

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



南旋控股有限公司

NAMESON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1982)

CONNECTED TRANSACTION ACQUISITION OF CHAMP GEAR

INTRODUCTION

The Board is pleased to announce that on 3 April 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Share Transfer Agreement pursuant to which the Purchaser agreed to acquire the Sale Share held by the Vendor, representing the entire issued share capital in Champ Gear, at the consideration of HK\$6,900,000 which shall be satisfied by cash at the Completion Date. Upon completion of the Acquisition, Champ Gear will become a wholly-owned subsidiary of the Company.

LISTING RULE IMPLICATIONS

The Vendor is the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company who owns 72.3% of the total issued share capital of the Company. The Vendor is therefore a connected person of the Company under the Listing Rules. As such, the entering into the Share Transfer Agreement with the Purchaser constitutes a connected transaction for the Company.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 3 April 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Share Transfer Agreement, the material terms of which are set out below.

THE SHARE TRANSFER AGREEMENT

Date

3 April 2017

Parties

- (i) the Purchaser as purchaser; and
- (ii) the Vendor as vendor.

Assets to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser agreed to buy, and the Vendor agreed to sell, the Sale Share, representing the entire issued share capital of Champ Gear. As at the date of this announcement, Champ Gear is wholly-owned by the Vendor and indirectly holds the Land in Vietnam.

Consideration

Pursuant to the Share Transfer Agreement, the consideration shall be HK\$6,900,000 to be satisfied by cash at the Completion Date.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor, having regard to the valuation of Champ Gear, on an asset based approach, provided by a qualified independent valuer. The valuation values the Sale Share at approximately HK\$8,692,000 as at 28 February 2017. Consequently, the consideration represents about a 20% discount to the valuation and will be financed by the internal resources of the Group.

Conditions Precedent

The Acquisition is conditional upon the obtaining of the required corporate approval of the Purchaser and the satisfaction of the results of a due diligence review having conducted by the Purchaser on the business, assets and liabilities, legal and financial matters of Champ Gear.

Subject to the fulfillment of the conditions precedent, completion of the Acquisition will take place on a date as the parties may agree. If any of the conditions precedent is not fulfilled (or waived) on or before 31 May 2017, the Share Transfer Agreement shall lapse and neither the party shall have any claim against the other save for antecedent breaches.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the manufacture of knitwear products.

The Purchaser is an investment holding company incorporated under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company.

INFORMATION ON CHAMP GEAR AND THE LAND

Champ Gear is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability. It is the holding company of S. Power (HK) Limited, a company incorporated under the laws of Hong Kong with limited liability, which in turn holds the entire issued share capital of S. Power (Vietnam) Textile Limited, a company incorporated in Vietnam with limited liability and is the owner of the Land which is permitted under the applicable regulatory authority in Vietnam to produce of fabrics through weaving, dyeing and printing processes.

The Land is located at Land Lot No. A13, Road C1, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam with a site area of approximately 140,114 square meters. The land use right will last for a term until 26 December 2058. The Land will be used for the construction of a production base for the Group's textile weaving, dyeing and printing investment project.

According to the Vendor, the original acquisition cost of the Land which is indirectly held by Champ Gear was approximately US\$5,464,000 (approximately HK\$42,619,000). The estimated fair value of the Land as at 28 February 2017 was approximately HK\$54,411,000.

The unaudited consolidated net loss before and after taxation of Champ Gear and its subsidiaries under the Hong Kong Financial Reporting Standards for the period from its date of incorporation on 12 August 2015 to 31 March 2016 were both approximately HK\$0.8 million. The unaudited consolidated net loss before and after taxation of Champ Gear and its subsidiaries for the period from 1 April 2016 to 28 February 2017 were both approximately HK\$2.6 million.

As at 28 February 2017, the unaudited consolidated total assets value and net liabilities value of Champ Gear and its subsidiaries before the change in fair value of the Land were approximately HK\$56.5 million and HK\$2.6 million respectively. The unaudited consolidated total assets value and net assets value of Champ Gear and its subsidiaries after the change in fair value of the Land would be approximately HK\$67.8 million and HK\$8.7 million respectively as at 28 February 2017.

