



南旋控股有限公司

NAMESON HOLDINGS LIMITED

Stock Code : 1982.HK



FY2025 Interim Results

November 2024

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Presenters



 **Benny Wong**
Chairman &
Executive Director



 **Jason Man**
CEO &
Executive Director



 **Stephen Tao**
CFO &
Company Secretary

Agenda

1 Results Overview

2 Financial Highlights

3 Business Review

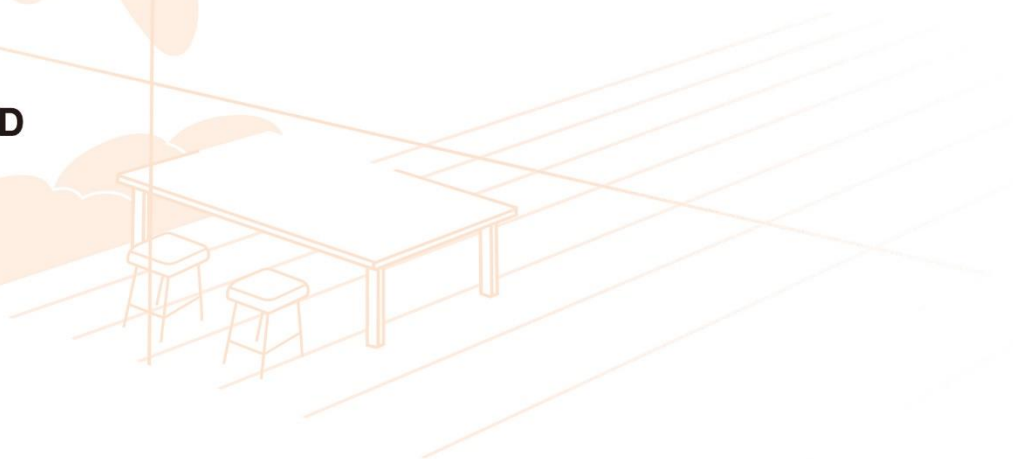
4 Outlook

5 Q&A





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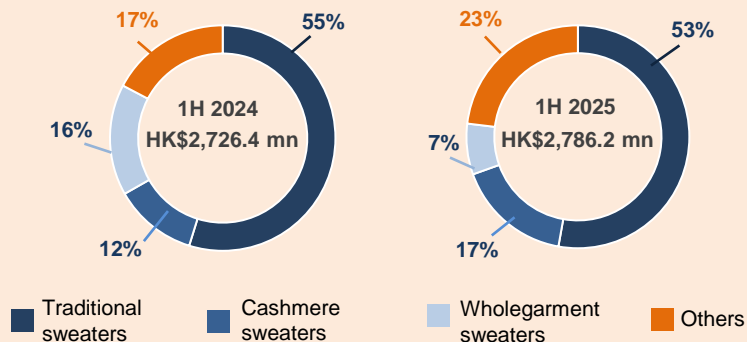
Results Overview



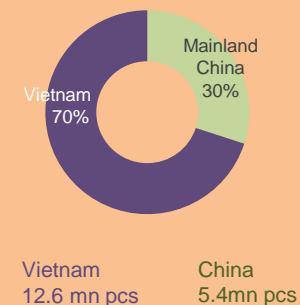
Results Overview

- Men's and Women's Knitwear sales volume decreased slightly by 5.3%
- Average selling price stable driven by product mix
- Increased revenue in cashmere yarn and fabrics
- Record-high half year net profit and dividend per share
- Payout ratio 74.8% maintained

REVENUE BY BUSINESS BREAKDOWN (HK\$)



PRODUCTION BY LOCATION



REVENUE (HK\$)

2,786.2 mn +2.2%

GROSS PROFIT (HK\$)

553.5 mn + 11.1%

GROSS PROFIT MARGIN

19.9% + 1.6%pt

RECORD HALF-YR HIGH

NET PROFIT (HK\$)

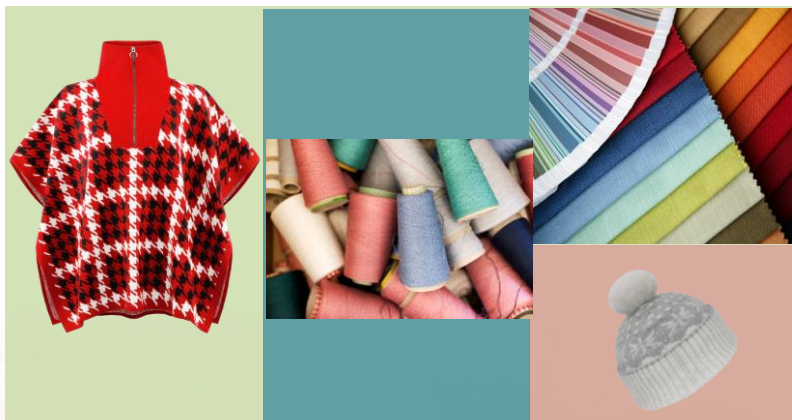
312.8 mn + 2.4%

PROFIT ATTRIBUTABLE TO OWNERS (HK\$)

298.2 mn + 3.1%

EARNINGS PER SHARE (HK¢)

