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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)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2022	2021	Change
	HK$' million	*HK$' million*	
Revenue	**3,099.4**	2,452.5	+26.4%
Gross profit	**516.4**	422.8	+22.1%
Gross profit margin	**16.7%**	17.2%	-0.5 p.p.
Net profit	**255.1**	203.1	+25.6%
Profit attributable to the owners of the Company	**232.8**	192.5	+20.9%
Adjusted net profit *(Note)*	**342.9**	191.7	+78.9%
Adjusted net profit margin	**11.1%**	7.8%	+3.3 p.p.
Earnings per share — Basic and diluted	**10.2 HK cents**	8.4 HK cents	+21.4%
Interim dividend per share	**5.1 HK cents**	4.2 HK cents	

Note: Adjusted net profit is a non-HKFRS financial measure and derived from profit attributable to the owners of the Company excluding (i) impairment loss on the production base in Myanmar; and (ii) realised and unrealised gains/losses from derivative financial instruments, which are income/expenses not considered as recurring in nature. We believe the adjusted net profit presented herein better reflects the Group's core operating results.

The Board (the "Board") of directors (the "Directors") of Nameson Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2022, together with the comparative figures for the six months ended 30 September 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022
(Expressed in Hong Kong dollars)

		(Unaudited) Six months ended 30 September	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Revenue	*5*	**3,099,367**	2,452,469
Cost of sales	*7*	**(2,582,967)**	(2,029,661)
Gross profit		**516,400**	422,808
Other income		**29,601**	13,056
Other gains, net	*6*	**75,629**	980
Selling and distribution expenses	*7*	**(23,738)**	(23,252)
General and administrative expenses	*7*	**(168,388)**	(169,933)
Impairment loss on the production base in Myanmar	*7*	**(109,034)**	–
Operating profit		**320,470**	243,659
Share of post-tax profit of a joint venture		**570**	630
Finance income		**1,270**	769
Finance expenses		**(16,453)**	(11,638)
Finance expenses, net	*8*	**(15,183)**	(10,869)
Profit before income tax		**305,857**	233,420
Income tax expenses	*9*	**(50,727)**	(30,345)
Profit for the period		**255,130**	203,075
Profit for the period attributable to:			
— Owners of the Company		**232,848**	192,538
— Non-controlling interests		**22,282**	10,537
		255,130	203,075
Earnings per share attributable to the owners of the Company during the period			
— Basic and diluted (HK cents per share)	*10*	**10.2**	8.4

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Profit for the period	**255,130**	203,075
Other comprehensive (loss)/income, net of tax:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
— Currency translation differences	**(31,190)**	195
— Share of other comprehensive income of a joint venture	**–**	31
Other comprehensive (loss)/income for the period, net of tax	**(31,190)**	226
Total comprehensive income for the period	**223,940**	203,301
Total comprehensive income for the period attributable to:		
— Owners of the Company	**208,261**	192,293
— Non-controlling interests	**15,679**	11,008
	223,940	203,301

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2022

(Expressed in Hong Kong dollars)

	Note	(Unaudited) As at 30 September 2022 HK$'000	(Audited) As at 31 March 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,006,908**	2,131,132
Right-of-use assets		**367,743**	384,553
Investment properties		**1,713**	1,754
Interest in a joint venture		**5,489**	4,919
Financial assets at fair value through profit or loss		**181,274**	178,830
Prepayments, deposits, other receivables and other assets		**66,528**	69,298
Deferred income tax assets		**676**	694
		2,630,331	2,771,180
Current assets			
Inventories		**802,447**	1,161,246
Trade receivables	*12*	**637,854**	146,193
Derivative financial instruments		**–**	34
Prepayments, deposits, other receivables and other assets		**203,882**	124,813
Tax recoverable		**–**	73
Cash and cash equivalents		**778,917**	610,718
		2,423,100	2,043,077
Total assets		**5,053,431**	4,814,257

	Note	(Unaudited) As at 30 September 2022 HK$'000	(Audited) As at 31 March 2022 HK$'000
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**22,794**	22,794
Reserves		**2,559,680**	2,385,610
		2,582,474	2,408,404
Non-controlling interests		**211,337**	194,490
Total equity		**2,793,811**	2,602,894
LIABILITIES			
Non-current liabilities			
Bank borrowings	*14*	**727,033**	935,637
Loan from a non-controlling shareholder of a subsidiary		**3,882**	3,976
Lease liabilities	*15*	**81,669**	47,954
Provision for reinstatement costs		**487**	426
Deferred income tax liabilities		**212**	1,753
		813,283	989,746
Current liabilities			
Trade and bills payables	*13*	**303,258**	415,942
Accruals and other payables		**269,688**	240,062
Current income tax liabilities		**280,491**	236,048
Bank borrowings	*14*	**508,423**	254,471
Lease liabilities	*15*	**84,477**	75,094
		1,446,337	1,221,617
Total liabilities		**2,259,620**	2,211,363
Total equity and liabilities		**5,053,431**	4,814,257
Net current assets		**976,763**	821,460

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 August 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing of knitwear products. The ultimate holding company of the Company is Happy Family Assets Limited. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 April 2016.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 25 November 2022.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31 March 2022, except for the adoption of amended standards and accounting guideline as set out below.

(a) Amended standards and accounting guideline adopted by the Group

The Group has applied the following amended standards and accounting guideline for the first time for the current reporting period beginning 1 April 2022:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
HKFRS 1, HKFRS 9, HKFRS 16 and HKFRS 41 (Amendments)	Annual Improvements to HKFRS Standards 2018 to 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations

The adoption of these amended standards and accounting guideline did not have any significant impact on the amounts recognised in prior or current periods.

