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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 THREE MONTHS ENDED 31 MARCH 2024**

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 three months ended 31 March 2024 together with comparative figures.

FINANCIAL HIGHLIGHTS			
	For the three months ended 31 March		Change
	2024	2023	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	15,319	11,582	+32.3
Consolidated loss attributable to shareholders of the Company	(8,022)	(11,415)	+29.7
	At 31 March	At 31 December	
	2024	2023	<i>Note</i>
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	
Total assets	123,248	135,537	
Shareholders' equity	44,866	52,911	

Notes:

- (1) *The financial information has not been audited or reviewed by the Company's auditor.*
- (2) *The financial information relating to the year ended 31 December 2023 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 will deliver the consolidated financial statements for the year ended 31 December 2023 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 2023. The independent auditor's report was unqualified; but included a reference to matters to which the auditor drew attention by way of emphasis without qualifying its report. Its report did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

- (3) *This announcement is made by the Company on a voluntary basis in order to further enhance the Company's level of corporate governance and transparency.*

PERFORMANCE HIGHLIGHTS

For the three months ended 31 March 2024, the domestic sales market of footwear leather was overall weak. In response to the current sluggish footwear leather market, the Group has strengthened research and development, refined its inventory, and re-planned and adjusted its product development direction based on the current status and characteristics of the inventory, the needs of market customers and expanded its customer base in various ways. In the meantime, with the selling and reduction of aging inventory through diversified channels, increase in sales revenue was achieved. In addition, the Group continued to actively expand the volume of subcontracting business, optimize the personnel structure, reduce production costs and improve operating efficiency. During the period under review, revenue increased by 32.3% compared with the same period last year. Gross loss and gross loss margin also decreased by 21.1% and 7.2% respectively compared with the same period last year due to decrease in unit cost of products and sales of aging inventory. The operating results have been improved as compared to the same period of last year.

For the three months ended 31 March 2024, the total production volume of cowhides was 825,000 sq. ft., representing an increase of 22,000 sq. ft. or 2.7% as compared to 803,000 sq. ft. for the same period of last year. The production volume of grey hides was 364 tons, compared to nil for the same period of last year. The total sales volume of cowhides was 1,322,000 sq. ft., representing an increase of 446,000 sq. ft. or 50.9% as compared to 876,000 sq. ft. for the same period of last year. The sales volume of grey hides was 364 tons, compared to nil for the same period of last year.

For the three months ended 31 March 2024, the consolidated turnover of the Group was HK\$15,319,000, representing an increase of HK\$3,737,000 or 32.3% from HK\$11,582,000 for the same period of last year, of which the sales value of cowhides amounted to HK\$13,284,000 (three months ended 31 March 2023: HK\$11,582,000), representing an increase of 14.7%, and that of grey hides and other products amounted to HK\$2,035,000 (three months ended 31 March 2023: nil). The increase in revenue was mainly attributable to the increase in the sales volume. The consolidated loss attributable to shareholders of the Company for the three months ended 31 March 2024 was HK\$8,022,000, representing a decrease of loss of HK\$3,393,000 or 29.7% as compared to HK\$11,415,000 for the same period of last year.

PROSPECTS

In 2024, the Group will continue implement a series of measures. To strengthen its sales efforts, the Group will focus on enhancing research, development, and production capabilities, forming specialized teams to expand key business areas and will actively engage in foreign trade order business to increase sales volume. At the same time, by adjusting the structure of the finished products, strengthening the quality control of the products and improving the overall product quality rate, the consolidated selling price of the products will be increased and the sales of the products with positive gross profit contribution will be accelerated, thereby increasing the total sales revenue. In terms of cost control, the Group will optimize its supplier pipeline, strengthen cooperation with strategic suppliers to obtain better prices and technical support for the supply of leather and chemical materials, and expand its subcontracting business to achieve full utilization of production capacity and dilute unit fixed production costs. In addition, the Group will further lower labor costs through reorganization of work tasks and positions as well as integration measures and enhance the competitiveness of the Group. The above measures are expected to increase operating income, reduce production costs, improve gross profit and enhance the Group's operating performance and overall value.

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 three months ended 31 March 2024 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 three months ended 31 March 2024.

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 and Managing Director

Hong Kong, 26 April 2024

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Zhou Hao and Mr. Liao Siyang ; 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.