13.1 + 3.1%



DIVIDEND PER SHARE AND PAYOUT

1H 2024
9.5 HK cents

74.8%
payout

1H 2025
9.8 HK cents

74.8%
payout

RECORD HALF-YR HIGH



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Financial Highlights



Financial Review

<i>(HK\$ 'mn)</i>	1H 2024	1H 2025	Change
Revenue	2,726.4	2,786.2	+2.2%
Gross Profit	498.0	553.5	+11.1%
<i>Gross Profit Margin</i>	18.3%	19.9%	+1.6 ppt
Other income	7.0	6.4	- 8.6 %
Other gains, net	46.7	25.0	- 46.5%
Selling and distribution expenses	(17.8)	(21.0)	+18.0%
General and administrative expenses	(162.2)	(173.5)	+7.0%
Operating Profit	371.7	390.4	+5.0%
<i>Operating Profit Margin</i>	13.6%	14.0%	+0.4 ppt
Profit before Tax	349.4	366.2	+4.8%
Net Profit	305.6	312.8	+2.4%
<i>Net Profit Margin</i>	11.2%	11.2%	-
Profit attributable to the owners of the Company	289.1	298.2	+3.1%
Adjusted Net Profit ¹	289.1	298.5	+3.3%
<i>Adjusted Net Profit Margin</i>	10.6%	10.7%	+0.1 ppt

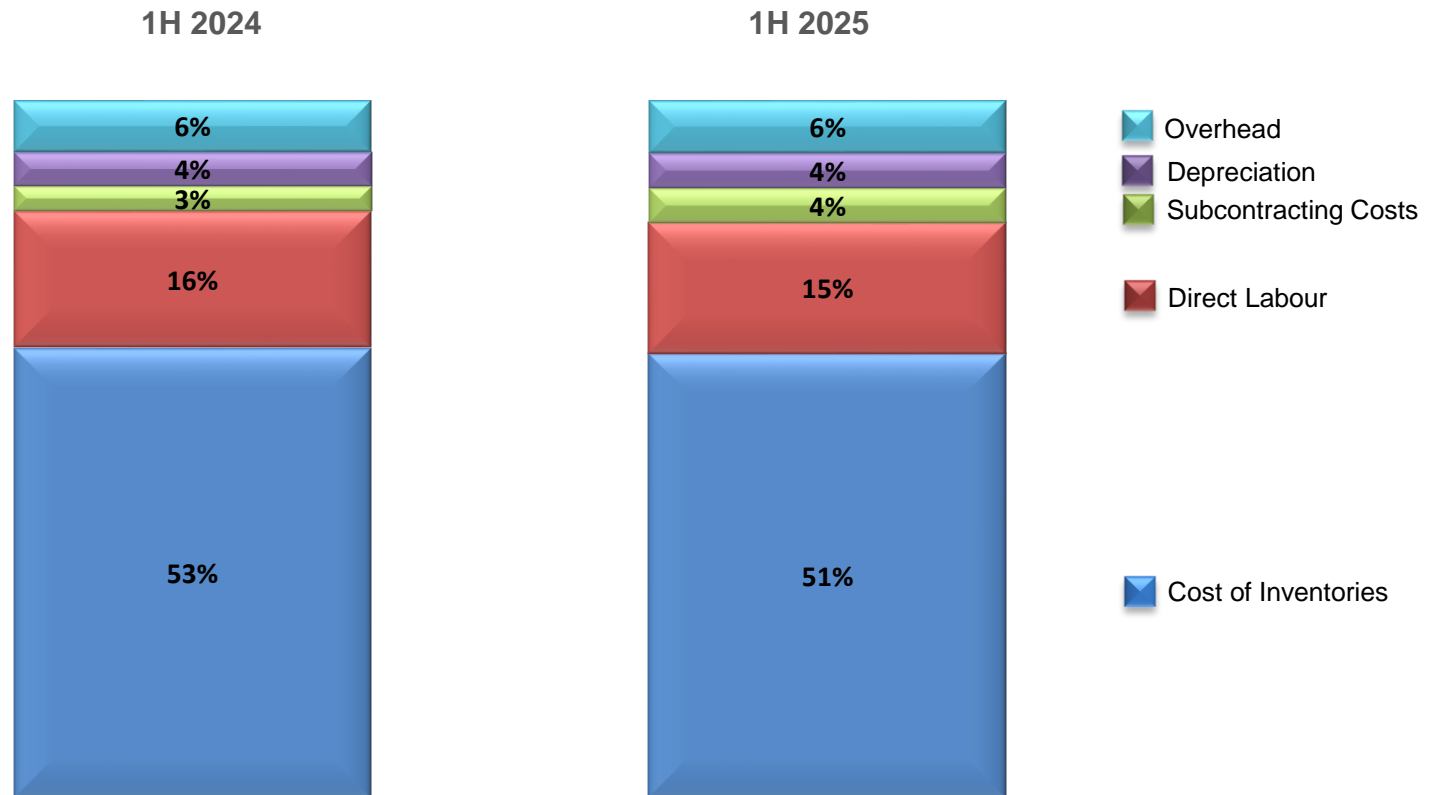
¹ Adjusted net profit is a non-HKFRS financial measure and is derived from profit attributable to the owners of the Company excluding realised and unrealised gains/losses from derivative financial instruments, which are income/expenses not considered as recurring in nature.