(b) Impact of new and amended standards and interpretation issued but not yet applied by the Group

The following new and amended standards and interpretation that are not effective for periods commencing on or after 1 April 2022 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in process of making an assessment of the impact of these new and amended standards and interpretation upon initial application, and has concluded on a preliminary basis that these are not expected to have a significant impact on the Group's results of operations or financial position.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2022.

5. SEGMENT INFORMATION

The Group's operating segments have been determined based on the information reported to and reviewed by the executive directors and senior management of the Company led by the Group's chief executive officer, being the Group's chief operating decision-maker ("CODM"), which are used for the purposes of assessing performance and making strategic decisions.

During the six months ended 30 September 2022 and 2021, the Group has been operating in a single operating segment, i.e. manufacturing of knitwear products.

The CODM assesses the performance of the operating segment base on a measure of gross profit.

(a) Revenue by location of goods delivery

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Japan	**928,368**	559,359
North America	**519,238**	359,302
Europe	**633,759**	501,183
Mainland China	**546,430**	731,688
Other countries	**471,572**	300,937
	3,099,367	2,452,469

(b) Non-current assets

	(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	HK$'000	*HK$'000*
Hong Kong	**35,490**	58,321
Mainland China	**584,323**	603,775
Vietnam	**1,525,555**	1,527,630
Myanmar	**297,524**	397,011
	2,442,892	2,586,737

The non-current assets information above is based on the location of the assets and excludes interest in a joint venture, financial assets at fair value through profit or loss and deferred income tax assets.

(c) Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group is as follows:

	(Unaudited) Six months ended 30 September **2022** *HK$'000*	2021 *HK$'000*
Customer A	**1,407,195**	992,862

The five largest customers accounted for approximately 70.2% (2021: 68.8%) of revenue for the six months ended 30 September 2022.

(d) Disaggregation of revenue from contracts with customers

For the six-month period ended 30 September 2022 and 2021, the revenue of the Group was recognised at a point in time.

6. OTHER GAINS, NET

	(Unaudited) Six months ended 30 September **2022** *HK$000*	2021 *HK$000*
Net foreign exchange gains/(losses)	**46,689**	(2,779)
Net gains on financial assets at fair value through profit or loss	**2,444**	2,415
Net gains on disposals of property, plant and equipment	**27,519**	495
Net realised and unrealised (losses)/gains from derivative financial instruments	**(1,023)**	842
Others	**–**	7
	75,629	980

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses and impairment loss on the production base in Myanmar are analysed as follows:

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Advertising and promotion expenses	**1,679**	3,889
Auditor's remuneration		
— audit services	**1,473**	1,219
— non-audit services	**330**	531
Depreciation		
— owned property, plant and equipment	**100,307**	73,213
— right-of-use assets	**18,124**	40,600
Depreciation of investment properties	**41**	41
Employment benefit expenses (including directors' emoluments)	**539,666**	487,602
Raw materials used	**1,370,492**	1,353,367
Changes in inventories of finished goods and work in progress	**340,456**	(86,499)
Reversal of impairment of inventories	**(9,481)**	(7,376)
Impairment loss on the production base in Myanmar *(Note)*	**109,034**	–
Consumables	**74,777**	60,341
Subcontracting charges	**135,531**	130,577
Agency and commission expenses	**1,303**	1,187
Transportation charges	**25,513**	20,661
Donations	**71**	882
Short-term lease payments	**249**	265
Utilities expenses	**93,561**	66,408
Sample charges	**7,622**	5,903
Others	**73,379**	70,035
Total cost of sales, selling and distribution expenses, general and administrative expenses and impairment loss on the production base in Myanmar	**2,884,127**	2,222,846

Note:

As at 30 September 2022, the Group had certain property, plant and equipment, right-of-use assets, prepayments for property, plant and equipment and other operating assets in Myanmar with carrying amounts of approximately HK$361,149,000, HK$30,382,000, HK$15,026,000 and HK$838,000 (31 March 2022: HK$349,773,000, HK$30,382,000, HK$16,856,000 and HK$1,107,000) respectively, which have been allocated to the cash-generating unit (the "Myanmar CGU") for impairment testing. Due to the incidents in Myanmar in recent years, the construction and development progress of the production base in Myanmar is affected. The directors of the Company have carried out an impairment assessment of these assets by using value-in-use method. The recoverable amount of the Myanmar CGU is determined by using cash flow projection based on the financial budgets covering a six-year period from the commencement date of full operation, and a pre-tax discount rate of 21.7% per annum.

The directors of the Company plan to allocate part of the Group's knitwear sales orders to Myanmar for production and the financial model assumes the Group's revenue of knitwear sales have an annual growth rate of 7.00% for financial years ending 31 March 2023 and 31 March 2024; an annual growth rate of 2.50% for financial years ending 31 March 2025 to 31 March 2026 and an annual growth rate of 1.25% for financial years ending 31 March 2027 to 31 March 2031. The terminal growth rate is assumed to be 3.00% per annum beyond the forecast period, taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors. However, due to the deterioration of the global economy and the current situation in Myanmar, the Group's business development in Myanmar has been decelerated. The expected commencement date of full operation of the Group's Myanmar production base will be further delayed to the financial year ending 31 March 2026 and the allocation of part of the Group's knitwear sales orders to Myanmar for production will be also delayed and affected.