INFORMATION ON THE VENDOR

The Vendor is the sole owner and a director of Champ Gear. He is the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company. As at the date of this announcement, the Vendor is a substantial shareholder of the Company who owns 72.3% of the total issued share capital of the Company. The Vendor is therefore a connected person of the Company under the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's principal business is manufacture of knitwear products. As part of the development for the Group, the Group has been looking to capture opportunities to diversify its existing business scope with growth potential to broaden the Group's revenue base and achieve better return of the Shareholders. In the recent years, the Vietnamese government has been actively encouraging foreign investment in the apparel manufacturing industry. The Board considers that there is growth potential for the midstream apparel manufacturing industry in Vietnam. Upon completion of the Acquisition, the Group intends to, through the advantage of its established connections and resources in Vietnam, utilise the Land for the construction of a production base which manufactures fabrics through weaving, dyeing and printing processes, while maintaining its knitwear manufacturing business as its principal business. In addition to the broadening of the Group's revenue base and customer base which is expected to be achieved through the diversification of products, the Board believes that such diversification will also further enhance the Group's competitiveness in the apparel industry, and will continue to facilitate the increasing demand for more diversified products and services from its customers.

The terms of the Share Transfer Agreement have been agreed upon arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Transfer Agreement are on normal commercial terms, fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

The Vendor is the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company who owns 72.3% of the total issued share capital of the Company. The Vendor is therefore a connected person of the Company under the Listing Rules. As such, the entering into the Share Transfer Agreement with the Purchaser constitutes a connected transaction for the Company.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Wong Ting Chung is materially interested in the Acquisition given that he is the Vendor who owns the entire issued share capital of Champ Gear and is the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company who owns 72.3% of the total issued share capital of the Company. Apart from Mr. Wong Ting Chung who abstained from voting on the Board resolutions approving the Acquisition, in order to avoid a perception of a conflict of interest, Mr. Wong Wai Wing, Raymond, a director of Champ Gear and the brother of Mr. Wong Ting Chung, Mr. Wong Ting Chun and Mr. Wong Ting Kau, both the brothers of Mr. Wong Ting Chung, Mr. Wong Wai Yue, the son of Mr. Wong Ting Chung, and Mr. Lau Ka Keung, the brother-in-law of Mr. Wong Ting Chung, had also abstained from voting on the Board resolutions approving the Acquisition. Save as

disclosed above, none of the other Directors had a material interest in the Acquisition and the transactions contemplated thereunder or was required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“Acquisition”	the acquisition of Sale Share by the Purchaser pursuant to the Share Transfer Agreement;
“Board”	board of directors of the Company;
“Champ Gear”	Champ Gear Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly-owned by the Vendor as at the date of this announcement;
“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;
“Completion Date”	such date as the parties may agree pursuant to the Share Transfer Agreement for completion;
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Land”	a parcel of industrial land located at Land Lot No. A13, Road C1, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam with a site area of approximately 140,114 square meters;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Purchaser”	Nameson Group Limited, a company incorporated under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
“Sale Share”	1 ordinary share in Champ Gear held by the Vendor, representing the entire issued share capital of Champ Gear as at the date of this announcement;

“Share Transfer Agreement”	the share transfer agreement dated 3 April 2017 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“US”	United States of America;
“US\$”	United States dollars, the lawful currency of the US;
“Vendor”	Mr. Wong Ting Chung, the chairman, chief executive officer, an executive Director and a substantial shareholder of the Company and is the owner of the entire issued share capital of Champ Gear as at the date of this announcement;
“%”	per cent

For illustration purposes only, US\$ has been translated at US\$1 to HK\$7.8.

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

Hong Kong, 3 April 2017

As at the date of this announcement, the Board comprises Mr. Wong Ting Chung BBS, JP (Chairman and chief executive officer), Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun, Mr. Li Po Sing and Ms. Chan Mei Hing, Aurora, as executive Directors; Mr. Tam Wai Hung, David, Mr. Wong Ting Kau, Mr. Wong Wai Yue and Mr. Lau Ka Keung MH, JP, as non-executive Directors; Ms. Fan Chiu Fun, Fanny GBS, JP, Mr. Kan Chung Nin, Tony SBS, JP, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew JP and Ms. Lee Bik Kee, Betty, as independent non-executive Directors.