Financial Review

(HK¢ cents)	1H 2024	1H 2025	Change
Basic Earnings Per Share (EPS)	12.7	13.1	+3.1%
Interim Dividend Per Share	9.5	9.8	+3.2%
Payout Ratio	74.8%	74.8%	

Cost of Sales Breakdown

(as % of revenue)



Financial Position

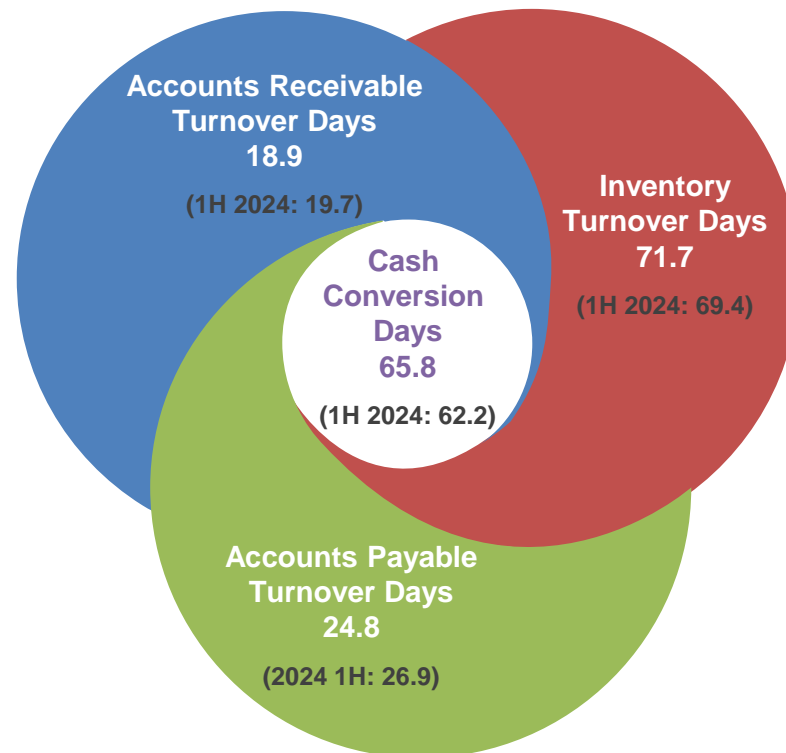
<i>(HK\$ 'mn)</i>	As at 31 Mar 2024	As at 30 Sep 2024	Change
Cash and cash equivalents	717.4	569.0	-20.7%
Inventories	910.6	838.5	-7.9%
Trade Receivables	167.1	409.2	+144.9%
Trade and Bills Payables	335.5	270.1	-19.5%
Current Assets	2,048.9	2,336.9	+14.1%
Total Assets	4,448.1	4,831.9	+8.6%
Total Bank Borrowings and Lease Liabilities	971.0	1,035.7	+6.7%
Net Debt	253.6	466.7	+84.0%
Total Equity	2,599.0	2,796.6	+7.6%
Gearing Ratio (%) #	8.9%	14.3%	+5.4ppt
Return on Equity (%)	14.6%	22.4%	
Return on Assets (%)	8.6%	12.9%	

Calculation of Gearing Ratio: 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 the sum of equity and net debt

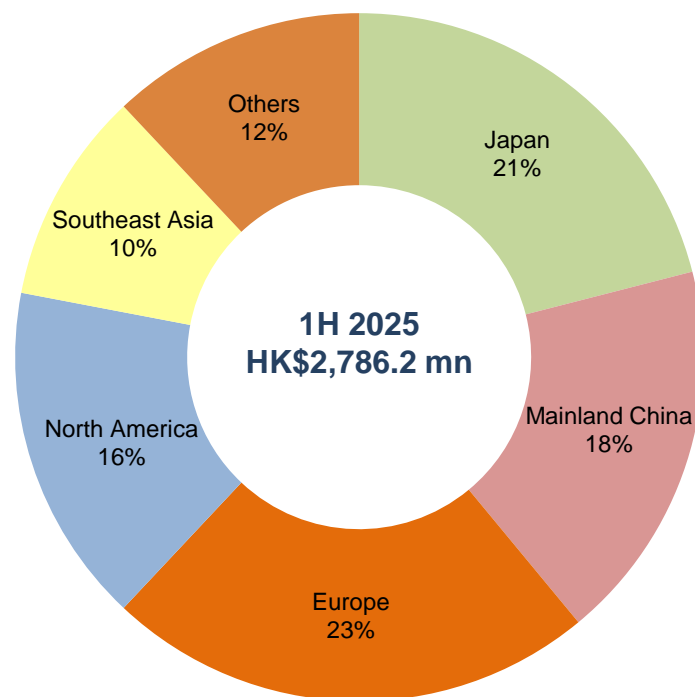
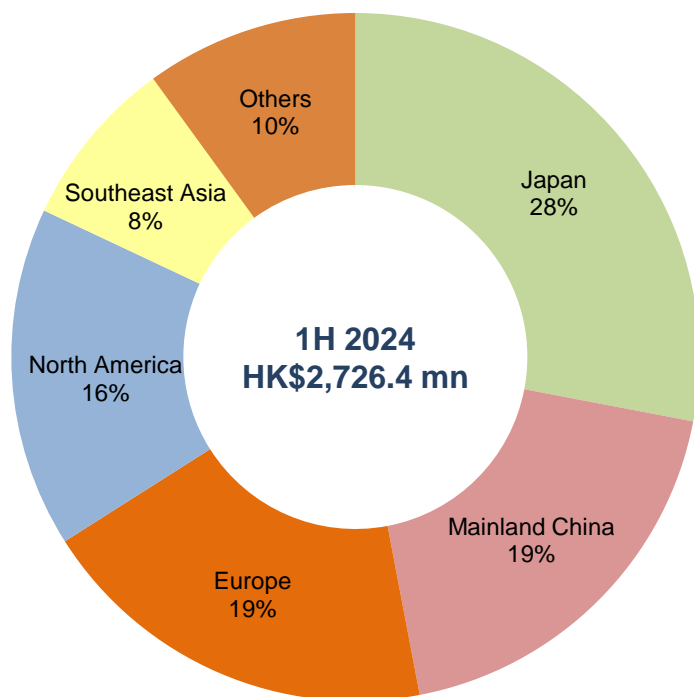
Summary of Cash Flow

