南旋控股有限公司
NAMESON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1982)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2024	2023	Change
	HK$' million	*HK$' million*	
Revenue	**4,378.9**	4,602.3	-4.9%
Gross profit	**774.2**	745.5	+3.8%
Gross profit margin	**17.7%**	16.2%	+1.5p.p.
Net profit	**380.7**	158.3	+140.5%
Profit attributable to the owners of the Company	**361.7**	134.8	+168.3%
Adjusted net profit *(Note)*	**396.5**	379.3	+4.5%
Adjusted net profit margin	**9.1%**	8.2%	+0.9p.p.
Earnings per share — Basic and diluted	**15.87 HK cents**	5.92 HK cents	+168.3%
Interim dividend per share	**9.5 HK cents**	5.1 HK cents	
Second interim dividend per share	**3.5 HK cents**	0.6 HK cent	

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 losses from derivative financial instruments, which are 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") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 HK$'000	2023 HK$'000
Revenue	3	**4,378,888**	4,602,307
Cost of sales	5	**(3,604,649)**	(3,856,803)
Gross profit		**774,239**	745,504
Other income		**13,270**	48,896
Other gains, net	4	**78,191**	76,484
Selling and distribution expenses	5	**(32,359)**	(37,130)
General and administrative expenses	5	**(331,839)**	(348,604)
Impairment loss on the production base in Myanmar	5	**(34,005)**	(243,416)
Operating profit		**467,497**	241,734
Share of post-tax profit of a joint venture		**1,561**	735
Finance income		**29,626**	10,106
Finance expenses		**(64,779)**	(43,153)
Finance expenses, net	6	**(35,153)**	(33,047)
Profit before income tax		**433,905**	209,422
Income tax expenses	7	**(53,201)**	(51,095)
Profit for the year		**380,704**	158,327
Profit for the year attributable to:			
— Owners of the Company		**361,672**	134,844
— Non-controlling interests		**19,032**	23,483
		380,704	158,327
Earnings per share attributable to the owners of the Company during the year			
— Basic and diluted (HK cents per share)	8	**15.87**	5.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	2024	2023
	HK\$'000	*HK\$'000*
Profit for the year	**380,704**	158,327
Other comprehensive loss, net of tax:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
— Currency translation differences	**(29,240)**	(134,446)
— Share of other comprehensive income of a joint venture	**39**	171
Other comprehensive loss for the year, net of tax	**(29,201)**	(134,275)
Total comprehensive income for the year	**351,503**	24,052
Total comprehensive income for the year attributable to:		
— Owners of the Company	**338,272**	17,090
— Non-controlling interests	**13,231**	6,962
	351,503	24,052

CONSOLIDATED BALANCE SHEET

As at 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,785,060**	1,780,432
Right-of-use assets		**290,709**	334,450
Investment properties		**1,590**	1,672
Interest in a joint venture		**7,083**	5,483
Financial assets at fair value through profit or loss		**191,118**	184,930
Prepayments, deposits, other receivables and other assets		**122,908**	74,632
Deferred income tax assets		**704**	676
		2,399,172	2,382,275
Current assets			
Inventories		**910,552**	1,032,006
Trade receivables	*10*	**167,149**	132,691
Prepayments, deposits, other receivables and other assets		**253,826**	165,041
Tax recoverable		**–**	61
Cash and cash equivalents		**717,404**	717,027
		2,048,931	2,046,826
Total assets		**4,448,103**	4,429,101
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**22,794**	22,794
Reserves		**2,360,314**	2,252,260
		2,383,108	2,275,054
Non-controlling interests		**215,851**	202,620
Total equity		**2,598,959**	2,477,674

	Note	2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	*12*	**454,811**	530,930
Loans from non-controlling shareholders of subsidiaries		**3,359**	5,767
Lease liabilities	*13*	**120,675**	81,683
Provision for reinstatement costs		**4,409**	487
Deferred income tax liabilities		**4,812**	166
		588,066	619,033
Current liabilities			
Trade and bills payables	*11*	**335,457**	363,392
Accruals and other payables		**255,832**	224,636
Current income tax liabilities		**274,275**	262,475
Bank borrowings	*12*	**353,129**	405,825
Lease liabilities	*13*	**42,385**	76,066
		1,261,078	1,332,394
Total liabilities		**1,849,144**	1,951,427
Total equity and liabilities		**4,448,103**	4,429,101
Net current assets		**787,853**	714,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. The Company and its subsidiaries (together the "Group") 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.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term referred to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The actual results may differ from these estimates.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for the financial year beginning 1 April 2023:

HKAS 1 and HKFRS Practice statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The adoption of the new and amended standards listed above did not have any significant impact on the amounts recognised in current or prior periods except for the following:

(i) Changes relating to disclosures of accounting policies

As a result of the adoption of HKAS1 and HKFRS Practice Statement 2 (Amendments), the Group is required to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure.

(ii) Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), long service payment ("LSP") is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). This change in accounting policy upon the cessation in applying the practical expedient may result in a catch-up adjustment for past service costs and a corresponding increase in the Group's LSP obligations in the year of enactment of the Amendment Ordinance (i.e. year ended 31 March 2023). The cumulative effect of recognising this adjustment as of 31 March 2023 was not material and hence no adjustment was made to the beginning retained earnings, or other component of equity.

