



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2018 Interim Results

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Net Profit Up 29.6% to HK\$292.1 Million
Forays into Knitted Uppers for Footwear and Knitted Upper Shoes
Manufacturing Industry
Diversifies Business to Strengthen Competitive Edge

(Hong Kong, 27 November 2017) **Nameson Holdings Limited** (“Nameson” or the “Group”, stock code: 1982), one of the leading knitwear manufacturers in the PRC, today announced its interim results for the six months ended 30 September 2017 (“FY2018 1H” or the “Review Period”).

During the Review Period, the knitwear industry in China was affected by certain external uncertainties. However, leveraging its raising production efficiency and tight quality control, the Group has been favored by internationally renowned brand customers over the years, driving the revenue up 19.0% to HK\$2,114 million (FY2017 1H: HK\$1,777 million). By enhancing operational efficiency and implementing effective cost control measures, gross profit rose by 15.3% year-on-year to approximately HK\$484 million in the Review Period (FY2017 1H: HK\$420 million). Gross profit margin was 22.9% (FY2017 1H: 23.6%). During the Review Period, net profit grew by 29.6% to approximately HK\$292 million when compared with the same period last year (FY2017 1H: HK\$225 million). Net profit margin climbed as well by 1.1 percentage point to 13.8% (FY2017 1H: 12.7%). Adjusted net profit¹ rose by 28.8% to approximately HK\$292 million (FY2017 1H: HK\$227 million), while the adjusted net profit margin climbed to 13.8% (FY2017 1H: 12.8%), up 1.0 percentage point. Basic earnings per share were 14.1 HK cents (FY2017 1H: 11.1 HK cents).

The Group has a sound financial position. As at 30 September 2017, it had bank deposits, balances and cash of approximately HK\$1,073 million (31 March 2017: HK\$693 million). To reward shareholders for their support, the Board has declared payment of an interim dividend of 5.0 HK cents per share (FY2017 1H: 3.8 HK cents).

The Group has been implementing a vertically integrated business model, allowing it to provide customers with one-stop solutions meeting their demands in both quality and quantity within a short time, which earned the trust of many international brand apparel customers. As such, its sales revenue rose by 19.0% from HK\$1,777 million in the same period last year to HK\$2,114 million. The solid customer base coupled with continuous increase in number of customers has contributed to the Group’s outstanding performance in each market. During the Review Period, revenue attributable to the European and Chinese markets significantly increased by 41.7% and 23.2% to HK\$468 million and HK\$271 million, respectively, compared with the same period last year, while the Japanese and North American markets also delivered a steady yet considerable growth in revenue. In view of the introduction of various favourable policies for the business operation and the growing market demand, the Group will continue to actively expand its market share in China.

¹ Adjusted net profit is calculated excluding the expenses incurred in connection with the Company’s listing on the Stock Exchange

Mr. Wong Ting Chung, Chairman, Executive Director and Chief Executive Officer of Nameson, said, “As an industry leader, Nameson has been committed to optimising operational efficiency and expanding its customer base. That dedication plus efforts to continuously boost production capacity and innovate in technologies have seen the Group achieved satisfactory overall results in the first half of Financial Year 2018.”

The Group has embraced technological innovation over the years to keep abreast of the latest trends. The Group spearheaded the deployment of advanced whole garment knitting machines and streamlined the linking production process, resulting in a reduction in labour cost alongside the addition of more stylish product series offering. Moreover, as the second phase of the Vietnam Factory has gradually ramped up operations, expansion of production capacity has helped boost economies of scale and continued to generate synergies. All those together with the low cost advantage enjoyed by the factory addressed in Vietnam have helped raised the Group’s competitiveness in the industry.

Looking ahead, the market demand for knitwear products will continue to grow steadily. Given that knitted upper shoes have become a new fashion trend in recent years, apart from focusing on knitwear product business, the Group has acquired V. Success Group (“V. Success”) thereby extended its operation to cover also manufacturing of knitted uppers for footwear and knitted upper shoes. The move will allow the Group to capture the huge development potential of this segment and diversify its business. V. Success’ knitted uppers for footwear and knitted upper shoes manufacturing business as well as its product development capabilities can create synergies with the Group’s knitwear manufacturing business. As the footwear business and the Group’s knitwear manufacturing business use similar techniques and production resources, the Group will be able to better use its existing operating facilities and realise sharing of resources. V. Success’ vendor has also provided profit guarantee to the Group, that the consolidated net profit (after tax) of V. Success for the financial year ending 31 March 2018 will not be less than HK\$66 million. The Group will also continue to direct resources to actively strengthen product designs as well as its market research and analysis capabilities.

Mr. Wong concluded, “We believe developing a more diversified business can help us minimise the impact of seasonal fluctuations of the knitwear business on the Group’s performance, and at the same time bring complementary benefits to its business and also higher revenue growth. Armed with strong research and development capabilities and strategic expansion of production capacity, and boasting a more diversified product portfolio, Nameson is well-prepared to seize new opportunities and enhance its industry leadership, so as to deliver better returns to shareholders.”

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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 one-stop services for its customers comprising raw material development, product design, sample manufacturing, high-quality production, quality control and timely delivery of products. Its knitwear products include pullovers, cardigans, vests and accessories. Leveraging its high product quality, design development capability, timely delivery, and important one-stop services, Nameson has established long-standing and strong relationships with many renowned international apparel brands, including UNIQLO, Tommy Hilfiger and Lands’ End. Currently, the Group operates two production bases, one in the PRC and the other in Vietnam. In September 2017, the Group announced the plan to acquire V. Success to develop the knitted uppers for footwear and knitted upper shoes manufacturing business. In addition, the Group has been included as a constituent stock in the MSCI Hong Kong Small Cap Index effective from 30 November 2017.

* Source: Euromonitor – by manufacturers’ revenue in 2014

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