<i>(HK\$ 'mn)</i>	1H 2024	1H 2025
Net cash generated from operating activities	383.6	106.5
<i>Profit before income tax</i>	349.4	366.2
<i>Adjusted for:</i>		
<i>Income tax paid, net</i>	(27.6)	(45.4)
<i>Depreciation</i>	114.9	116.3
<i>Increase in prepayment, deposits, other receivable and other assets</i>	(9.4)	(225.3)
<i>Decrease in inventories</i>	394.2	94.9
<i>Net gains on disposal of property, plant and equipment</i>	(19.5)	(8.3)
<i>Increase in trade receivables</i>	(319.6)	(242.1)
<i>Decrease in trade and bills payable</i>	(72.0)	(65.4)
<i>Increase in accruals and other payables</i>	41.1	142.0
<i>Others</i>	(67.9)	(26.4)
Net cash used in investing activities	(34.1)	(149.1)
<i>Purchases of property, plant and equipment</i>	(72.8)	(153.9)
<i>Proceeds from disposals of property, plant and equipment</i>	28.1	8.3
<i>Loan to a non-controlling shareholder of a subsidiary</i>	-	(7.0)
<i>Others</i>	10.6	3.5
Net cash generated from / (used in) financing activities	53.0	(106.3)
<i>Increase / (decrease) in bank borrowings</i>	110.3	(19.9)
<i>Dividend paid</i>	(13.7)	(79.8)
<i>Capital contribution from non-controlling interests</i>	-	26.9
<i>Repayment of a loan from a non-controlling shareholder of a subsidiary</i>	(1.0)	(0.6)
<i>Payment of lease liabilities</i>	(42.6)	(32.9)
Net Inflow / (Outflow) of Cash	402.5	(148.9)