(b) ***New and amended standards and revised interpretation issued but not yet adopted by the Group***

The following new and amended standards and revised interpretation have been issued but are not effective for the Group's financial year beginning 1 April 2023 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
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 revised 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.

3. 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. For the purpose of internal reporting and management's operation review, the CODM considered that the Group's business is operated and managed as one single operating segment (i.e. manufacturing of knitwear products) and no separate information was presented for the years ended 31 March 2024 and 2023.

(a) Revenue by location of goods delivery

	2024	2023
	HK$'000	*HK$'000*
Japan	**1,362,300**	1,487,273
North America	**533,409**	648,670
Europe	**688,870**	802,518
Mainland China	**899,939**	785,946
Other countries	**894,370**	877,900
	4,378,888	4,602,307

(b) Non-current assets

	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**30,725**	48,883
Mainland China	**436,038**	514,031
Vietnam	**1,594,319**	1,450,856
Myanmar	**134,498**	177,416
	2,195,580	2,191,186

The non-current assets information above is based on the location of the assets and excludes interest in a joint venture, financial instruments 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:

	2024	2023
	HK$'000	*HK$'000*
Customer A	**2,287,148**	2,266,020

The five largest customers accounted for approximately 72.3% (2023: 70.0%) of revenue for the year ended 31 March 2024.

(d) Disaggregation of revenue from contracts with customers

For the years ended 31 March 2024 and 2023, the revenue of the Group was recognised at a point in time.

(e) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2024	2023
	HK$'000	*HK$'000*
Contract liabilities — receipts in advance	**28,142**	12,623

Contract liabilities for sales of goods contracts have increased by HK$15,519,000 (2023: HK$379,000) due to an increase in unfulfilled performance obligations as at year end date.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2024	2023
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**4,243**	8,257

4. OTHER GAINS, NET

	2024	2023
	HK$'000	*HK$'000*
Net foreign exchange gains	**44,244**	35,654
Net gains on financial assets at fair value through profit or loss	**6,188**	6,100
Net gains on disposals of property, plant and equipment	**28,553**	32,536
Net realised and unrealised losses from derivative financial instruments	**(794)**	(1,024)
Others	**–**	3,218
	78,191	76,484

5. 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:

	2024	2023
	HK$'000	*HK$'000*
Advertising and promotion expenses	**7,289**	2,969
Auditor's remuneration		
— audit services	**3,014**	3,014
— non-audit services	**711**	711
Depreciation		
— owned property, plant and equipment	**193,455**	196,808
— right-of-use assets	**32,501**	33,899
Depreciation of investment properties	**82**	82
Employment benefit expenses (including directors' emoluments)	**998,064**	976,465
Raw materials used	**2,169,151**	2,191,983
Changes in inventories of finished goods and work in progress	**(6,436)**	131,423
Provision for impairment of inventories	**396**	8,970
Consumables	**112,762**	125,774
Subcontracting charges	**157,863**	221,878
Impairment loss on the production base in Myanmar *(Note)*	**34,005**	243,416
Agency and commission expenses	**2,345**	2,922
Transportation charges	**27,422**	38,937
Sample charges	**11,142**	14,463
Donations	**1,666**	549
Short-term lease payments	**667**	524
Utilities expenses	**122,797**	154,429
Others	**133,956**	136,737
Total cost of sales, selling and distribution expenses, general and administration expenses and impairment loss on the production base in Myanmar	**4,002,852**	4,485,953

Note:

As at 31 March 2024, the Group's production base in Myanmar had certain assets with a net carrying amount before impairment of approximately HK$411,919,000 (2023: HK$421,912,000), which included property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment (2023: property, plant and equipment, right-of-use assets, prepayments for property, plant and equipment and other operating assets). These assets have been allocated to the Myanmar cash-generating unit (the "Myanmar CGU") for impairment testing.

The construction and development progress of the production base in Myanmar has been affected by the social unrest and military conflicts in Myanmar in recent years. Since the second half of the year ended 31 March 2024, more and more global fashion brands have stopped sourcing garment products from Myanmar amid the concerns about the labour rights and long-lasting social unrest and military conflicts in Myanmar. The directors of the Company have carried out impairment assessments over the Myanmar CGU with reference to the valuations performed by Vincorn Consulting and Appraisal Limited, an independent professional valuer. As at 31 March 2024, the management considered the recoverable amount of each of the Myanmar CGU's assets being the higher of value in use and fair value less costs of disposal and concluded that the recoverable amount of the Myanmar CGU is determined by using fair value less costs of disposal under market approach (2023: value in use under income approach).

Key assumptions used for assessing the recoverable amount of the Myanmar CGU as at 31 March 2024 are as follows:

Discount for property asking price:	40%
Agency costs for sales of property:	5%
Scrap values of machineries:	10% of the cost of machineries

Based on the valuation carried out by the valuer as at 31 March 2024, the recoverable amount of the Myanmar CGU determined based on fair value less costs of disposal was lower than the net carrying amount of the Myanmar CGU and resulted in a provision for impairment of property, plant and equipment of approximately HK$34,005,000 for the year ended 31 March 2024.

