



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2022 Annual Results

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Revenue Increased by 5.0% to HK\$4,040.5mn
Attributable to Increase in Sales of Cashmere Yarn and Fabric Businesses

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Increased Annual Dividend Payout Ratio to 49.4% to 5.7 HK Cents
Despite Net Profit Drop of 7.6% to HK\$275.6mn

(Hong Kong, 24 June 2022) **Nameson Holdings Limited** (“Nameson” or the “Group”, stock code: 1982), one of the leading knitwear manufacturers in Mainland China, today announced its annual results for the year ended 31 March 2022 (“FY2022” or the “Review Year”).

During the Review Year, the Group’s meticulous efforts in enhancing the operational efficiency in its Vietnam production base have enabled it a head start in Financial Year 2022. However, the fluctuating entailments brought by COVID-19 pandemic in the later months impacted not only its productivity, but also logistics and delivery schedules, as well as some of its customers’ end-market sales sentiment. The Group fully complied to all local government’s restrictions and managed to remain in production at lower productivity levels throughout the year. Even though productivity of the Group’s Vietnam production base resumed to more normalised levels during second half of the year, the Group deliberately became less aggressive in receiving quick orders, after careful evaluation of the potential for further productivity and logistics impacts from the previous COVID-19 restrictions. As such, the sales volume of its men’s and women’s knitwear products declined slightly by 6.5% to 29.0 million pieces for the Review Year (FY2021: 31 million pieces).

However, the average selling price of men’s and women’s knitwear products still managed to increase, demonstrating the Group’s uncompromised quality even during such testing times. In addition, contributed by an increase in cashmere yarn and fabric sales, the Group’s total revenue increased by 5.0% to HK\$4,040.5 million during the Review Year (FY2021: HK\$3,848.6 million).

The Group inevitably faced cost pressures during the year, for example, increased labour costs due to offering more incentives to staff who continued to actively work in its Vietnam production base even during lockdowns, increased subcontracting charges to accelerate production progress and secure delivery based on re-shuffled and hence tighter schedules with customers, surged utility costs due to Mainland China’s power rationing and other production overhead costs. The margin decline was partially offset by the higher revenue and gross profit margin contribution from its cashmere yarn sales. The Group’s gross profit increased 0.7% to 706.1 million (FY2021: HK\$701.4 million), and gross profit margin dropped slightly to 17.5% (FY2021: 18.2%).

With the additional costs for COVID-19 pandemic prevention and control measures at all the Group's production bases, as well as the added costs incurred with the new fabric business during the Review Year, operating profit dropped by 7.7% to HK\$339.4 million (FY2021: HK\$367.6 million). However, the drop in market interest rate together with the exercising of effective financial management strategies by the Group led to a lower finance costs. Net profit dropped 7.6% to HK\$275.6 million (FY2021: HK\$298.4 million). Net profit margin dropped to 6.8% (FY2021: 7.8%). Basic earnings per share was HK\$11.55 cents (FY2021: HK\$13.76 cents). The Board recommend a final dividend of 1.5 HK cents per share, including the interim dividend of HK4.2 cents per share, the annual dividend is HK5.7 cents (FY2021: HK5.0 cents), in appreciation for its shareholders for their continued unwavering support.

Mr. Benny Wong Wai Yue, Chairman and Executive Director of Nameson, said, "The year has been full of challenges, but our energetic and tactful management team have acted swiftly to respond to market conditions. The longstanding partnership with our customers and suppliers, as well as the dedication of our employees have all played an important role in riding the storm with us. Despite a slight decline in our net profit, we proposed an increased dividend payout ratio to close to fifty percent to thank our shareholders."

The coming year will still be full of uncertainties amid the global inflationary pressures, supply chain disruptions and global political situations that exacerbate supply and demand tensions. The Group's strategy of maintaining presence in both prominent manufacturing hubs in Mainland China and Vietnam will favour its sustainable development and its ability to quickly adapt to change and minimize negative impacts where necessary.

Despite the local COVID-19 cases resurged in Mainland China in the first few months this year and has negatively impacted logistics and thus raw materials for production, its Vietnam production base has been gradually reviving to its normal productivity levels. It is expected that the production volume of its Vietnam production base will revive to a level exceeding its production base in Mainland China in the coming year, in line with its strategy to increase offshore productions.

The Group will continue to tap market potentials, as testified by the entering into the upstream cashmere yarn business that widened its revenue base and mitigated fluctuations in raw material prices.

As for its new fabric business, it is still in the early stage and is adjusting to learn and fit customers' preferences, the Group is confident that this new business will positively contribute to its development in the years to follow.

Mr. Wong concluded, "As an industry leader, we have acted in response to Mainland China's advocate to energy conservation. We have embarked on bringing renewable energy to our manufacturing bases to achieve greater efficiencies on our energy usage. We strive to grow while taking care of the environment. We will also continue to be open-minded to accomplish other breakthroughs on innovation, lean manufacturing and digitisation where appropriate. We will continue our paths to further enhance our product design with function, material development ability, and cater to the diverse range of customers' preferences to be in line with the quickly evolving end-market preferences. Despite the challenges ahead, we have accumulated experience in dealing with situations with an adaptable mindset and balance our energetic team with experience, we remain focused on generating greater returns to our shareholders even during oscillating times."

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About Nameson Holdings Limited (Stock code: 1982)

Nameson Holdings Limited is one of the leading knitwear manufacturers in the PRC. The Group offers a one-stop in-house solution for its customers comprising design orientation, development of raw materials, sampling production, quality products and other value-added services. Its knitwear products include sweaters, cashmere garments, seamless knitted garments. Leveraging its high product quality, design development capability, timely delivery, and important one-stop solution services, Nameson has established longstanding and strong relationships with many renowned international apparel brands, including UNIQLO, Tommy Hilfiger and Lands' End. Currently, the Group operates its production facilities in China and Vietnam.

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