Cash Conversion Cycle



Geographical Breakdown by Revenue



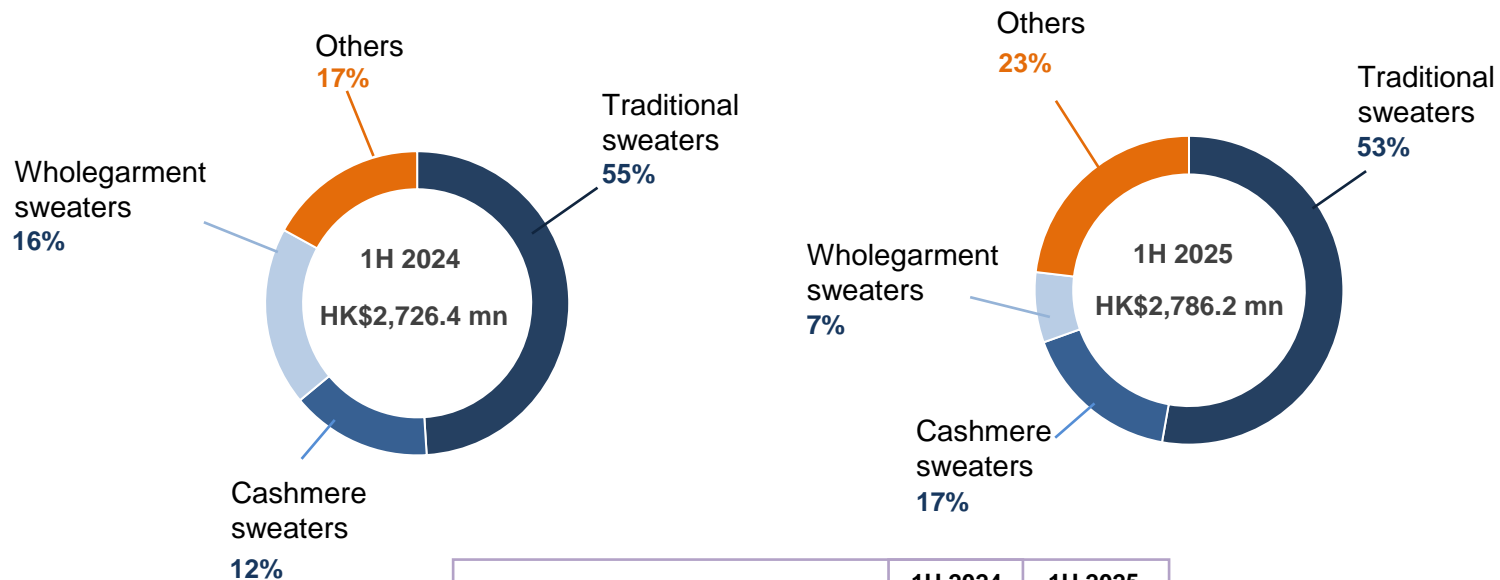


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Business Review



Breakdown by Business

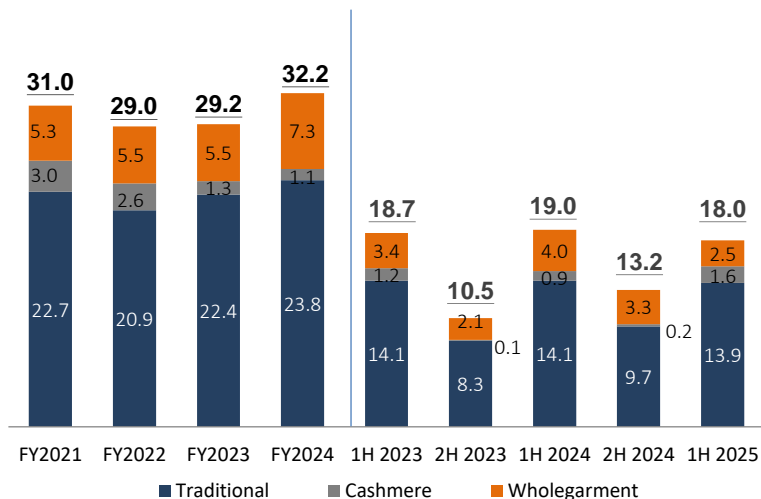


	1H 2024	1H 2025
 Men's and Women's Knitwear Products	83%	77%
 Others	17%	23%

"Others" includes cashmere yarn, fabric, knitted upper for footwear, children's wear, scarfs, hats, gloves, etc.

Core Product: Sweaters

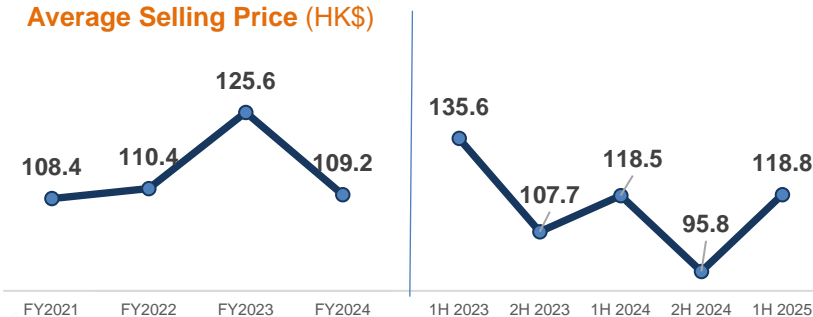
Sales Volume ('mn pieces)



Note: The figures above include men's and women's knitwear products only

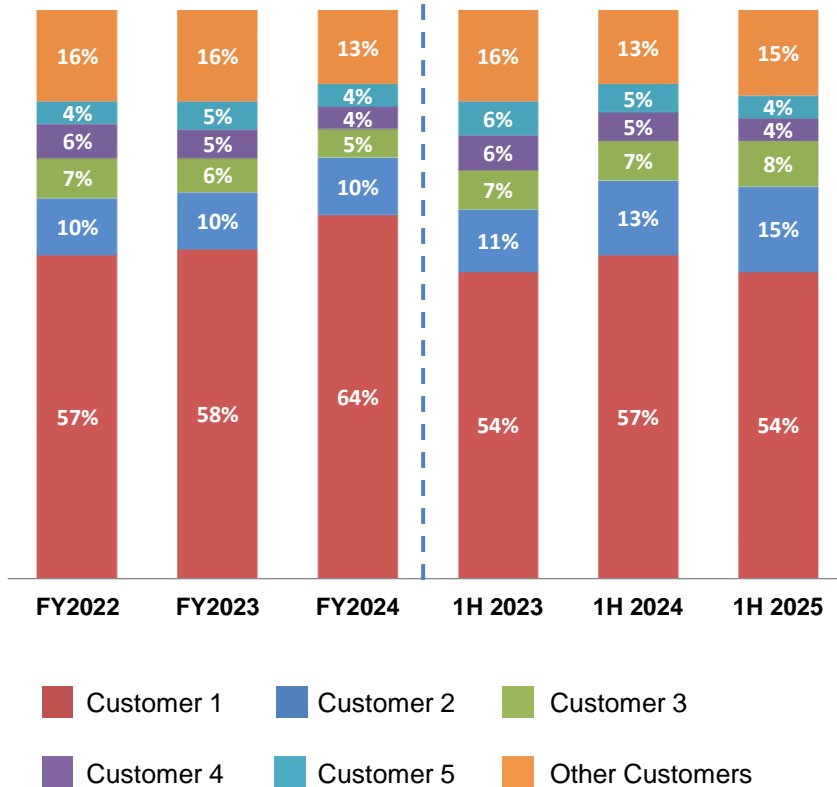
- Volume slightly lower due to softer economic recovery in Mainland China and global markets affecting discretionary customer spending
- Delayed seasonal transition
- Vietnam production increased, development in Central Vietnam production facilities well in advance for procurement shift
- Increased orders in cashmere sweaters, less wholegarment due to stylistic change
- Showed resilience despite global sentiment

Average Selling Price (HK\$)



- Like-for-like ASP declined due to raw material price change, however increased volume in cashmere led to slightly higher blended ASP

Sweaters: Customer Mix



Capacity by Location

Vietnam Factory

- HCM facility in operation since 1Q 2015
- HCM facility GFA of > 130,000m²
- Expanded in Central Vietnam since FY2024
- Machinery: ≈ 4,400
- Labor: ≈ 11,000 employees
- Manufactured 70% of total sweaters in 1H 2025