Based on the valuation carried out by the valuer as at 31 March 2023, the recoverable amount of the Myanmar CGU determined based on value in use calculation with the consideration of pre-tax discount rate of 27.97% was lower than the net carrying amount of the Myanmar CGU and resulted in a provision for impairment of property, plant and equipment of approximately HK$243,416,000 for the year ended 31 March 2023.

The Group has performed a sensitivity analysis for the recoverable amount of the Myanmar CGU as at 31 March 2024. If the discount for asking prices of the properties in the Myanmar CGU has increased/decreased by 5%, with all other variables held constant, the profit before income tax for the year would have been approximately HK$9,300,000 lower/higher.

6. FINANCE EXPENSES, NET

	2024	2023
	HK$'000	*HK$'000*
Finance income		
Interest income from:		
— Bank deposits	**29,626**	10,106
Finance expenses		
Interest expenses on:		
— Bank borrowings	**(59,043)**	(39,635)
— Lease liabilities	**(5,736)**	(3,518)
	(64,779)	(43,153)
Finance expenses, net	**(35,153)**	(33,047)

7. INCOME TAX EXPENSES

For the year ended 31 March 2024, Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at a rate of 25% (2023: 25%) on estimated assessable profits. Two (2023: 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 year is subject to the BIT rate of 17%, whereas, the other two subsidiaries in Vietnam have no taxable profit for the year ended 31 March 2024.

	2024	2023
	HK$'000	*HK$'000*
Current tax		
Current tax on profits for the year		
— Hong Kong profits tax	**13,631**	19,745
— China corporate income tax	**28,823**	30,402
— Vietnam business income tax	**6,129**	2,518
	48,583	52,665
Deferred income tax		
— Deferred taxation	**4,618**	(1,570)
	53,201	51,095

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 March 2024 and 2023 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 year.

	2024	2023
Profit attributable to the owners of the Company *(HK$'000)*	**361,672**	134,844
Weighted average number of ordinary shares in issue *('000)*	**2,279,392**	2,279,392
Basic earnings per share *(HK cents)*	**15.87**	5.92

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the years ended 31 March 2024 and 2023 equals basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

9. DIVIDENDS

At the board meeting held on 24 November 2023, the Board of Directors declared an interim dividend for the year ended 31 March 2024 of 9.5 HK cents per share amounting to a total of HK$216,542,000 and paid on 20 December 2023.

At the board meeting held on 21 June 2024, the Board of Directors declared a second interim dividend of 3.5 HK cents per share (in lieu of a final dividend) amounting to a total of HK$79,779,000. The second interim dividends are not reflected as a dividend payable in these consolidated financial statements and will be reflected as appropriation of retained earnings for the year ending 31 March 2025.

At the board meeting held on 25 November 2022, the Board of Directors declared an interim dividend for the year ended 31 March 2023 of 5.1 HK cents per share amounting to a total of HK$116,249,000 and paid on 21 December 2022.

At the board meeting held on 23 June 2023, the Board of Directors declared a second interim dividend for the year ended 31 March 2023 of 0.6 HK cent per share (in lieu of final dividend) amounting to a total of HK$13,676,000 and paid on 25 July 2023.

10. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**167,149**	132,691

The carrying amounts of trade receivables are denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
US$	**108,796**	91,298
RMB	**58,148**	41,343
VND	**205**	50
	167,149	132,691

The credit periods granted by the Group to its customers generally range from 0 to 90 days. As at 31 March 2024 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
Up to three months	**145,002**	115,676
Three to six months	**20,904**	11,010
Over six months	**1,243**	6,005
	167,149	132,691

The Group applies HKFRS 9 "Financial Instruments" simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There was no loss allowance for the trade receivables as at 31 March 2024 (2023: same).

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

11. TRADE AND BILLS PAYABLES

Trade and bills payables are denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
US$	**251,232**	280,192
HK$	**20,044**	24,257
RMB	**63,392**	53,583
Others	**789**	5,360
	335,457	363,392

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

Note: As at 31 March 2024, trade and bills payables include trade payables to related companies of approximately HK$2,975,000 (2023: HK$2,776,000).

The ageing analysis of the trade and bills payables based on the invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one month	**192,782**	192,633
One to two months	**68,148**	109,117
Two to three months	**63,536**	54,213
Over three months	**10,991**	7,429
	335,457	363,392

12. BANK BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Current		
Short-term bank borrowings, unsecured	**60,000**	–
Portion of long-term bank borrowings, secured, due for repayment within one year which contain a repayment on demand clause	**–**	1,032
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	**–**	86
Portion of long-term bank borrowings, unsecured, due for repayment within one year	**293,129**	404,707
	353,129	405,825
Non-current		
Bank borrowings, unsecured	**454,811**	530,930
Total bank borrowings	**807,940**	936,755

The weighted average effective interest rate as at 31 March 2024 is 5.66% (2023: 4.63%).

The bank borrowings are due for repayment as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year	**353,129**	405,739
Between one and two years	**181,006**	531,016
Between two and five years	**273,805**	–
	807,940	936,755

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 clause.

As at 31 March 2023, 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$6,742,000.

