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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)**

**CHANGE IN USE OF PROCEEDS**

References are made to the section headed “Future plans and use of proceeds” of the prospectus of Nameson Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2016 (the “**Prospectus**”) and the paragraph headed “Use of net proceeds from the Company’s initial public offering” under the section headed “Director’s report” in the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”) in relation to, among others, the use of proceeds raised from the listing of shares of the Company on The Stock Exchange of Hong Kong Limited on 12 April 2016 (the “**Listing**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus and the 2023 Annual Report.

**PLANNED USE OF PROCEEDS**

As disclosed in the 2023 Annual Report, the net proceeds of the Listing (after deducting the total Listing related expenses) amounted to approximately HK\$635.4 million (the “**Net Proceeds**”), and were intended to be applied by the Group for the following purposes:

- (i) approximately 59% (approximately HK\$378.1 million) for the construction of factory buildings and purchase of machinery for the second phase of the Company’s factory located in Tay Ninh Province, Vietnam (the “**Tay Ninh Factory**”);
- (ii) approximately 14% (approximately HK\$93.2 million) for the repayment of part of the Company’s outstanding bank loans;
- (iii) approximately 9% (approximately HK\$54.7 million) for enhancing design and product development capabilities;
- (iv) approximately 9% (approximately HK\$54.7 million) for enhancing the existing enterprise resource planning system; and
- (v) approximately 9% (approximately HK\$54.7 million) for working capital and general corporate purposes.

## CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Group has utilised approximately HK\$571.8 million, representing approximately 90.0%, of the Net Proceeds, and the unutilised Net Proceeds amounted to approximately HK\$63.6 million (the “**Unutilised Net Proceeds**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to change the use of the Unutilised Net Proceeds and the expected timeline of full utilisation. Set out below are the utilisation of the Net Proceeds as at the date of this announcement and the proposed change of use of and the expected timeline for the Unutilised Net Proceeds:

	Planned proportion %	Planned use of the total net proceeds as disclosed in the 2023 Annual Report HK\$ million (approximately)	Actual utilised amount as at the date of this announcement HK\$ million (approximately)	Revised allocation of Unutilised Net Proceeds HK\$ million (approximately)	Expected timeline for Unutilised Net Proceeds
Construction of factory buildings and purchase of machinery for the second phase of the Tay Ninh Factory	59%	378.1	378.1	—	
Repayment of part of the Company’s bank loans	14%	93.2	93.2	—	
Enhancing design and product development capabilities	9%	54.7	22.8	—	
Enhancing the existing enterprise resource planning system	9%	54.7	23.0	—	
Working capital and general corporate purposes	9%	54.7	54.7	—	
Construction of factory buildings and purchase of machinery for the Dak Lak Factory (as defined below)	—	—	—	63.6	30 September 2024
Total		<u>635.4</u>	<u>571.8</u>	<u>63.6</u>	

The expected timeline for using the Unutilised Net Proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions.

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group is principally engaged in the manufacturing of knitwear products.

As disclosed previously in the Company's interim reports and/or annual reports, the Company has two major production plants for knitwear products, one in Huizhou, the People's Republic of China (the "**Mainland China**"), and the other one is the Tay Ninh Factory.

As disclosed in the paragraph headed "Future strategies and prospects" in the section headed "Chairman's statement" in the 2023 Annual Report, after the ease of COVID-19 restrictions, the consumer demand in Mainland China for apparel products is projected to increase to more normalised levels. However, on the supply side, brand customers have displayed strong inclination to shift more production to Southeast Asian countries.

In light of latest market conditions and the development of the Group, including but not limited to the high utilisation rate of the Group's production facilities at Tay Ninh Factory, the Group has determined to increase its production capacity in Vietnam by setting up a new factory in the Dak Lak Province (the "**Dak Lak Factory**") in central Vietnam. The step up of the Group's supply hub in Vietnam makes it clear that the Group will continue to bode well for the orders in its Vietnam production plants.

In order to capture the rising opportunities in Vietnam, meet the expected increase in demand for the Group's production capacity in Vietnam, better serve the brand customers and to capture business opportunities arising from the growth in the global knitwear market, the Board considers it necessary to increase the production capacity of the Group by establishing the Dak Lak Factory after taking into account all the favourable trade arrangements, the lower production cost and the preferential tax treatment in Vietnam. The Board further considers that with the strengthened production plants in Vietnam, the Group will make bigger attempts to attract new customers with growth potential.

The Board is of the view that by strictly adhering to the implementation plan of the use of proceeds as set out in the Prospectus and the 2023 Annual Report would not be in the Group's best interest and therefore it would be more appropriate to change the use of the Unutilised Net Proceeds by reallocating the Unutilised Net Proceeds intended to be allocated for (i) enhancing design and product development capabilities; and (ii) enhancing the existing enterprise resource planning system, to the construction of factory buildings and purchase of machinery for the Dak Lak Factory.

The Board is of the view that the re-allocation of the Unutilised Net Proceeds will provide more flexibility for the Group for the reasons set out above and is favourable to the Group's long term business development as well as a better utilisation of the Unutilised Net Proceeds. The Board will continue to assess the plan for the use of Unutilised Net Proceeds and make revision when necessary. Further announcement(s) will be made by the Company if and when there is any significant development of the Dak Lak Factory which may trigger any disclosure obligations under the Listing Rules.

As at the date of this announcement, the Group expects the construction of the Dak Lak Factory to be completed around the third quarter of 2024. It is currently expected that the aggregate gross floor area of the Dak Lak Factory will be approximately 30,000 square metres and the estimated total capital expenditure for the construction of factory buildings and purchase of machinery for the Dak Lak Factory will be approximately HK\$140.0 million. The Group expects to finance the capital expenditure for the Dak Lak Factory with the Unutilised Net Proceeds, cash generated from operating activities and bank and other borrowings. The Dak Lak Factory is expected to commence operations shortly after the construction is completed.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed change in the use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

The Board will continuously assess the plans for the use of the Unutilised Net Proceeds and may revise such plans to cope with the changing market conditions in order to strive for better performance of the Group as and when appropriate.

Save as disclosed in this announcement, there are no other changes to the use of the Unutilised Net Proceeds.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Nameson Holdings Limited**  
**Mr. Wong Wai Yue**  
*Chairman*

27 September 2023

*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; Ms. Fan Chiu Fun, Fanny GBM, GBS, JP, Mr. Kan Chung Nin, Tony SBS, JP, Mr. Fan Chun Wah, Andrew JP and Mr. Ip Shu Kwan, Stephen GBS, JP, as independent non-executive directors of the Company.*