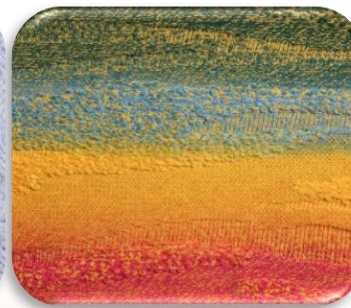
China Factory

- Operating since 2002
- GFA of >350,000m²
- Machinery: ≈ 3,700
- Labor: ≈ 4,600 employees
- Manufactured 30% of total sweaters in 1H 2025

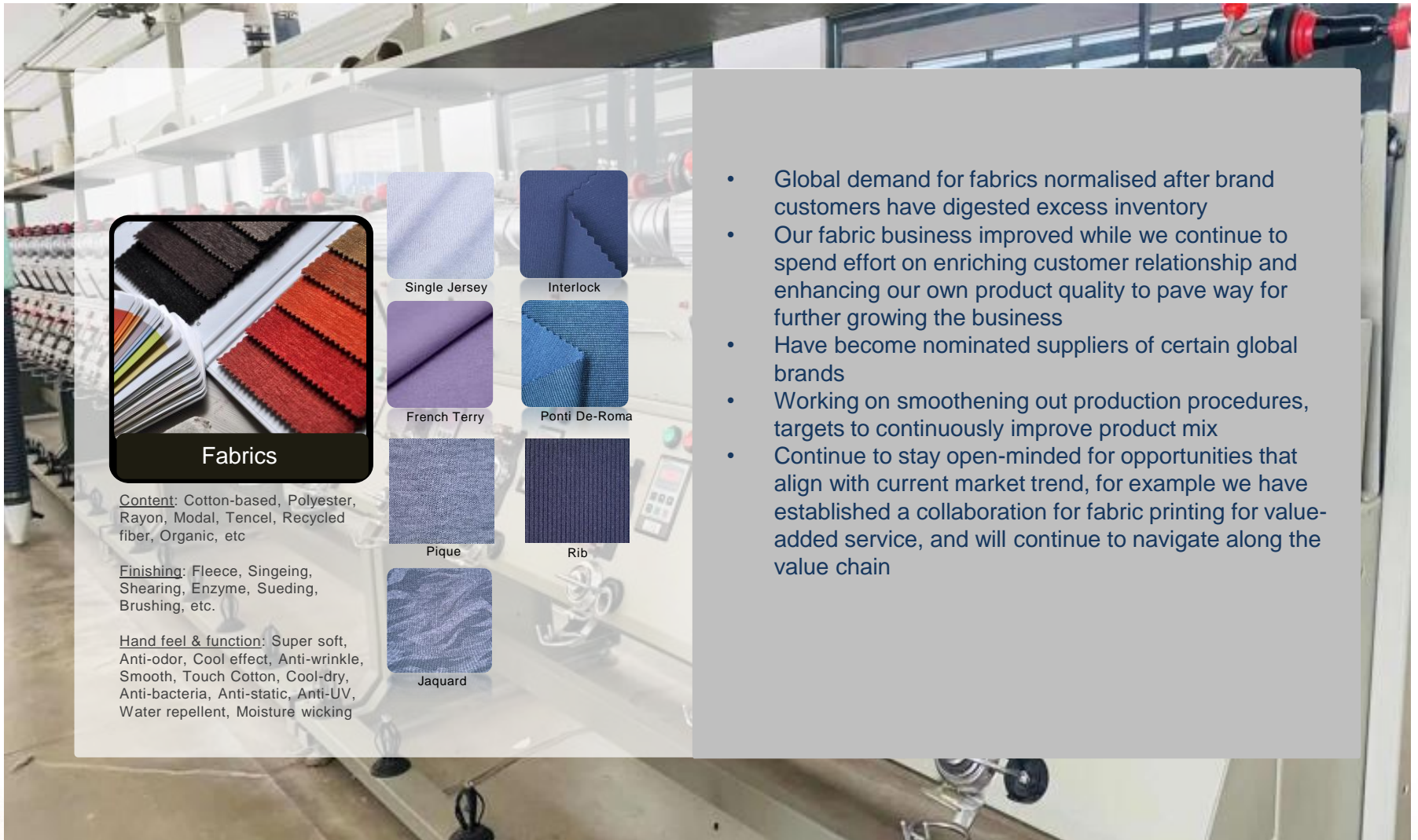
Volume ('mn) <i>(Mens' and womens' knitwear products only)</i>													
	2019 1H	2019 2H	2020 1H	2020 2H	2021 1H	2021 2H	2022 1H	2022 2H	2023 1H	2023 2H	2024 1H	2024 2H	2025 1H
VN	8.0	5.5	7.9	6.0	9.7	7.3	8.9	4.7	9.5	6.0	12.4	8.7	12.6
CN	15.3	8.0	13.5	7.1	8.6	5.4	9.0	6.4	9.2	4.5	6.5	4.4	5.4

Other Products: Cashmere Yarn

- 13 production lines, totaling approx. 900 tons of annual design production capacity, 1H 2025 self produced over 550 tons
- Satisfy internal usage and external customers
- Provides a variety of blends, sales to external customers: HK418.5mn, contributing positively to the Group's revenue and profitability
- Driven by demand, will be shifting part of this business to Vietnam as a first-mover



Other Products: Fabric



Fabrics

Content: Cotton-based, Polyester, Rayon, Modal, Tencel, Recycled fiber, Organic, etc

Finishing: Fleece, Singeing, Shearing, Enzyme, Sueding, Brushing, etc.