13. LEASE LIABILITIES

	2024	2023
	HK$'000	*HK$'000*
Current		
Lease liabilities due for repayment within one year	**42,385**	76,066
Non-current		
Lease liabilities due for repayment after one year:		
Between one and two years	**41,052**	22,285
Between two and five years	**79,623**	59,398
	120,675	81,683
Total lease liabilities	**163,060**	157,749

The weighted average effective interest rate as at 31 March 2024 is 4.31% (2023: 2.77%).

The lease liabilities are due for repayment as follows:

	2024	2023
	HK$'000	*HK$'000*
Gross lease liabilities — minimum lease payments:		
Within one year	**48,629**	79,481
Between one and two years	**45,515**	24,700
Between two and five years	**82,862**	61,553
	177,006	165,734
Future finance charges on leases	**(13,946)**	(7,985)
Present value of lease liabilities	**163,060**	157,749

As at 31 March 2024, the carrying amounts of lease liabilities are denominated in US$, RMB and HK$ (2023: same).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

After an initially stronger economic rebound from the post-pandemic effect in the previous year, the pace of global economic recovery has moderated. The several factors impeding the pace of recovery include the increasing geopolitical and trade fragmentation, prolonged international conflicts arising from warfare, and other cyclical factors including monetary policies to curb inflation, more extreme weather events, etc. Nonetheless, most demand for output has revived to exceeding pre-pandemic levels.

In the second half of the year ended 31 March 2024 ("Financial Year 2024"), export values from the People's Republic of China ("Mainland China") saw a smaller decline, while Vietnam experienced a notable recovery, compared to a larger decline in the first half of Financial Year 2024. Mainland China's export value fell by 2.5% in the second half and by 5.5% for the entire Financial Year 2024. Similarly, the export value of knitwear from Mainland China, including knitted and crocheted products, saw a substantial drop in the first half of Financial Year 2024 and a smaller decline in the second half of Financial Year 2024, culminating in a 7.2% decrease for the year. Despite these declines, Mainland China's knitwear exports to Europe and the USA have surpassed pre-pandemic levels.

In the second half of Financial Year 2024, Vietnam's export value experienced a notable double-digit growth of 11.9% contributing to an overall increase of 1.8% for the Financial Year 2024. The export value of Vietnam's textile and garments rose by 2.4% in the second half, though it saw a total decline of 6.0% for the full year. Despite this, Vietnam's textile and garment exports to Europe and the USA have also recovered exceeding pre-pandemic levels.

As a preferred partner in the knitwear industry, the Group benefited from a rise in orders entering the second half of Financial Year 2024. Given the seasonality of its knitwear products skewed towards winter styles, most of the increase in orders were replenishment of quick orders at the demand of our customers. Whilst there is a further shift of orders away from Mainland China, our increased capacity in Central Vietnam has enabled the sales volume of our knitwear products in the second half of Financial Year 2024 to surpass our initial expectations.

Despite facing the past challenging years, the Group has made consistent efforts to maintain a healthy and balanced customer portfolio across all geographical locations to mitigate business risks. We have actively taken steps to improve internal operational efficiency and enhance customer service. On the supply side, we have contributed to developing a supply hub around our facilities, creating a proven track record of timely responses to client needs. These efforts have paid off, allowing us to achieve record-high profitability since our listing.

BUSINESS REVIEW

Achieving a good balance is crucial to any business. We paid strenuous efforts on striking a balance between orders and pricing, expansion and control through our past learning. Although we have ended the Financial Year 2024 with a slight drop in the Group's revenue, we have improved our profitability and margins.

The Group began expanding its production capacity in Vietnam last year which offset the softer orders in Mainland China. By focusing on shorter lead times, proximity to supplies and improved logistics, we were able to receive more quick orders without sacrificing margins. This flexibility stemmed from mutual trust with customers and the familiarity of workflows of our staff.

In the second half of Financial Year 2024, the sales volume of our men's and women's knitwear grew 25.7% to 13.2 million pieces, and hence sales volume grew to 32.2 million pieces for the Financial Year 2024, surpassing our initial expectations. The average selling prices of our men's and women's knitwear declined by 13.1% for the Financial Year 2024, reflecting a change in product mix and a drop in raw material prices. Consequently, the revenue for our men's and women's knitwear declined slightly to HK$3,513.7 million. However, both gross profit and gross profit margin improved year-on-year for this business, reflecting the Group's enhanced balance of pricing strategies and internal control.

As part of our efforts to exert a better business balance, there was a decline in the production of cashmere sweaters. In spite of this, our cashmere yarn business expanded its customer reach and made more sales to external customers, which clearly indicates our flexibility to adjust to different market conditions.

However, our relatively new fabric business has experienced a sharp decline in its orders, particularly in the first half of Financial Year 2024. Its orders saw notable sequential improvement coming into the last quarter of Financial Year 2024, when customers' inventory situations improved.

The Group's total revenue dropped slightly by 4.9% to HK$4,378.9 million mainly due to a drop in overall selling price for men's and women's knitwear as well as a decline in fabrics business. However, with a better managed core business, the Group's gross profit improved by 3.8% to HK$774.2 million, and gross profit margin managed to improve by 1.5 percentage points to 17.7% for the Financial Year 2024.