The directors assessed the recoverable amount of the Myanmar CGU with reference to the valuation performed by Vincorn Consulting and Appraisal Limited, an independent professional valuer. As at 30 September 2022, the recoverable amount of the Myanmar CGU determined based on the value-in-use calculations was lower than the carrying amount of the Myanmar CGU and resulted in a provision for impairment of property, plant and equipment of HK$109,034,000 (2021: nil) for the six months ended 30 September 2022.

8. FINANCE EXPENSES, NET

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**1,270**	769
Finance expenses		
Interest expenses on:		
— Bank borrowings	**(14,999)**	(9,089)
— Lease liabilities	**(1,454)**	(2,549)
	(16,453)	(11,638)
Finance expenses, net	**(15,183)**	(10,869)

9. INCOME TAX EXPENSES

For the six months ended 30 September 2022, Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at a rate of 25% (2021: 25%) on estimated assessable profits. However, two (2021: two) of the Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at the rate of 15% after being assessed as high and new technology enterprises.

The Group's subsidiaries in Vietnam are subject to preferential business income tax ("BIT") at the rate of 17%. According to the investment certificates, the subsidiaries are subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiaries are entitled to full exemption from BIT for the first 2 years from the first year of earning taxable profit and are eligible for a 50% reduction in the BIT rate in the 4 years thereafter. For one of the subsidiaries in Vietnam, the current period is the first year subject to the BIT rate of 17%, whereas, the other one subsidiary in Vietnam is entitled to the first year of full exemption from BIT if there is any taxable profit for the six months ended 30 September 2022.

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong profits tax	**13,880**	12,547
China corporate income tax	**38,370**	18,242
Deferred taxation	**(1,523)**	(444)
	50,727	30,345

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six-month period ended 30 September 2022 and 2021 respectively are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	(Unaudited) Six months ended 30 September	
	2022	2021
Profit attributable to the owners of the Company *(HK$'000)*	**232,848**	192,538
Weighted average number of ordinary shares in issue *('000)*	**2,279,392**	2,279,392
Basic earnings per share *(HK cents)*	**10.2**	8.4

(b) Diluted

Diluted earnings per share for the six-month period ended 30 September 2022 and 2021 respectively equals basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

11. DIVIDENDS

	(Unaudited) Six months ended 30 September	
	2022	2021
	HK$'000	*HK$'000*
Interim dividend of 5.1 HK cents (2021: 4.2 HK cents) per ordinary share	**116,249**	95,734

At the Board meeting held on 25 November 2022, the Board declared an interim dividend of 5.1 HK cents (2021: 4.2 HK cents) per share. The interim dividend amounting to approximately HK$116,249,000 has not been recognised as a liability in this interim financial information. It will be recognised as a distribution in shareholder's equity for the year ending 31 March 2023.

12. TRADE RECEIVABLES

	(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	HK$'000	*HK$'000*
Trade receivables	**637,854**	146,193

The credit periods granted by the Group to its customers generally range from 0 to 90 days. As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	HK$'000	*HK$'000*
Up to three months	**601,836**	123,830
Three to six months	**27,547**	12,751
Over six months	**8,471**	9,612
	637,854	146,193

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group did not hold any collateral as security.

13. TRADE AND BILLS PAYABLES

As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	HK$'000	*HK$'000*
Within one month	**108,300**	215,390
One to two months	**77,018**	71,319
Two to three months	**55,407**	72,358
Over three months	**62,533**	56,875
	303,258	415,942

The carrying amounts of the trade and bills payables approximate their fair values.

Note: As at 30 September 2022, trade and bills payables includes trade payables to related companies of approximately HK$3,525,000 (31 March 2022: HK$8,825,000).

14. BANK BORROWINGS

	(Unaudited) As at 30 September 2022	(Audited) As at 31 March 2022
	HK$'000	*HK$'000*
Current		
Short-term bank borrowings, unsecured	**183,692**	–
Portion of long-term bank borrowings, secured, due for repayment within one year which contain a repayment on demand clause	**1,032**	1,033
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	**602**	1,118
Portion of long-term bank borrowings, unsecured, due for repayment within one year	**323,097**	252,320
	508,423	254,471
Non-current		
Bank borrowings, unsecured	**727,033**	935,637
Total bank borrowings	**1,235,456**	1,190,108

The weighted average effective interest rate as at 30 September 2022 is 3.57% (31 March 2022: 1.75%).

The bank borrowings are due for repayment as follows:

	(Unaudited) **As at** **30 September** **2022** ***HK$'000***	(Audited) As at 31 March 2022 *HK$'000*
Within one year	**507,821**	253,353
Between one and two years	**665,135**	405,739
Between two and five years	**62,500**	531,016
	1,235,456	1,190,108

The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

As at 30 September 2022, the Group's certain bank borrowings are secured by financial assets at fair value through profit or loss with a total carrying amount of HK$6,645,000 (31 March 2022: HK$6,526,000).