Hand feel & function: Super soft, Anti-odor, Cool effect, Anti-wrinkle, Smooth, Touch Cotton, Cool-dry, Anti-bacteria, Anti-static, Anti-UV, Water repellent, Moisture wicking



Single Jersey



Interlock



French Terry



Ponti De-Roma



Pique



Rib

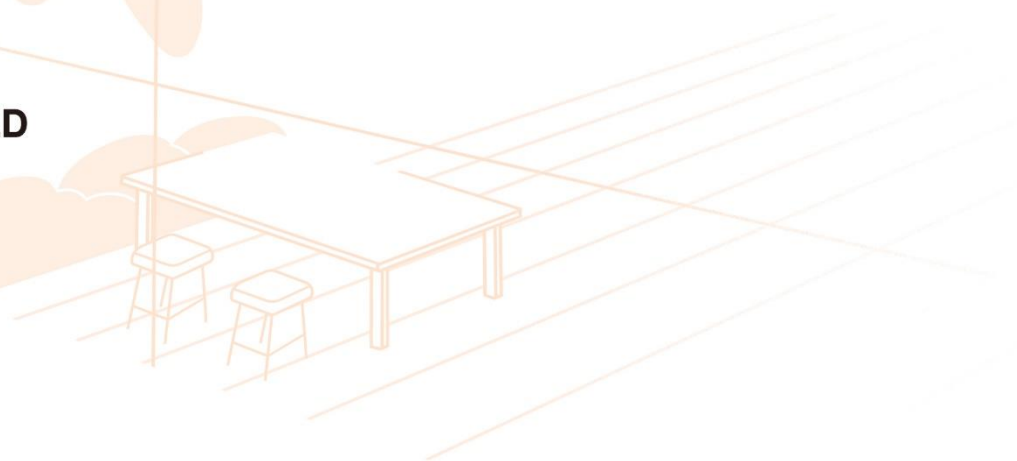


Jaquard

- Global demand for fabrics normalised after brand customers have digested excess inventory
- Our fabric business improved while we continue to spend effort on enriching customer relationship and enhancing our own product quality to pave way for further growing the business
- Have become nominated suppliers of certain global brands
- Working on smoothening out production procedures, targets to continuously improve product mix
- Continue to stay open-minded for opportunities that align with current market trend, for example we have established a collaboration for fabric printing for value-added service, and will continue to navigate along the value chain



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Outlook



Outlook

End-consumer sentiment:
Complex interplay of caution in discretionary spending, while global economic recovery remains uncertain



Continue to raise efficiency in Vietnam:
Ongoing quest to improve operational efficiency as a leader in the market

Agility of Management:
Observe market and respond as appropriate

Tapping and growing with customers:
Continue to lead in material development, uncompromised quality tapping and deepening cooperation with quality customers

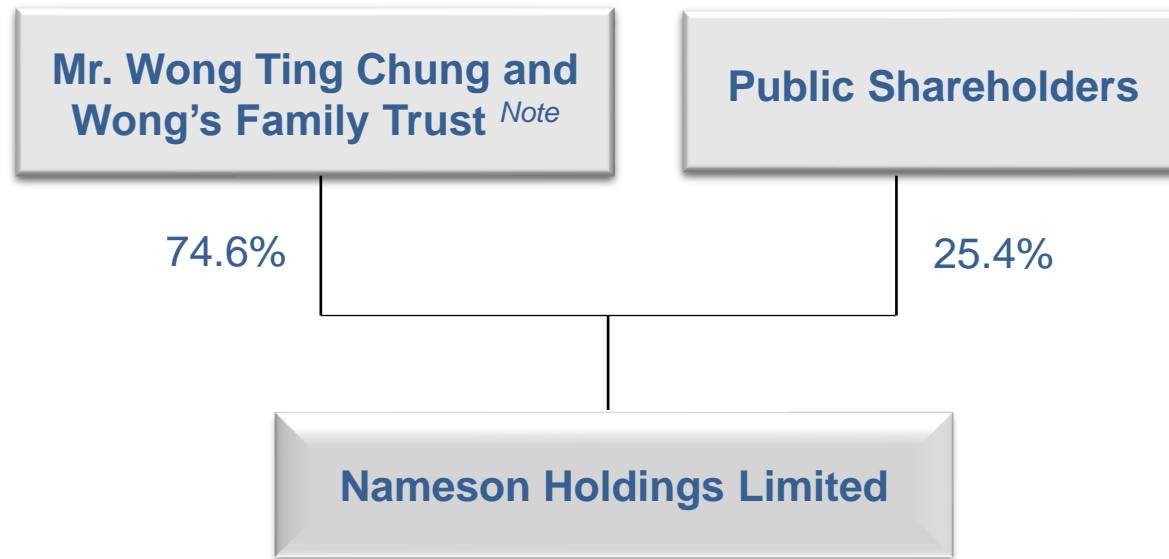


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Appendix



Shareholding Structure



Note: The above diagram is a simplified shareholding structure. The family trust is a trust established by Founding Chairman Mr. Wong Ting Chung as the settlor with the beneficiaries being Mr. Wong Ting Chung and certain family members of the Wong's family.