Selling and distribution expenses, together with general and administrative expenses in aggregate, recorded a slight drop, demonstrating our continuing attention on cost management. Against a larger impairment recorded in the last financial year, a mere HK$34.0 million was recognised as an impairment loss for the Group's production base in Myanmar in the Financial Year 2024. As such, the Group's operating profit increased by 93.4% to HK$467.5 million, reflecting greater efficiency achieved in the Group's operations.

The Group's financial management efforts enabled its net finance costs to stay at a healthy level. Including the HK$34.0 million recognised as an impairment loss for the Group's production base in Myanmar, the Group's profit for the year recorded a 140.5% surge to a record high of HK$380.7 million. The surge in profit for the year was mainly due to a larger impairment recognised in the last financial year. Excluding the impairment loss on the production base in Myanmar and the net realised and unrealised losses from derivative financial instruments, the Group's adjusted net profit would be improved slightly by 4.5% to HK$396.5 million.

Considering the Group's consistent approach to prudent cash management, its healthy cash flow, as well as its improved gearing ratio, the Board is pleased to declare a second interim dividend of 3.5 HK cents per share to the Company's shareholders. Including the first interim dividend of 9.5 HK cents per share, the full year dividend represents an increase of payout ratio to 82%, in appreciation for our shareholders' trust and support throughout the testing times.

FUTURE STRATEGIES AND PROSPECTS

Brand customers have continued to display an inclination to shift more purchase orders to Southeast Asian countries from Mainland China during the Financial Year 2024. However, it is clear that many of the global customers still display a clear enthusiasm in growing their Mainland China end-market sales, and hence we believe that the scale and pace of moving production outside of Mainland China will begin to decelerate. On the other hand, more developed countries such as the USA are expected to experience waning recovery driven by cyclical economic factors such as a continuously elevated cost of living and more restricted credit availability.

Our strategic move to further expand our Vietnam manufacturing facilities in Central Vietnam will continue to bode well for the Group in the upcoming years. Together with quality suppliers, Vietnam is now an established supply and manufacturing hub for many global brands. The Group is extremely well-positioned to further tap into larger potentials with global customers, and this has been evident in our ability to grow orders with shorter lead time. Our persistent strides for betterment and quality products continue to aid us in negotiating with new customers and we are confident that we can further balance our customer portfolio to accumulate more accretive business and returns to the Group.

The Group's upstream cashmere yarn business flexibly supplies to its own production as well as to external customers. We believe our cashmere yarn business will continue to deliver satisfactory contribution to the Group.

Our Myanmar production plant is still facing enormous challenges due to political considerations. We will maintain an open mind and continue to examine any possibilities to improve the current situation going forward.

With a slight pick up in demand for fabric in the market, we continue to see vast potential in Vietnam's immense demand for raw materials. We remain confident that we will be in a better position when the business further revives from the economic cyclicality. We shall continue to observe opportunities with relevancy to this business.

Our flexible management style has led the Group to become resilient to challenges and has polished our skills to strive for further excellence.

As conscientious global citizens aligned with Mainland China's push for energy conservation, we are steadily enhancing the incorporation of renewable energy in our manufacturing facilities to optimise energy efficiency. Additionally, in collaboration with our customers, we are expediting the integration of sustainable materials in our products, focusing on the use of recycled and upcycled materials. Our own upstream cashmere yarn has also attained full traceability of raw materials which has been very well received by our customers. These initiatives underscored our commitment to closing the loop and maintaining our position as a leader in the industry.

We will also continue to be open-minded to accomplish other breakthroughs on innovation, lean manufacturing and digitisation where appropriate. We will persist in enhancing our product design, emphasising functionality and material development, to align with the diverse and rapidly evolving preferences of customers in the end-market.

Despite ongoing uncertainty, in particular with continued geopolitical conflicts, the management maintains a fluid and flexible approach in managing the business. While spending relentless focus on improving the core business, the Group will continue to look for opportunities to further expand and diversify the business, while remain focused on generating greater returns to our shareholders as a long-term commitment.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2024 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 decreased by 4.9% to HK$4,378.9 million for the year ended 31 March 2024 from HK$4,602.3 million for the year ended 31 March 2023. The decrease was mainly attributable to the decrease in total sales revenue of men's and women's knitwear products for the year ended 31 March 2024 by HK$152.7 million to HK$3,513.7 million as compared to the year ended 31 March 2023, while the sales revenue of cashmere yarns for the year ended 31 March 2024 increased by HK$29.8 million to HK$573.5 million as compared to the year ended 31 March 2023.

The decrease in the total sales revenue of men's and women's knitwear products was due to the increase in sales volume and the decrease in average selling price. The Group's sales volume of men's and women's knitwear products increased by 10.3% from 29.2 million pieces for the year ended 31 March 2023 to 32.2 million pieces for the year ended 31 March 2024, but the average selling price of the Group's men's and women's knitwear products decreased by 13.1% from HK$125.6 per piece for the year ended 31 March 2023 to HK$109.1 per piece for the year ended 31 March 2024. Such increase in sales volume was mainly attributable to the stronger than expected demands from the Group's customers in the second half of the year ended 31 March 2024, while the decrease in average selling price was mainly due to the downward trend of raw materials market prices.