15. LEASE LIABILITIES

	(Unaudited) **As at** **30 September** **2022** ***HK$'000***	(Audited) As at 31 March 2022 *HK$'000*
Current		
Lease liabilities due for repayment within one year	**84,477**	75,094
Non-current		
Lease liabilities due for repayment after one year:		
Between one and two years	**38,145**	45,644
Between two and five years	**43,524**	2,310
	81,669	47,954
Total lease liabilities	**166,146**	123,048

The lease liabilities are due for repayment as follows:

	(Unaudited) **As at** **30 September** **2022** ***HK$'000***	(Audited) As at 31 March 2022 *HK$'000*
Gross lease liabilities — minimum lease payments:		
Within one year	**86,658**	76,763
Between one and two years	**39,190**	46,089
Between two and five years	**44,389**	2,366
	170,237	125,218
Future finance charges on leases	**(4,091)**	(2,170)
Present value of lease liabilities	**166,146**	123,048

The carrying amounts of lease liabilities are denominated in US dollars ("US$"), Renminbi ("RMB") and HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

There was a temporary rebound of consumer sentiment during the first few months of the six months ended 30 September 2022 ("First Half of Financial Year 2023") in most markets due to the relaxation of social distancing restrictions and compulsory quarantine measures in regions such as Japan, the United States of America (the "USA") and Europe. Nevertheless, the global economy was adversely affected by the extended conflict between Russia and Ukraine, which led to soaring energy and raw material prices, inflationary pressures, currency fluctuations, and hence weakened signs of consumption patterns. Moreover, the further outbreak of local COVID-19 cases brought by the divergent variants of COVID-19 in the People's Republic of China ("Mainland China") has led to significant activity disruptions as exemplified by the city-wide lockdown measures implemented in various cities from late March 2022.

Despite the many threats posed by the global market, the Group has built a foundation of mutual understanding with quality customers and suppliers over the past few turbulent years. Our strategy to maintain a presence in prominent manufacturing hubs in both Mainland China and Vietnam for achieving risk diversity, as well as our agile management approach have favoured us through the rough times. During the First Half of Financial Year 2023, our Vietnam factory has reverted to full-fledge productivity, enabling us to service our customers' needs when city-wide lockdown measures were implemented in certain cities in Mainland China.

The lockdown in Mainland China, the disruption to the supply chain, coupled with continued trade tensions, has led to a slower growth of the total export value of Mainland China of 11.0%, and consistently, Mainland China's total export value of knitwear (including knitted products and crochet products, as well as knitted or crocheted clothing and accessories) grew by only 10.0% in the First Half of Financial Year 2023. Vietnam, on the other hand, recorded a growth of 18.7% in terms of total export value in the same period. Its export value of textile and garments reached its all-time high which grew robustly by 25.5% during the First Half of Financial Year 2023.

The Group has accumulated experience and strengthened mutual understanding with its business partners over the past few years. We learned that as a quality manufacturer, we must adapt to the "new normal" hand-in-hand with our customers and suppliers.

BUSINESS REVIEW

As Vietnam lifted its COVID-19 related restrictions, the Group's management acted swiftly to bring the productivity back to its normalised levels with enhanced efficiency in order to make up for and minimalise the disruptions of productivity in Mainland China. On the backdrop of soaring raw material prices, the Group had a clear focus on offering products with uncompromised quality, and managing through delivery schedules that satisfied customers' fluid needs, the Group was in an enhanced position to negotiate greater value in its pricing.

During this very challenging environment, the Group was able to secure a prominent athleisure new customer which focuses on material functionality and to grow hand-in-hand with us. The Group delivered an increased sales volume of its men's and women's knitwear products to 18.7 million pieces at higher average selling prices compared with the six months ended 30 September 2021 ("First Half of Financial Year 2022"). Despite a decrease in volume of the higher-valued cashmere sweaters, the Group's average selling price for men's and women's knitwear products increased by 23.3% to HK$136.2 per piece. Coupled with the stable contribution from its cashmere yarn business, as well as the fabric business which is beginning to take shape, the Group's revenue increased by 26.4% to HK$3,099.4 million for the First Half of Financial Year 2023.

There was an inevitable pressure on costs during the First Half of Financial Year 2023. For example, there was an increase in raw material and utility costs, as well as an increase in transportation and logistic costs as business travels have been gradually resuming to normal. Meanwhile, labour costs and subcontracting costs as a proportion to revenue dropped slightly with more normalised labour situation as compared to the First Half of Financial Year 2022. The Group's gross profit improved by 22.1% from HK$422.8 million for the First Half of Financial Year 2022 to HK$516.4 million for First Half of Financial Year 2023, mainly due to the increase in average selling price and sales volume for knitwear products, and the Group's continuous cost control efforts.

Selling and distribution expenses, together with general and administrative expenses in aggregate recorded a slight drop as a proportion to revenue, demonstrating our continuous cost controls efforts to where possible. In addition, other gains, net increases significantly for the First Half of Financial Year 2023, as compared with the corresponding period. Such increase 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 First Half of Financial Year 2023; and (ii) net foreign exchange gains due to currency fluctuations. The Group also recognised an impairment loss on the production base in Myanmar. Taking into account the increase in revenue and other gains, net in aggregate which outweigh the impairment loss on the production base in Myanmar, the Group's operating profit increased by 31.5% to HK$320.5 million.

Despite the continuous fluctuating trading conditions, the Group's net profit recorded an increase of 25.6% to HK$255.1 million. To better reflect the Group's core operating results, by excluding the impairment loss on the production base in Myanmar and the net realised and unrealised gains/(losses) from derivative financial instruments, the Group's adjusted net profit improved notably by 78.9% to HK$342.9 million, and adjusted net profit margin improved from 7.8% to 11.1%.

Considering the Group's prudent cash management directives and its healthy cash flow, the Board has recommended a payment of an interim dividend of 5.1 HK cents per share to the Company's shareholders, in appreciation of our shareholders' trust and support throughout such turbulent times.

