a director of Nanguan Tech), it is a connected person of the Company at the subsidiary level under the Listing Rules.

The transactions contemplated under the 2022 Raw Materials Purchase Agreement constitute a continuing connected transaction of the Company and the transactions contemplated under the 2022 Lease Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the Board has approved each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement and the independent non-executive Directors have confirmed that the terms of each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease 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 each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

2022 RAW MATERIALS PURCHASE AGREEMENT

Reference is made to the announcements of the Company dated 29 March 2021 and 25 January 2022 in respect of the 2021 Raw Materials Purchase Agreement.

The term of the 2021 Raw Materials Purchase Agreement and the relevant annual cap thereunder will expire on 31 March 2022.

On 30 March 2022, Hebei Yuteng and the Purchasers (being subsidiaries of the Company) entered into the 2022 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 2022 to 31 March 2023.

The principal terms of the 2022 Raw Materials Purchase Agreement are set out as follows:

Date:	30 March 2022
Parties:	(1) Hebei Yuteng as seller; and (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 2022 and ending on 31 March 2023.

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 will not be 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 2022 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 2022 Raw Materials Purchase Agreement for the financial year ending 31 March 2023 is RMB850.0 million (equivalent to approximately HK\$1,049.4 million). The above annual cap was determined after taking into account the following factors:

- (i) the average unit price for cashmere and other raw materials purchased from the Group's existing suppliers during the 10-month period from 1 April 2021 to 31 January 2022;
- (ii) the current market price of cashmere and other raw materials;
- (iii) the volume of cashmere and other raw materials purchased from Hebei Yuteng by the Group during the 10-month period from 1 April 2021 to 31 January 2022; and

(iv) the expected volume of cashmere and other raw materials required by the Group for production during the term of the 2022 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 and other raw materials from Hebei Yuteng during the three years ended 31 March 2019, 2020 and 2021 were approximately RMB192.6 million (equivalent to approximately HK\$237.8 million), RMB424.4 million (equivalent to approximately HK\$524.0 million) and RMB426.1 million (equivalent to approximately HK\$526.0 million).

The Group's purchase of cashmere and other raw materials from Hebei Yuteng from 1 April 2021 up to 31 January 2022 was approximately RMB590.4 million (equivalent to approximately HK\$728.9 million).

2022 LEASE AGREEMENT

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

The term of the 2019 Lease Agreement will expire on 31 March 2022.

On 30 March 2022, Hebei Yuteng (as lessor) and Nanguan Tech (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2022 Lease Agreement in respect of the lease of the Factory Plant by Nanguan Tech from Hebei Yuteng for the production of cashmere yarn for a term of three years from 1 April 2022 to 31 March 2025.

The principal terms of the 2022 Lease Agreement are set out as follows:

Date:	30 March 2022
Parties:	(1) Hebei Yuteng as lessor; and (2) Nanguan Tech as lessee
Subject matter:	Nanguan Tech agreed to lease the Factory Plant from Hebei Yuteng.
Term:	Effective from the 1 April 2022 and ending on 31 March 2025.

Nanguan Tech has the option to renew the 2022 Lease Agreement for three (3) years upon the expiration of the 2022 Lease Agreement. The Company will comply with the relevant Listing Rules at the relevant time if Nanguan Tech elects to renew the 2022 Lease Agreement.

Factory Plant:

The Factory Plant is located in the southern area of Hui Gong Da Dao, the western area of He Lan Lu, and the area to the west of He Lan Lu and the north of Li Jiang Jie, Qinghe County, Xingtai City, Hebei Province, the PRC* (中國河北省邢臺市清河縣揮公大道南側、賀蘭路西側以及賀蘭路西側、灤江街以北), with a total area of approximately 81,000 square meters.

Nanguan Tech intends to use the Factory Plant for the production and manufacturing of cashmere yarn and staff dormitory.

Monthly rent and payment:

The monthly rent of the Factory Plant is RMB722,448/662,796 (equivalent to approximately HK\$891,911/818,267) (value added tax inclusive/exclusive and exclusive of water, electricity, gas, communication network fees and all registration fees required for Nanguan Tech to use the Factory Plant), which was determined by the parties through arm's length negotiation after having taken into account, among other things, the historical rent paid by Nanguan Tech and the prevailing market rental value of the Factory Plant based on a valuation report issued by an independent valuer engaged by the Company.

Hebei Yuteng agreed not to increase the monthly rent throughout the term of 2022 Lease Agreement.

Nanguan Tech shall pay the monthly rent to Hebei Yuteng on or before the fifth (5th) day of each calendar month.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, the lease of the Factory Plant is recognised as a right-of-use asset for an amount of approximately HK\$28.7 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the 2022 Lease Agreement.

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.