On the other hand, consistent with the Group's geographical market distribution for the year ended 31 March 2023, Japan, Mainland China and Europe were the top three markets of our Group for the year ended 31 March 2024. The revenue attributable to the Japanese market, Chinese market and European market accounted for 31.1%, 20.6% and 15.7% respectively of the Group's total revenue for the year ended 31 March 2024.

Cost of Sales

For the year ended 31 March 2024, the Group incurred cost of sales of HK$3,604.6 million. Cost of sales primarily consisted of cost of inventories, direct labour costs, subcontracting charges to our subcontractors, depreciation, electricity and water and production overhead costs.

Gross Profit and Gross Profit Margin

During the year ended 31 March 2024, the Group recorded gross profit of HK$774.2 million and gross profit margin of 17.7% as compared to the gross profit of HK$745.5 million and gross profit margin of 16.2% for the year ended 31 March 2023.

The increases in gross profit and gross profit margin for the year ended 31 March 2024 were mainly due to (i) the increase in sales volume for most of the Group's knitwear products as there was a stronger than expected demands from the Group's customers in the second half of the year ended 31 March 2024. Normally speaking, the second half of the Group's financial year is the traditional non-peak season for knitwear products; (ii) the significant decrease in energy prices as compared to the year ended 31 March 2023; and (iii) the Group's continuous and effective cost control measures.

Other Income

Other income primarily consisted of government subsidies, income from claims settled, income from scraps sales and miscellaneous other income. The other income decreased by HK$35.6 million from HK$48.9 million for the year ended 31 March 2023 to HK$13.3 million for the year ended 31 March 2024. Such decrease was mainly due to the decrease in government subsidies by HK$13.8 million and the decrease in income from claims settled by HK$19.5 million as compared to the year ended 31 March 2023.

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$1.7 million from net gains of HK$76.5 million for the year ended 31 March 2023 to net gains of HK$78.2 million for the year ended 31 March 2024. Such increase was primarily attributable to (i) the increase in net foreign exchange gains from HK$35.7 million for the year ended 31 March 2023 to HK$44.2 million for the year ended 31 March 2024 and such increase was partially offset by (ii) the decrease in net gains on disposals on property, plant and equipment by HK$4.0 million for the year ended 31 March 2024.

In summary, other gains for the year ended 31 March 2024 mainly represented net foreign exchange gains of HK$44.2 million, net gains on disposals on property, plant and equipment of HK$28.6 million and net gains on financial assets at fair value through profit or loss of HK$6.2 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 decreased by HK$4.7 million, from HK$37.1 million for the year ended 31 March 2023 to HK$32.4 million for the year ended 31 March 2024. Such decrease was mainly due to the decrease in transportation cost and such decrease was partially offset by the increase in advertising and promotion expenses.

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$16.8 million from HK$348.6 million for the year ended 31 March 2023 to HK$331.8 million for the year ended 31 March 2024. Such slight decrease was mainly attributable to the Group's continuous cost control measures even when the Group's business was expanding during the year ended 31 March 2024.

Impairment Loss on the Production Base in Myanmar

During the year ended 31 March 2024, the Group recorded the impairment losses on the Group's production base in Myanmar of HK$34.0 million as compared to the impairment losses of HK$243.4 million for the year ended 31 March 2023.

Events and circumstances leading to the recognition of the impairment loss for the year ended 31 March 2024

Since the middle of year 2023, more and more global fashion brands have stopped sourcing garment products from Myanmar amid the concerns about the labour rights issues and the long-lasting social unrest and military conflicts in Myanmar. While the Group has been monitoring the fast-changing fashion market and the economic and political environment of Myanmar, the negative impacts from the aforesaid changes and issues were larger and much longer than previously expected even though the Group's production base in Myanmar had achieved some positive progress, e.g. the commencement of trial production and receiving some purchase orders from a global fashion brand, in its business development during the first half of year ended 31 March 2024.

Therefore, the Board re-evaluated the future investment strategy of the Myanmar production base, adjusted the financial budget and cash flow projection of the Myanmar cash-generating unit (the "Myanmar CGU") and evaluated the recoverable amount of the Myanmar CGU in accordance with HKAS 36 — Impairment of Assets. Such evaluation assessed the recoverable amount of each of the Myanmar CGU's asset being the higher of its fair value less costs of disposal or its value in use.

In this circumstance, 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 31 March 2024. The Board compared the valuation results of value in use under income approach and fair value less costs of disposal under market approach and concluded that the recoverable amount of the Myanmar CGU should be based on the fair value less costs of disposal. The Board considered the changes in investment strategy and circumstance would be appropriately addressed and reflected in the above valuations. The key inputs into the valuation model under market approach as at 31 March 2024 were as follows:

Discount for property asking price	40%
Agency costs for sales of property	5%
Scrap values of machineries	10% of the cost of machineries

As the recoverable amount of the Myanmar CGU, which was assessed with reference to the valuation performed by the Valuer, was lower than the net carrying amount of the Myanmar CGU as at 31 March 2024 and resulted in an impairment loss of HK$34.0 million on the property, plant and equipment of the Group's production base in Myanmar for the year ended 31 March 2024.

