



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2023 Annual Results
Revenue Increased by 13.9% to HK\$4,602.3mn

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Recognised an Impairment Loss of HK\$243.4mn on Production Base in Myanmar
Net Profit Dropped 42.6% to HK\$ 158.3 mn
Adjusted Net Profit Increased by 45.3% to 379.3mn

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Annual Dividend Remains at 5.7 HK cents

(Hong Kong, 23 June 2023) **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 2023 (“FY2023” or the “Review Year”).

During the first half of the Review Year, the Group has spent enormous efforts on mitigating effects brought by disruptions to supply when city-wide lockdown measures to curb COVID-19 were implemented in the People’s Republic of China (“Mainland China”). On the demand side, even though there was a temporary pick-up in consumer sentiment in the markets of Japan, the United States of America (“USA”) and Europe, the earlier disruptions in the global supply chain have resulted in excess inventory for some of the brand customers. Coupled with the continued global conflicts, high inflation, and interest rate hikes, the global demand for textile products slowed down during the second half of the Financial Year 2023. Nevertheless, the Group has managed to withstand the many hurdles and maintained a stable supply of products to its customers throughout the year in its manufacturing plants in Vietnam and Mainland China, demonstrating its ability to accommodate to different business scenarios and adapt to the “new normal”.

Despite the slow down of orders in Mainland China due to the city-wide lockdown, the Group was able to secure a new prominent athleisure customer which focuses on material functionality. The Group’s sales volume of men’s and women’s knitwear products improved slightly to 29.2 million pieces. Raw material prices were on the rise during the Financial Year 2023, the Group raised the average selling price of its men’s and women’s knitwear products by 13.8% to HK\$125.6 per piece, the revenue from the Group’s men’s and women’s knitwear products therefore increased by 14.7% to HK\$3,666.4 million. Together with the contribution from the cashmere yarn and fabric business, the Group’s revenue increased by 13.9% to HK\$4,602.3 million during the year (FY2022: HK\$4,040.5 million).

There has been some cost pressure arising from higher raw materials prices during the Financial Year 2023. However, the Group persistently paid attention to cost controls. The Group’s labour costs and subcontracting costs as a proportion of revenue dropped slightly with more normalised labour situation at its manufacturing plants. The Group’s gross profit increased slightly by 5.6% to HK\$745.5 million (FY2022: HK\$706.1 million) and gross profit margin dropped slightly from 17.5% in the Financial Year 2022 to 16.2% in the Financial Year 2023.

Selling and distribution expenses, together with general and administrative expenses in aggregate recorded a slight drop as a proportion to revenue, demonstrating the Group's continued attention on cost management. The Group also recorded a significant increase in other gains, which was mainly attributable to (i) the increase of net gains on disposals of property, plant and equipment as the Group purchased some upgraded machineries, while disposed of some aged machines under the ordinary course of business for the Financial Year 2023; and (ii) net foreign exchange gains due to currency fluctuations. In view of the global economic uncertainties, fast-changing market, political environment, and that some global fashion brands have adjusted their sourcing strategy in Myanmar, the Group reassessed the business development of its production base in Myanmar and recognised an impairment loss of HK\$243.4 million for Financial Year 2023. The Group recorded a net profit of HK\$158.3 million (FY2022: HK\$275.6 million). To better reflect the Group's core operating results, excluding the impairment loss on the production base in Myanmar and the net realised and unrealised losses/gains from derivative financial instruments, the Group's adjusted net profit improved significantly by 45.3% to HK\$379.3 million (FY2022: HK\$261.1million), adjusted net profit margin increased to 8.2% (FY2022: 6.5%), representing an improvement of 1.7 percentage points.

Even though the market interest rates have increased notably during the Financial Year 2023, the Group's financial management efforts was reflected in its healthy operating cash flow of HK\$593.2 million (FY2022: HK\$244.0 million) and gearing ratio dropped from 21.3% to 13.2%. Given that the impairment loss in relation to the Myanmar production base is non-cash in nature, the Board has declared the payment of a second interim dividend of 0.6 HK cent per share to the Company's shareholders. Including the interim dividend of HK5.1 cents per share, the annual dividend represents a stable dividend of 5.7 HK cents per share to display confidence in the Group's future development, as well as in appreciation for its shareholders' trust and support throughout the past few years (FY2022 annual dividend: HK5.7 cents per share).

Mr. Benny Wong Wai Yue, Chairman and Executive Director of Nameson, said, "Even though global business activities have largely resumed, the Group envisions that the coming year will still be full of uncertainties. The excess inventory of global brand customers and the weakening of consumption demand due to concerns of global recession will affect the whole purchasing pattern throughout the textile industry.

In order to better serve our brand customers, we have strengthened our functions in Vietnam in relation to customer services, merchandising team, sampling departments, testing laboratories, etc. The step up of the supply hub in Vietnam makes it clear that it will continue to bode well for the orders in our Vietnam manufacturing plants. As such, the Group has determined to expand capacity in central Vietnam, in order to further capture the rising opportunities in Vietnam. With a strengthened foothold in Vietnam, we will make bigger attempts to attract new global customers with growth potential."

Mr. Wong concluded, "Meanwhile, we remain agile to respond to fast-changing economic conditions while we continue our efforts on effective financial management to maintain a stable return to shareholders despite market factors that are not entirely within our control. We remain optimistic about being able to grow with our customers in the year ahead."

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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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