Sustainability Strategies

Embodied in five key areas, formulated with reference to the United Nations Sustainable Development Goals (UNSDGs)

Environmental Protection and Energy Efficiency Deployed

- Study possibility of enhancing the use of reclaimed water
- Installation of solar power generation on rooftop of Huizhou production sites; and in Vietnam (expected completion by FY2025)
- Replace energy-consuming machinery with more efficient ones
- Online 3D catalogues instead of traditional sampling
- Explore material recycling across production procedures
- Use of more sustainable and recycled materials
- Evaluation of reducing carbon footprint across all business units

UNSDGs



Social Responsibility

- Donate to Community Chest and other NGOs
- Offer employment opportunities to new graduates and competent individuals, contributing to professional growth and development of individuals, addressing unemployment
- Traceability events, donate to and visit owners of meadows that supply raw materials to the Group

UNSDGs



Governance

- Whistle-blowing mechanism, fostering fairness and accountability
- Regular training on anti-fraud, anti-bribery and anti-corruption
- Appointed INEDs of reputation for integrity and expertise, ensuring transparency, accountability, and effective risk management
- Sound audit cycle

UNSDGs



Sustainability Strategies

Embodied in five key areas, formulated with reference to the United Nations Sustainable Development Goals (UNSDGs)

Employee Care

- Compliance with local labour regulations, ensuring legal requirements, welfare and rights are met
- Recreational activities foster overall well-being
- Enhancing occupational health and safety
- Regular review of operating procedures to identify and mitigate potential risks
- Personal and professional development, enhancing job satisfaction and performance
- Gender equality

UNSDGs



Responsible Production

- Invest continuously in design, research and development, improve products and meet evolving needs of customers
- Embrace latest cutting-edge technologies, deliver innovative solutions and maintain position as market leader
- Maintain regular open dialogues with customers to understand product preferences, gather feedback and adapt accordingly
- Enhance stakeholder engagement

UNSDGs



Knitwear Production Process



WholeGarment Knitting vs Traditional Knitting

	WholeGarment Knitwear	Traditional Knitwear
Knitting machine		
Output product	Whole piece of knitwear 	Panels (Front/Back/Sleeves) 
Linking process	Eliminated	Key Process

Seamless Knitting Technology: WholeGarment

Cost Effectiveness of Deploying WholeGarment Machinery

- Reduce production lead time by >50%
- Reduce labour in production process
- Reduce material wastage, especially beneficial for expensive raw materials



Cater to Diverse Customer Needs

- Better fit and styles very well-received by end market since inception
- Customer driving up the speed of introducing more knitwear utilising WholeGarment Technology

Enhances the Group's Production Planning

- Confirmed orders received early in the pipeline given the limited supply in the market, beneficial for production planning

Consolidated Income Statement

	(Unaudited) Six months ended 30 September	
	2023 (HK\$ '000)	2024 (HK\$ '000)
Revenue	2,726,382	2,786,212
Cost of sales	(2,228,388)	(2,232,726)
Gross profit	497,994	553,486
Other income	7,062	6,418
Other gains, net	46,676	24,964
Selling and distribution expenses	(17,829)	(20,980)
General and administrative expenses	(162,218)	(173,452)
Operating profit	371,685	390,436
Share of post-tax profit of a joint venture	758	919
Finance expenses, net	(23,056)	(25,181)
Profit before income tax	349,387	366,174
Income tax expenses	(43,804)	(53,402)
Profit for the period	305,583	312,772
Profit for the period attributable to		
- Owners of the Company	289,122	298,185
- Non-controlling interests	16,461	14,587
	305,583	312,772
Earnings per share		
- Basic and diluted (HK cents per share)	12.7	13.1

Consolidated Balance Sheet

	<i>Audited</i> <i>As at 31 March</i> <i>2024</i> <i>(HK\$ '000)</i>	<i>Unaudited</i> <i>As at 30 September</i> <i>2024</i> <i>(HK\$ '000)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,785,060	1,811,286
Right-of-use assets	290,709	380,671
Investment properties	1,590	9,185
Interest in a joint venture	7,083	6,840
Financial assets at fair value through profit or loss	191,118	193,632
Prepayments, deposits, other receivables and other assets	122,908	85,495
Loan to a non-controlling shareholder of a subsidiary	-	6,987
Deferred income tax assets	704	886
	2,399,172	2,494,982
Current assets		
Inventories	910,552	838,454
Trade receivables	167,149	409,234
Prepayments, deposits, other receivables and other assets	253,826	520,180
Cash and cash equivalents	717,404	569,028
	2,048,931	2,336,896
Total assets	4,448,103	4,831,878

Consolidated Balance Sheet (Con'd)

	<i>Audited</i> <i>As at 31 March</i> <i>2024</i> <i>(HK\$ '000)</i>	<i>Unaudited</i> <i>As at 30 September</i> <i>2024</i> <i>(HK\$ '000)</i>
EQUITY		
Capital and reserves attributable to the owners of the Company		
Share capital	22,794	22,794
Reserves	2,360,314	2,506,033
	2,383,108	2,528,827
Non-controlling interests	215,851	267,820
Total equity	2,598,959	2,796,647
LIABILITIES		
Non-current liabilities		
Bank borrowings	454,811	530,871
Loans from non-controlling shareholders of subsidiaries	3,359	2,609
Lease liabilities	120,675	181,754
Provision for reinstatement costs	4,409	2,303
Deferred income tax liabilities	4,812	4,882
	588,066	722,419
Current liabilities		
Trade and bills payables	335,457	270,101
Accruals and other payables	255,832	403,479
Current income tax liabilities	274,275	316,158
Bank borrowings	353,129	257,215
Lease liabilities	42,385	65,859
	1,261,078	1,312,812
Total liabilities	1,849,144	2,035,231
Total equity and liabilities	4,448,103	4,831,878
Net current assets	787,853	1,024,084



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