FUTURE STRATEGIES AND PROSPECTS

The remaining year will still be full of uncertainties amid global inflationary pressures, interest rate hikes, continued fluctuations in raw material and energy prices, and the timing for the adjustment of the border control of Mainland China to COVID-19 situation. All in all, these uncertainties add up to a more gloomy global outlook. The Group will stay vigilant and respond to changes swiftly, as we have done in the past two years.

Based on the persisting trade tensions between Mainland China and the USA, brand customers are continuing to seek for production origins outside of Mainland China and hence the importance of Vietnam's manufacturing status has increased tremendously. More global customers have established sourcing offices in Vietnam and naturally more suppliers are also setting a footprint in Vietnam. The Group will continue to flex its productivity in its Vietnam production base, strengthen its functions related to customer services such as merchandising teams, sampling offices, testing laboratories, etc. and expand productivity as appropriate, in order to be prepared to tap the increasing demand from the production front.

We continue to see vast potential in Vietnam's immense demand for raw materials. As our new business of weaving, printing and dyeing of fabric is beginning to take shape, we are confident that this business will continue to contribute positively to the Group's development as planned. We shall continue to grasp opportunities relevant to this business.

On the other hand, the development of our Group's Myanmar production base was decelerated while we continue to carefully monitor the political conditions and effects from the pandemic. We expect trial production in the Myanmar production base to be further delayed. Nonetheless, with Mainland China's position in trade preference being lessened, and the significantly lower costs in Myanmar driven by weaker currency, we see Myanmar in an advantageous position enjoying tariff concessions exporting to Mainland China, Japan and Europe. Our ultimate goal is to further increase production capacity ratio to overseas production in response to the changing customer procurement preferences.

As an industry leader and a responsible global citizen acting in response to Mainland China's advocate to energy conservation, we continue our efforts in bringing renewable energy to our manufacturing facilities to achieve greater efficiencies on our energy usage. We strive to continue 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.

In face of the market volatility and economic uncertainties ahead, the Group will continue to work closely with customers, to adapt and balance our mutual needs. We believe our accumulated experience and swift response led by our dynamic management team will succeed in bringing us forward under all kinds of circumstances.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2022 mainly represented revenue from sales of knitwear products, namely womenswear, menswear and other products such as cashmere yarns, knitted upper for footwear, children's wear, scarfs, hats and gloves, to our customers.

The Group's revenue increased by 26.4% to HK$3,099.4 million for the six months ended 30 September 2022 from HK$2,452.5 million for the six months ended 30 September 2021. The increase was mainly attributable to the increase in total sales revenue of men's and women's knitwear products for the six months ended 30 September 2022 by HK$566.3 million to HK$2,547.2 million as compared to the corresponding period in year 2021, while the sales revenue of cashmere yarns for the six months ended 30 September 2022 decreased by HK$77.9 million to HK$280.9 million as compared to the corresponding period in year 2021.

The increase in the total sales revenue of men's and women's knitwear products was due to the increases in sales volume and average selling price. The Group's sales volume of men's and women's knitwear products increased by 4.5% from 17.9 million pieces for the six months ended 30 September 2021 to 18.7 million pieces for the six months ended 30 September 2022, and the average selling price of the Group's men's and women's knitwear products also increased by 23.3% from HK$110.5 per piece for the six months ended 30 September 2021 to HK$136.2 per piece for the six months ended 30 September 2022.

On the other hand, consistent with the Group's geographical market distribution for the six months ended 30 September 2021, Japan, Mainland China and Europe remained as the top three markets of our Group for the six months ended 30 September 2022. The revenue attributable to the Japanese market, Chinese market and European market accounted for 30.0%, 17.6% and 20.4% respectively of the Group's total revenue for the six months ended 30 September 2022.

Cost of Sales

For the six months ended 30 September 2022, the Group incurred cost of sales of HK$2,583.0 million. Cost of sales primarily consisted of cost of inventories, direct labour costs, subcontracting charges to our subcontractors, depreciation of property, plant and equipment and right-of-use assets, electricity and water and production overhead costs.

Gross Profit and Gross Profit Margin

During the six months ended 30 September 2022, the Group recorded gross profit of HK$516.4 million and gross profit margin of 16.7% as compared to the gross profit of HK$422.8 million and gross profit margin of 17.2% for the six months ended 30 September 2021.

The increase in gross profit for the six months ended 30 September 2022 was mainly due to (i) the significant increase in average selling prices for most of the Group's knitwear products which was mainly attributable to our strategic adjustments on the selling prices and the upward trend of raw material market prices; (ii) the increase in sales volume for most of the Group's knitwear products, except for cashmere yarn during the six months ended 30 September 2022 as our production efficiency is resuming to normal even under the impact of COVID-19 pandemic. During the middle of year 2021, the operation of our Group's production base in Vietnam was disrupted as a result of the lockdown caused by COVID-19 pandemic in Vietnam; and (iii) the Group's continuous cost control measures.

Other Income

Other income primarily consisted of rental income from investment properties, government subsidies, income from claims settled and miscellaneous other income. The other income increased by HK$16.5 million from HK$13.1 million for the six months ended 30 September 2021 to HK$29.6 million for the six months ended 30 September 2022. Such increase was mainly due to the increase in income from claims settled by HK$11.9 million and the increase in government subsidies by HK$6.8 million as compared to the corresponding period in year 2021.

Other Gains, Net

Other gains primarily consisted of net foreign exchange gains or losses, net gains or losses on disposals of property, plant and equipment, net realised and unrealised gains or losses from derivative financial instruments and net gains or losses on financial assets at fair value through profit or loss.