Reasons for changes in the valuation methodology adopted for the year ended 31 March 2024

In view of the concerns about the labour rights issues and the long-lasting social unrest and military conflicts in Myanmar, as explained in more details under the subsection headed "Events and circumstances leading to the recognition of the impairment loss for the year ended 31 March 2024" above, the Group adopted much more prudent forecasts and adjusted the future investment strategy for its production base in Myanmar in which it resulted in the fair value less costs of disposal being greater than the value in use. Accordingly, market approach was adopted instead of income approach, which was the valuation methodology adopted for the year ended 31 March 2023. These changes in commercial considerations and expectations had developed after the Company's last assessment of this business in March 2023.

Finance Expenses, Net

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

The Group's net finance expenses slightly increased by HK$2.2 million from HK$33.0 million for the year ended 31 March 2023 to HK$35.2 million for the year ended 31 March 2024. Under the high interest rate environment, the Group's net finance expenses remained stable during the year ended 31 March 2024 and this was mainly attributable to the Group's prudent and effective cash management strategies.

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 years ended 31 March 2024 and 2023 on the estimated assessable profits arising in or derived from Hong Kong during the relevant years.

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 years ended 31 March 2024 and 2023. 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 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 year is subject to the BIT rate of 17%, whereas, the other two subsidiaries in Vietnam have no taxable profit for the year ended 31 March 2024.

The Group's effective tax rates based on the net profit before income tax were 12.3% and 24.4% for the years ended 31 March 2024 and 2023 respectively. On the other hand, the Group's effective tax rates based on the adjusted net profit before income tax were 11.8% and 11.9% for the years ended 31 March 2024 and 2023 respectively.

Profit for the Year 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$361.7 million and HK$134.8 million for the years ended 31 March 2024 and 2023 respectively.

The significant increase in net profit for the year ended 31 March 2024 was primarily attributable to the decrease in impairment loss on the production base in Myanmar. For the year ended 31 March 2023, 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 the Group's production base in Myanmar. Under such circumstances, the Group adjusted the forecasts for its production base in Myanmar and recorded an impairment loss of approximately HK$243.4 million on the Myanmar production base for the year ended 31 March 2023. An impairment assessment was also conducted for the year ended 31 March 2024 and the impairment loss is only HK$34.0 million, representing a decrease in impairment loss of HK$209.4 million as compared to that of for the year ended 31 March 2023.

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 year after excluding (i) impairment loss on the production base in Myanmar; and (ii) realised and unrealised 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$17.2 million from HK$379.3 million for the year ended 31 March 2023 to HK$396.5 million for the year ended 31 March 2024, and the adjusted net profit margin increased from 8.2% for the year ended 31 March 2023 to 9.1% for the year ended 31 March 2024.

Consolidated Cash Flow Statement

Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the year ended 31 March 2024 was HK$582.9 million, primarily due to profit before income tax of HK$433.9 million, adjusted for depreciation of HK$226.0 million and the decrease in inventories of HK$120.5 million, which was partially offset by the net gains on disposals of property, plant and equipment of HK$28.6 million, the increases in prepayments, deposits, other receivables and other assets of HK$69.5 million and the trade receivables of HK$34.7 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the year ended 31 March 2024 was HK$145.1 million, due to the purchase of property, plant and equipment of HK$216.3 million, which was partially offset by the proceeds from disposals of property, plant and equipment of HK$41.6 million and interest received of HK$29.6 million.

Net Cash Used in Financing Activities

The Group's net cash used in financing activities for the year ended 31 March 2024 was HK$435.9 million, primarily due to the dividend payments of HK$230.2 million and the net decrease in the Group's total bank borrowings and lease liabilities of HK$203.4 million.

Cash and Cash Equivalents

For the year ended 31 March 2024, the Group's cash and cash equivalents increased by HK$2.0 million and the exchange loss was HK$1.6 million. The net increase in the Group's cash and cash equivalents was from HK$717.0 million as at 31 March 2023 to HK$717.4 million as at 31 March 2024.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the year ended 31 March 2024, the Group's cash and cash equivalents was mainly used in the Group's business operations and expansion, 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 13.2% as at 31 March 2023 to 8.9% as at 31 March 2024.

The gearing 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 31 March 2024, the Group's cash and cash equivalents, amounting to HK$717.4 million, were denominated in US dollars ("US$") (59.1%), HK$ (12.7%), Chinese Renminbi ("RMB") (22.9%), Vietnamese Dong ("VND") (5.0%) and other currencies (0.3%).

As at 31 March 2024, the Group's total bank borrowings and lease liabilities were due for repayment as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year	**395,514**	481,805
Between one and two years	**222,058**	553,301
Between two and five years	**353,428**	59,398
	971,000	1,094,504

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 clause.

(b) As at 31 March 2024, the Group's total bank borrowings and lease liabilities were denominated in HK$(83.2%), US$(15.5%) and RMB(1.3%). All the Group's bank borrowings were floating rate borrowings. The weighted average effective interest rates of the Group's bank borrowings and lease liabilities for the year ended 31 March 2024 were 5.66% and 4.31% respectively.

(c) As at 31 March 2023, 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$6.7 million.

Capital Expenditures

The Group incurred capital expenditures of approximately HK$248.9 million for the year ended 31 March 2024, which were mainly related to the purchase of machinery and equipment for our factories and the construction of new production bases in Vietnam. These capital expenditures were fully financed by internal resources and bank borrowings.

