



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2024 Annual Results

Sales Volume of Core Knitwear Business Increased by 10.3% to HK\$32.2 mn pieces

Gross Profit Increased 3.8% to 774.2 mn

Gross Profit Margin Increased 150 Basis Points to 17.7%

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Net Profit Improved by 140.5% to HK\$380.7mn

Record-High Since Listing

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Annual Dividend at 13.0 HK Cents Per Share

Payout Ratio Increased To 82%

(Hong Kong, 21 June 2024) **Nameson Holdings Limited** (“Nameson” or the “Group”, stock code: 1982), one of the leading knitwear manufacturers in Mainland China and Vietnam, today announced its annual results for the year ended 31 March 2024 (“FY2024” or the “Review Year”).

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. The global order sentiment was affected due to weakening of consumption demand in the first half of the Review Year. Nonetheless, most demand for output has gradually revived in the second half of the Review Year.

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 its customers. Whilst there is a further shift of orders away from Mainland China, its increased capacity in Central Vietnam has enabled the sales volume of its knitwear products in the second half of Financial Year 2024 to surpass its initial expectations.

As a result, the Group’s sales volume of men’s and women’s knitwear products in the Financial Year 2024, increased by 10.3% to 32.2 million pieces (FY2023: 29.2 million pieces). The average selling prices of its men’s and women’s knitwear declined by 13.1% to HK\$109.1 per piece (FY2023: HK\$125.6 per piece) for the Financial Year 2024, reflecting a change in product mix and a drop in raw material prices. Consequently, the revenue for its men’s and women’s knitwear declined slightly to HK\$3,513.7 million (FY2023: HK\$3,361 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. There was a decline in the production of cashmere sweaters. In spite of this, its upstream cashmere yarn business expanded its customer reach and made more sales to external customers, which clearly

indicates its flexibility to adjust to different market conditions. The Group's relatively new fabric business has experienced a sharp decline in its orders, particularly in the first half of Financial Year 2024. However, 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 (FY2023: HK\$4,602.3 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 (FY2023: HK\$745.5 million), and gross profit margin managed to improve by 1.5 percentage points to 17.7% for the Financial Year 2024 (FY2023: 16.2%).

Selling and distribution expenses, together with general and administrative expenses in aggregate, recorded a slight drop, demonstrating its 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 (FY2023: HK\$243.4 million). The Group's operating profit increased by 93.4% to HK\$467.5 million (FY2023: HK\$214.7), which also reflect 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 financial year 2023. 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 (FY2023: HK\$379.3 million), adjusted net profit margin increased to 9.1% (FY2023: 8.2%), representing an improvement of 0.9 percentage points.

The Group's financial management efforts was reflected in its healthy operating cash flow of HK\$582.9 million (FY2023: HK\$593.2 million) and gearing ratio dropped from 13.2% last year to 8.9% in the Financial Year 2024. Given that the impairment loss in relation to the Myanmar production base is non-cash in nature, the Board has declared the payment of a second interim dividend of 3.5 HK cent per share to the Company's shareholders. Including the interim dividend of HK9.5 cents per share, the annual dividend increased by 128.1% to 13.0 HK cents per share, representing an increase of payout ratio to approximately 82%, in appreciation for its shareholders' trust and support throughout the years (FY2023 annual dividend: HK5.7 cents per share).

Mr. Benny Wong Wai Yue, Chairman and Executive Director of Nameson, said, "We have worked diligently to improve and strike a balance between orders and pricing as well as between expansion and control. These concerted efforts have yielded substantial results, enabling us to achieve record-high profitability since our listing.

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 are expected to experience waning recovery driven by cyclical economic factors such as a continuously elevated cost of living and more restricted credit availability."

Mr. Wong concluded, “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.”

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About Nameson Holdings Limited (Stock code: 1982)

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

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