Other gains increased by HK$74.6 million from HK$1.0 million for the six months ended 30 September 2021 to HK$75.6 million for the six months ended 30 September 2022. Such increase was primarily attributable to (i) the turnaround in net foreign exchange losses from HK$2.8 million for the six months ended 30 September 2021 to net foreign exchange gains of HK$46.7 million for the six months ended 30 September 2022 as a result of the appreciation of the United States dollars; and (ii) the increase in net gains on disposals on property, plant and machinery by HK$27.0 million as the Group disposed some aged machineries and other fixed assets and recorded net disposal gains of HK$27.5 million during the six months ended 30 September 2022.

In summary, other gains for the six months ended 30 September 2022 mainly represented net foreign exchange gains of HK$46.7 million, net gains on disposals on property, plant and machinery of HK$27.5 million, net gains on financial assets at fair value through profit or loss of HK$2.4 million and net realised and unrealised losses from derivative financial instruments of HK$1.0 million.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of transportation cost in relation to delivery of our products to customers, commission to the agents of our customers and advertising and promotion expenses.

The Group's selling and distribution expenses slightly increased by HK$0.4 million from HK$23.3 million for the six months ended 30 September 2021 to HK$23.7 million for the six months ended 30 September 2022. Such increase was mainly due to the increase in transportation cost.

General and Administrative Expenses

General and administrative expenses primarily consisted of staff costs relating to management and administrative personnel, depreciation, insurance premium, donations and other incidental office expenses.

The Group's general and administrative expenses slightly decreased by HK$1.5 million from HK$169.9 million for the six months ended 30 September 2021 to HK$168.4 million for the six months ended 30 September 2022. Such decrease was mainly attributable to the Group's continuous cost control measures even when the Group's business was expanding during the six months ended 30 September 2022.

Impairment Loss on the Production Base in Myanmar

The impairment losses on the production base in Myanmar represented impairment provision of HK$109.0 million on the property, plant and equipment of the Group's production base in Myanmar for the six months ended 30 September 2022.

Events and circumstances leading to the recognition of the impairment loss

Since the middle of year 2022, global economic activity has been experiencing an extensive and faster-than-expected slowdown amid a very high global inflation rate. The tightening financial conditions in many countries, and the lingering COVID-19 pandemic all cast a shadow on the economic outlook of coming years. As there are many signs of the economy weakening, the Group's business development in Myanmar has been decelerated. While the Group continues to carefully monitor the economic and political conditions and effects from the COVID-19 pandemic, the expected commencement date of full operation of the Group's Myanmar production base and the estimated knitwear sales order to be allocated to this production base will be further delayed and affected.

The aforementioned and other related commercial factors, including some global fashion brands have reassessed and adjusted their sourcing strategy in Myanmar, were the principal bases for the Board's re-evaluation of the business development of the Group's production base in Myanmar. The Board therefore revised the financial budget and cash flow projection of the Myanmar cash-generating unit (the "Myanmar CGU") and recorded an impairment losses on the Myanmar production base of HK$109.0 million during the six months ended 30 September 2022. The impairment assessment, valuation methodology, value of inputs and basis and assumptions are explained in more details below.

The Company engaged an independent professional valuer, Vincorn Consulting and Appraisal Limited (the "Valuer"), to assess the recoverable amount of the Myanmar CGU as at 30 September 2022. As the recoverable amount of the Myanmar CGU, which was assessed with reference to the valuation performed by the Valuer, was lower than the carrying amount of the Myanmar CGU and resulted in an impairment loss of HK$109.0 million on the property, plant and equipment of the Group's production base in Myanmar for the six months ended 30 September 2022.

Valuation methodology, value of inputs and basis and assumptions

The valuation methodology, value of inputs in the current period and last year used in the valuations together with the basis and assumptions are as follows:

	Valuation as of 30 September 2022	Valuation as of 31 March 2022
Valuation Date	**30 September 2022**	31 March 2022
Valuation Methodology	**Income Approach**	Income Approach
Basis of Valuation	**Value in use calculation***	Value in use calculation
Expected Commencement Date of Full Operation	**Financial Year 2026**	Financial Year 2024
Pre-tax Discount Rate	**21.67%**	19.67%
Risk-free Rate (10-yr)	**16.42%**	14.19%
Beta Coefficient	**0.81**	0.79
Market Risk Premium	**18.60%**	16.11%
Company Specific Risk Premium	**7.00%**	7.00%
Small Company Risk Premium	**4.80%**	5.01%
Net Present Value of Value in Use *(HK$'000)*	**298,361**	429,555

* The calculation uses pre-tax cash flow projection based on financial budgets covering a six-year period from the commencement date of full operation and a long-term average growth rate.

The valuation method referred above was adopted to comply with the Group's accounting policies and is consistent with the common method adopted for valuation of a subject of similar nature. There is no change in valuation method used by the valuers for current period and last year.

According HKAS 36 — Impairment of Assets, recoverable amount is defined as the higher of a cash-generating unit's fair value less costs of disposal and its value in use.

For the fair value less costs of disposal, the standard clarifies that costs of disposal, other than those that have been recognised as liabilities, are deducted in determining measuring fair value less costs of disposal. The standard also clarifies that the following elements should be reflected in the calculation of an asset's value in use:

(1) an estimate of the future cash flows the entity expects to derive from the asset;
(2) expectations about possible variations in the amount or timing of those future cash flows;
(3) the time value of money, represented by the current market risk-free rate of interest;
(4) the price for bearing the uncertainty inherent in the asset; and
(5) other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset.

