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Namyue Holdings Limited
南粵控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 01058)

UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

The board of directors (the “**Board**”) of Namyue Holdings Limited (the “**Company**”) announces the unaudited financial information of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2022 together with comparative figures. This announcement is made by the Company on a voluntary basis in order to further enhance the level of corporate governance and transparency.

FINANCIAL HIGHLIGHTS			
	For the nine months ended		Change
	30 September	2021	
	2022	(Unaudited)	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue	75,074	158,334	-52.6%
Consolidated loss attributable to shareholders of the Company	(30,772)	(9,806)	+213.8%
	At 30 September	At 31 December	
	2022	2021	<i>Note</i>
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Total Assets	187,952	228,284	
Shareholders' Equity	139,207	174,536	

Note:

The financial information relating to the year ended 31 December 2021 included in this announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622) in due course. The auditor's report has been prepared on the consolidated financial statements for the year ended 31 December 2020. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

PERFORMANCE HIGHLIGHTS

For the nine months ended 30 September 2022, the footwear leather market has been still facing the problems of overcapacity, weak demand and narrowed profitability. During the period, the Group continued to strengthen the development and design of the products, as well as implement quality control throughout the whole production process. Through optimizing the production efficiency, the Group enhanced economies of scale of the production. During the period, under the circumstances of declining sales volume and the increase in unit cost of cowhides, gross losses have been incurred. The Group's operating results have been worse than expected compared to the same period of last year. In addition, due to epidemic prevention and control in Suining County, Xuzhou, Jiangsu Province, the factory of the Group had been suspended for weeks during the period, resulting in decline in production volumes.

For the nine months ended 30 September 2022, the total production volume of cowhides was 3,844,299 sq. ft., representing a drop of 5,771,648 sq. ft. or 60.0% as compared to 9,615,947 sq. ft. for the same period of last year. The production volume of grey hides was 1,801 tons, representing a drop of 2,918 tons or 61.8% as compared to 4,719 tons for the same period of last year. The total sales volume of cowhides was 4,961,107 sq. ft., representing a decline of 5,049,660 sq. ft. or 50.4% as compared to 10,010,767 sq. ft. for the same period of last year. The sales volume of grey hides was 1,801 tons, representing a drop of 2,918 tons or 61.8% as compared to 4,719 tons for the same period of last year.

For the nine months ended 30 September 2022, the consolidated turnover of the Group was approximately HK\$75,074,000, representing a drop of approximately HK\$83,260,000 or 52.6% from approximately HK\$158,334,000 for the same period of last year, of which the sales value of cowhides amounted to approximately HK\$62,311,000 (nine months ended 30 September 2021: approximately HK\$138,981,000), representing a drop of approximately HK\$76,670,000 or 55.2%, and that of grey hides and other products amounted to approximately HK\$12,763,000 (nine months ended 30 September 2021: approximately HK\$19,353,000), representing a decrease of approximately HK\$6,590,000 or 34.1%. The drop in turnover was mainly attributable to the weak demand of cowhides products.

The consolidated loss attributable to shareholders of the Company for the nine months ended 30 September 2022 was approximately HK\$30,772,000 representing an increase of loss of approximately HK\$20,966,000 or 213.8% as compared to approximately HK\$9,806,000 for the same period of last year. Such increase in the consolidated loss attributable to shareholders was mainly attributable to the increase in unit cost of cowhides, coupled with the decrease in sales volume and unit selling price of cowhides, resulting in substantial losses of the Group.

CAUTION STATEMENT

Shareholders of the Company and potential investors should note that the above financial information is based on the Company's internal records and management accounts. The above financial information for the nine months ended 30 September 2022 have not been reviewed or audited by the independent auditor of the Company. Accordingly, the information contained in this announcement shall in no way be regarded as to provide any indication of or assurance on the financial results of the Group for the nine months ended 30 September 2022.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Zhou Hao
Chairman

Hong Kong, 31 October 2022

As at the date of this announcement, the Board of Directors of the Company comprises two Executive Directors, namely, Mr. Zhou Hao and Mr. Sun Jun; two Non-Executive Directors, namely, Mr. Huang Junfeng and Mr. Kuang Hu; and three Independent Non-Executive Directors, namely, Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.