As informed by Hebei Yuteng, Hebei Yuteng is ultimately beneficially owned as to 51% by Mr. Ma Haitao and 49% by Mr. Ma Jiangtao as at the date of this announcement. As at the date of this announcement, (i) Mr. Ma Haitao is a director, the general manager and authorised representative of Nanguan Tech and a director of Moro International; and (ii) Mr. Ma Jiangtao is a director of Nanguan Tech.

The Purchasers

Nanguan Tech is a joint venture company owned as to 55% and 45% by the Company (through a subsidiary) and Hebei Yuteng respectively as at the date of this announcement. 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 2022 RAW MATERIALS PURCHASE AGREEMENT AND THE 2022 LEASE AGREEMENT

The Group is principally engaged in the manufacture of knitwear products. 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 2022 Raw Materials Purchase Agreement provides the Purchasers access to a reliable supply of high quality cashmere and other raw materials on favourable terms and allows the Purchasers to better manage quality control and production lead time for the Group's cashmere knitwear products.

As Nanguan Tech has been engaging in the production of cashmere yarn, it needs factory space for the production of cashmere yarn. Having considered the business needs of the Group and the rent and location of the Factory Plant, the Directors consider the Factory Plant is suitable for the production of cashmere yarn by Nanguan Tech and provides sufficient factory space which satisfies the production needs of Nanguan Tech for the following three years.

In view of the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement (including the annual cap under the 2022 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 are in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company has internal control measures to ensure that the transactions contemplated under the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement are implemented in accordance with the terms and conditions thereunder.

The Group would obtain and compare quotations from independent third parties for similar or comparable cashmere and other raw materials to determine if the prices offered by Hebei Yuteng are in accordance with the terms and conditions of the 2022 Raw Materials Purchase Agreement and are comparable to or not less favourable than the price offered by independent third parties. The senior management of the Group will review the transactions under the 2022 Raw Materials Purchase Agreement from time to time to ensure that the relevant members of the Group have not exceeded the annual cap under the 2022 Raw Materials Purchase Agreement.

LISTING RULES IMPLICATIONS

Since Hebei Yuteng (i) is a substantial shareholder of Nanguan Tech (being a subsidiary of the Company); and (ii) is ultimately beneficially owned as to 51% by Mr. Ma Haitao (being a director of each of Nanguan Tech and Moro International) and 49% by Mr. Ma Jiangtao (being a director of Nanguan Tech), it is a connected person of the Company at the subsidiary level under the Listing Rules.

The transactions contemplated under the 2022 Raw Materials Purchase Agreement constitute a continuing connected transaction of the Company and the transactions contemplated under the 2022 Lease Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has approved each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement and none of the Directors had a material interest in the transactions contemplated under each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement (including the annual cap under the 2022 Raw Materials Purchase Agreement) or was required to abstain from voting on the relevant board resolutions.

Given that the Board has approved each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease Agreement and the independent non-executive Directors have confirmed that the terms of each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease 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 each of the 2022 Raw Materials Purchase Agreement and the 2022 Lease 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 Lease Agreement”	the lease agreement dated 22 March 2019 entered into between Nanguan Tech as lessee and Hebei Yuteng as lessor in respect of the lease of factory plant, the details of which are set out in the announcement of the Company dated 22 March 2019
“2021 Raw Materials Purchase Agreement”	the raw materials purchase agreement dated 29 March 2021 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 2021 to 31 March 2022, the details of which are set out in the announcement of the Company dated 29 March 2021
“2022 Lease Agreement”	the lease agreement dated 30 March 2022 entered into between Nanguan Tech as lessee and Hebei Yuteng as lessor in respect of the lease of the Factory Plant
“2022 Raw Materials Purchase Agreement”	the raw materials purchase agreement dated 30 March 2022 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 2022 to 31 March 2023
“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 director(s) of the Company
“Factory Plant”	the factory located in the southern area of Hui Gong Da Dao, the western area of He Lan Lu, and the area to the west of He Lan Lu and the north of Li Jiang Jie, Qinghe County, Xingtai City, Hebei Province, the PRC* (中國河北省邢臺市清河縣揮公大道南側、賀蘭路西側以及賀蘭路西側、灤江街以北) with a total area of approximately 81,000 square meters
“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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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
“Moro International”	M.ORO International Limited (美纖國際有限公司), a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company
“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 2022 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 RMB0.81.

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 Wai Yue
Chairman

30 March 2022

As at the date of this announcement, the Board comprises Mr. Wong Wai Yue (Chairman), Mr. Man Yu Hin (Chief executive officer), Mr. Wong Ting Chun and Mr. Li Po Sing, as executive directors of the Company; Mr. Tam Wai Hung, David, as non-executive director of the Company; 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 of the Company.