The standard also clarifies that the second, fourth and fifth elements above can be reflected either as adjustments to the future cash flows or adjustments to the discount rate.

We consider income approach to be an appropriate valuation method in this valuation. The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset life. This approach estimates the future economic benefits and discounts these benefits to their present value using an appropriate discount rate for all risks associated with realising those benefits.

Reasons for material changes in the value of the inputs and assumptions adopted in current period from last year

In view of the global economic uncertainties, fast-changing market environment and the lingering COVID-19 pandemic, as explained in more details under the subsection headed "Events and circumstances leading to the recognition of the impairment loss" above, the Group adopted more prudent forecasts for its production base in Myanmar. These commercial considerations had developed after the Company's last assessment of this business in March 2022.

Finance Expenses, Net

Net finance expenses mainly consisted of interest expenses on bank borrowings and lease liabilities, which are partially offset by the Group's finance income that consisted of interest income from bank deposits.

The Group's net finance expenses increased by HK$4.3 million from HK$10.9 million for the six months ended 30 September 2021 to HK$15.2 million for the six months ended 30 September 2022. The increase in net finance expenses was mainly due to the hike in market interest rates since the middle of year 2022.

Income Tax Expenses

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), neither the Company nor its BVI subsidiary is subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the BVI.

Hong Kong profits tax as applicable to the Group is 16.5% for the six-month period ended 30 September 2022 and 2021 respectively on the estimated assessable profits arising in or derived from Hong Kong during the relevant periods.

The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax ("CIT") at a rate of 25% on the estimated assessable profits for the six-month period ended 30 September 2022 and 2021 respectively. However, two of the Group's subsidiaries in Mainland China are subject to the CIT at the rate of 15%, after being assessed as high and new technology enterprises.

The Group's subsidiaries in Vietnam are subject to preferential business income tax ("BIT") at the rate of 17%. According to the investment certificates, the subsidiaries are subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiaries are entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and are eligible for a 50% reduction in the BIT rate in the 4 years thereafter. For one of the subsidiaries in Vietnam, the current period is the first year subject to the BIT rate of 17%, whereas, the other one subsidiary in Vietnam is entitled to the first year of full exemption from BIT if there is any taxable profit for the six months ended 30 September 2022.

The effective tax rates of the Group were 16.6% and 13.0% for the six-month period ended 30 September 2022 and 2021 respectively.

Profit for the Period Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded profit attributable to the owners of the Company of HK$232.8 million and HK$192.5 million for the six-month period ended 30 September 2022 and 2021 respectively.

The increase in net profit for the six months ended 30 September 2022 was primarily due to (i) the increase in gross profit as a result of the Group's strategic adjustments on the selling prices of certain knitwear products; (ii) higher sales volume in men's and women's knitwear products; (iii) the increase in other income from claims settled; and (iv) the increases in other gains from foreign exchange and other gains on disposals of property, plant and equipment; while such increase was partially offset by the impairment loss on the production base in Myanmar.

Adjusted Net Profit

Adjusted net profit is a non-HKFRS financial measure and it is derived from net profit attributable to the owners of the Company for the period after excluding (i) impairment loss on the production base in Myanmar; and (ii) realised and unrealised gains/(losses) from derivative financial instruments. We believe the adjusted net profit presented herein better reflects the Group's core operating results.

Based on the formula above, the Group's adjusted net profit increased by HK$151.2 million from HK$191.7 million for the six months ended 30 September 2021 to HK$342.9 million for the six months ended 30 September 2022, and the adjusted net profit margin increased from 7.8% for the six months ended 30 September 2021 to 11.1% for the six months ended 30 September 2022.

Consolidated Cash Flow Statement

Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the six months ended 30 September 2022 was HK$168.4 million, primarily due to profit before income tax of HK$305.9 million, adjusted for depreciation of HK$118.5 million, impairment loss on the production base in Myanmar of HK$109.0 million and the decrease in inventories of HK$368.2 million, which was partially offset by the increases in trade receivables of HK$491.2 million and prepayments, deposits, other receivables and other assets of HK$85.3 million and the decrease in trade and bills payables of HK$113.5 million.

Net Cash Generated from Investing Activities

The Group's net cash generated from in investing activities for the six months ended 30 September 2022 was HK$28.9 million, primarily contributed by the proceeds from disposals of property, plant and equipment of HK$57.2 million, which was partially offset by the purchase of property, plant and equipment of HK$29.6 million.

Net Cash Used in Financing Activities

The Group's net cash used in financing activities for the six months ended 30 September 2022 was HK$26.8 million, primarily due to the dividend payments of HK$34.2 million, which was partially offset by the net increase in the Group's total bank borrowings and lease liabilities of HK$6.2 million.

Cash and Cash Equivalents

For the six months ended 30 September 2022, the Group's cash and cash equivalents increased by HK$170.5 million and the exchange loss was HK$2.3 million. The net increase in the Group's cash and cash equivalents was from HK$610.7 million as at 31 March 2022 to HK$778.9 million as at 30 September 2022.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the six months ended 30 September 2022, the Group's cash and cash equivalents was mainly used in the expansion of the Group's business operations, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and bank borrowings. The Group's gearing ratio decreased from 21.3% as at 31 March 2022 to 18.2% as at 30 September 2022. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

As at 30 September 2022, the Group's cash and cash equivalents, amounting to HK$778.9 million, were denominated in US dollars ("US$") (54.6%), HK$ (16.5%), Renminbi ("RMB") (27.6%), Vietnamese Dong ("VND") (1.1%) and other currencies (0.2%).

