



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2021 Interim Results

Net Profit Dropped 12.0% to HK\$238.5m
Adjusted Net Profit Margin Increased from 9.0% to 10.2%

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Demonstrating Effective Cost Control & Operational Efficiency

(Hong Kong, 20 November 2020) **Nameson Holdings Limited** (“Nameson” or the “Group”, stock code: 1982), one of the leading knitwear manufacturers in China, today announced its interim results for the six months ended 30 September 2020 (“FY2021 1H” or the “Review Period”).

During the Review Period, the complex trade relations between China and the United States, amplified by the presidential election in the United States and the outbreak of the novel coronavirus (COVID-19) posed a deep-rooted effect on industry chain. The Group’s revenue decreased by 24.2% to HK\$2,295.1 million (FY2020 1H: HK\$3,026.7 million) driven by overall softer volume and the impact from customers’ store closures due to COVID-19.

Nevertheless, the Group consistently spent effort on better allocating its resources, recording a notable decrease in total direct labour costs and subcontracting charges during the period even the number of workers remained stable. As a result of our all-round cost control measures and enhanced operational efficiency, the Group’s gross profit decreased 17.6% to HK\$435.0 million (FY2020 1H: HK\$527.6 million), a magnitude smaller than the decrease in revenue and the gross profit margin improved to 19.0% (FY2020 1H: 17.4%) despite including the lower margin cashmere yarn products. Coupled by the lower market interest rates and the Group’s prudent cash management directives, finance costs were also on a downward trend. Profit attributable to the owners of the Company decreased by 12.0% to HK\$238.5 million (FY2020 1H: HK\$270.9 million). Adjusted net profit after excluding realised and unrealised gains or losses from derivative financial instruments was HK\$235.0 million (FY2020 1H: HK\$271.7 million). Adjusted net profit margin increased from 9.0% to 10.2% when compared to same period last year. Basic earnings per share were HK10.5 cents (FY2020 1H: HK11.9 cents).

The Group remains in a healthy financial position. As at 30 September 2020, its cash and cash equivalents is HK\$806.3 million (31 March 2020: HK\$713.1 million) The Board of Directors recommended the payment of an interim dividend of 3.8 HK cents per share (FY2020 1H: 4.3 HK cents) to shareholders for their unwavering support.

Mr. Wong Ting Chung, Chairman, Executive Director and Chief Executive Officer of Nameson, said, “Despite the drop in overall orders and the outbreak of COVID-19, the production allocation for our Vietnam facility rose meeting customers’ preferences during the review period. This testifies to our first-class production management efforts and operational efficiency. The global crisis from the pandemic also drove order shift from other Asian manufacturing countries to China, it confirms that China’s manufacturing status is still of significant importance. We believe our China factory is in a pronounced advantageous position in the knitwear industry to continue to benefit from this.”

Looking ahead, customers generally tend to be more prudent in the near term in making purchases. At the same time, the pandemic has given rise to changing end customers’ buying patterns because of e-commerce. It also gives rise to opportunities for quality suppliers to stand out from the rest.

Mr. Wong concluded, “Despite the challenging conditions, we continued to successfully build our position as a secure supplier, possessing research and development capabilities, the ability to facilitate fast orders and on-time delivery. While we exercise careful assessment to business risks involved with business partners, we believe this is also the time to prioritise relationships with our core customers and suppliers in order to stand in a better position and continue to grow with them when market recovers.”

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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 and Lands’ End. Currently, the Group operates its production facilities in China and Vietnam.

* Source: *Euromonitor – by manufacturers’ revenue in 2014*

Enquiries:

Doris Chan	Tel: (852) 2689 1930	Email: dorisc@nameson.com.hk
Winnie Poon	Tel: (852) 2689 1890	Email: winniep@nameson.com.hk