Capital Commitments

The Group's capital commitments as at 31 March 2024 amounted to approximately HK$165.6 million which were mainly related to the purchase of machinery and equipment for our factories and the construction of new production bases in Vietnam.

Charge on Assets

The Group had no charge on assets as at 31 March 2024.

Contingent Liabilities

The Group had no material contingent liability as at 31 March 2024.

Significant Investments, Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals during the year ended 31 March 2024.

Financial Instruments

As at 31 March 2024, the Group had an outstanding HK$ interest rate swap contract with a total notional principal amount of HK$130.0 million.

The Group did not have any outstanding hedging contracts or financial derivatives as at 31 March 2023.

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 year ended 31 March 2024, the Group did not enter into any 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. During the year ended 31 March 2024, the Group entered into a HK$ interest rate swap contract to mitigate some of its interest rate risk in light of the market interest rate hike during the year. The Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure and may appropriate financial instruments for hedging purpose as and when necessary.

(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 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 31 March 2024, substantially all 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 31 March 2024, the Group had a total of approximately 15,000 full-time employees in Mainland China, Vietnam and Hong Kong. For the year ended 31 March 2024, the total staff costs, including the directors' emoluments, amounted to HK$998.0 million.

The Group's emolument policies are formulated based on the performance and experience of individual employee and are in line with the salary trends in Vietnam, Mainland China and Hong Kong. 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

Dividend and Closure of Register of Members

The Board has resolved to declare a second interim dividend of 3.5 HK cents per share for the year ended 31 March 2024 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 Thursday, 11 July 2024. The second interim dividend, is expected to be payable on or about Tuesday, 23 July 2024. The Company's register of members will be closed from Tuesday, 9 July 2024 to Thursday, 11 July 2024 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to qualify for the second 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 Monday, 8 July 2024.

For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 August 2024 to Friday, 30 August 2024, both days inclusive. During such period, no transfer of the Company's shares will be registered. In order to be entitled to attend and vote at the AGM, 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 not later than 4:30 p.m. on Monday, 26 August 2024.

Use of Net Proceeds from the Company's Initial Public Offering

The net proceeds from the listing of the Company amounted to approximately HK$635.4 million. Such proceeds have been used according to the allocation set out in the Company's prospectus dated 30 March 2016 and/or the subsequent change in use of net proceeds set out in the Company's announcement dated 27 September 2023 (the "Announcement"). As disclosed in the Announcement, in order to capture the rising opportunities in Vietnam, the Board considered it necessary to increase the production capacity of the Group by setting up a new factory in the Dak Lak Province (the "Dak Lak Factory") in central Vietnam. Accordingly, the Board resolved to change the use of the unutilised net proceeds of approximately HK$63.6 million and the expected timeline of full utilisation for the construction of factory buildings and purchase of machinery for the Dak Lak Factory. Please refer to the Announcement for details.

Use of net proceeds from the date of listing to 31 March 2024 is set out below as follows:

	Proportion before the change in use of net proceeds % (approximately)	Planned use of the total net proceeds before the change in use of net proceeds HK$ million (approximately)	Unutilised balance as at 1 April 2023 HK$ million (approximately)	Actual utilised amount during the period from 1 April 2023 to 27 September 2023 HK$ million (approximately)	Proportion after the change in use of net proceeds % (approximately)	Planned use of the total net proceeds after the change in use of net proceeds HK$ million (approximately)	Actual utilised amount during the period from 28 September 2023 to 31 March 2024 HK$ million (approximately)	Utilised amount up to 31 March 2024 HK$ million (approximately)	Unutilised balance as at 31 March 2024 HK$ million (approximately)
Construction of factory buildings and purchase of machinery for the second phase of our factory in the Tay Ninh Province, Vietnam	59.0%	378.1	–	–	59.5%	378.1	–	378.1	–
Repayment of part of our bank loans	14.0%	93.2	–	–	14.7%	93.2	–	93.2	–
Enhancing design and product development capabilities	9.0%	54.7	31.9	–	3.6%	22.8	–	22.8	–
Enhancing the existing enterprise resource planning system	9.0%	54.7	32.7	1.0	3.6%	23.0	–	23.0	–
Working capital and general corporate purposes	9.0%	54.7	–	–	8.6%	54.7	–	54.7	–
Construction of factory buildings and purchase of machinery for the Dak Lak Factory	N/A	N/A	N/A	N/A	10.0%	63.6	50.2	50.2	13.4#
Total	100.0%	635.4	64.6	1.0	100.0%	635.4	50.2	622.0	13.4

Expected timeline for unutilised net proceeds: 30 September 2024

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

For the year ended 31 March 2024, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

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 C3 of 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 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 year ended 31 March 2024.

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 for the year ended 31 March 2024.

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.

In the opinion of the Directors, the Company has complied with all the mandatory code provisions set out in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules for the year ended 31 March 2024.

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 21 June 2024 to meet with the external auditor of the Company and review the Company's annual report and consolidated financial statements for the year ended 31 March 2024.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary results announcement.

Publication of the Audited Consolidated Annual Results and 2024 Annual Report on the websites of the Stock Exchange and the Company

This 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 annual report for 2024 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

21 June 2024

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.