As at 30 September 2022, the Group's total bank borrowings and lease liabilities were due for repayment as follows:

	As at 30 September 2022	As at 31 March 2022
	HK$'000	*HK$'000*
Within one year	**592,298**	328,447
Between one and two years	**703,280**	451,383
Between two and five years	**106,024**	533,326
	1,401,602	1,313,156

Notes:

(a) The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

(b) As at 30 September 2022, the Group's total bank borrowings and lease liabilities were denominated in HK$(88.3%), US$(9.7%) and RMB(2.0%). All the Group's bank borrowings were floating rate borrowings. The weighted average effective interest rate of the Group's bank borrowings as at 30 September 2022 was 3.57%.

(c) As at 30 September 2022, the Group's certain bank borrowings were secured by financial assets at fair value through profit or loss with a total carrying amount of HK$6.6 million.

Capital Expenditures and Commitments

The Group incurred capital expenditures of approximately HK$131.0 million for the six months ended 30 September 2022, which were mainly related to the purchase of machinery for our factories and the construction of a new production base in Myanmar. These capital expenditures were fully financed by internal resources and bank borrowings.

The Group's capital commitments as at 30 September 2022 amounted to approximately HK$92.8 million which were mainly related to the purchase of machinery for our factories.

Charge on Assets

As at 30 September 2022, the Group's right-of-use assets with a total carrying amount of HK$13.8 million, buildings and leasehold improvements with a total carrying amount of HK$149.2 million and financial assets at fair value through profit or loss with a total carrying amount of HK$6.6 million were pledged to banks to secure certain banking facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liability as at 30 September 2022.

Events after Balance Sheet Date

The Group did not have any significant events after the balance sheet date.

Financial Instruments

The Group did not have any outstanding hedging contracts or financial derivatives as at 30 September 2022.

As at 31 March 2022, the Group had outstanding forward foreign currency contracts with a total notional principal amount of HK$62.0 million.

Financial Risk Management

(a) Foreign Currency Risk

The Group mainly operates in Hong Kong, Mainland China and Vietnam with majority of the transactions settled in HK$, RMB and US$. Foreign currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign currency risk exposure is primarily with respect to RMB and US$ since a considerable portion of our operating expenses are denominated in RMB while most of the sales are denominated in US$. As HK$ is pegged with US$, the foreign currency risk exposure in respect of US$ is considered minimal.

During the six months ended 30 September 2022, the Group entered into some forward foreign currency contracts to mitigate its exposures of RMB against US$. The Board will continue to closely monitor the Group's foreign currency risk exposure and may use appropriate financial instruments for hedging purposes as and when necessary.

(b) Interest Rate Risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk and bank borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into any financial instruments to hedge against interest rate risk for the six months ended 30 September 2022 but the Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

(c) Credit Risk

The Group has policies in place to ensure that sales on credit are made to customers with an appropriate credit history and the Group also performs credit assessments of its customers on a periodic basis, taking into account their financial position, past payment records, economic environments in which the customers operate in and other relevant factors. The Group has not experienced and does not expect to experience any material impairment on trade receivables and receivables from other counterparties.

As at 30 September 2022, majority of the Group's bank balances and deposits were held with major financial institutions in Hong Kong, Mainland China and Vietnam which the Directors believe are of high credit quality. The Directors do not expect any losses arising from the non-performance by these financial institutions.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash and cash equivalents and banking facilities to support its business and operational activities. The Group has not experienced and does not expect to experience any difficulties in meeting credit obligations when they fall due.

Human Resources and Emolument Policy

As at 30 September 2022, the Group had a total of approximately 14,200 full-time employees in Mainland China, Vietnam, Hong Kong and Myanmar. For the six months ended 30 September 2022, the total staff costs, including the directors' emoluments, amounted to HK$539.7 million.

The Group's emolument policies are formulated based on the performance and experience of individual employee and in line with the salary trends in Mainland China, Vietnam, Hong Kong and Myanmar. Other employee benefits include performance related bonuses, insurance and medical coverage and share options.

Since human resources management is an important factor in maintaining and enhancing the Group's strong expertise in the manufacturing of knitwear products, the Group will provide appropriate training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different on-the-job training will be provided to employees in order to ensure continuous staff development and skills upgrading.

OTHER INFORMATION

Interim Dividend and Closure of Register of Members

The Board has resolved to declare an interim dividend of 5.1 HK cents per share for the six months ended 30 September 2022 (2021: 4.2 HK cents) to be paid to the shareholders of the Company whose names are recorded on the register of members of the Company at the close of business on Tuesday, 13 December 2022. The interim dividend is expected to be payable on or about Wednesday, 21 December 2022.

The Company's register of members will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Thursday, 8 December 2022.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

As the Company believes that good corporate governance can create value for its shareholders, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality board of Directors, sound internal controls and effective accountability to the shareholders as a whole.

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance. In the opinion of the Directors, the Company has complied with all the mandatory code provisions set out in the CG Code for the six months ended 30 September 2022.

Directors' and Relevant Employees' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code for securities transactions by the Directors.

All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 September 2022.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees has been notified to the Company.

Audit Committee

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Fan Chun Wah, Andrew (Chairman), Mr. Kan Chung Nin, Tony and Mr. Ip Shu Kwan, Stephen. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control system. An audit committee meeting was held on 25 November 2022 to meet with the external auditors of the Company and review the Company's interim financial report for the six months ended 30 September 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website at http://www.namesonholdings.com. The interim report for financial year 2023 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

25 November 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; and 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.