



南旋控股有限公司  
NAMESON HOLDINGS LIMITED

## Nameson Announces 2019 Annual Results

(Hong Kong, 21 June 2019) **Nameson Holdings Limited** (“Nameson” or the “Group”, stock code: 1982), one of the leading knitwear manufacturers in China, today announced its annual results for the year ended 31 March 2019 (“FY2019” or the “Review Year”).

During the Review Year, the escalation in trade tension between China and the United States has generally negatively impacted the global consumption value chain. Leveraging on its exquisite knitting techniques, innovative designs and quality production, the Group has boosted both sales volume from its major customers and the average selling price resulting from changing in product mix. Sales rose by 26.5% year-on-year to HK\$4,359.1 million. Nevertheless, the stagnant raw material prices continued to pose challenges to the Group’s overall production costs. In addition, the Group made an impairment provision on the intangible assets of V. Success Limited and its subsidiaries (“V. Success Group”) in relation to its business in knitted upper for footwear and knitted upper shoes. Though the impairment provision is non-cash in nature, it has contributed to the Group making a loss in FY2019.

Sales from its knitwear business rose by 23.4% to HK\$4,164.3 million. The Group’s production based in China and Vietnam enabled customers’ flexibility in production allocation, suiting to the needs of customers. During the review year, the Group has increased its utilisation rate and designed capacity in its Vietnam factory in response to the changing customer procurement preferences. However, the quicker than expected raise in utilisation rate in Vietnam factory means it will take longer time to release its production efficiency. For its knitted upper for footwear business, there is still an abundant number of suppliers in the market, resulting in fierce competition in the knitted upper for footwear manufacturing industry. The overall average selling price and gross margin for the industry were under downward pressure. The Group recorded disappointing sales performance and reported a loss in this business segment. In view of the market conditions, the Group made an impairment provision for the intangible assets of its knitted upper for footwear and knitted upper shoes business. Taking into account the HK\$521.6 million non-cash impairment of intangible assets of the knitted upper for footwear business, the Group recorded a loss of HK\$300.5 million. However, such impairment has no actual effect on the Group’s tangible assets and cash flow. Adjusted net profit after excluding the impairment loss on intangible assets and realized and unrealized gains/(loss) from derivative financial instruments was HK\$227.4 million in FY2019 (FY2018: HK\$320.4 million); adjusted net margin also dropped from 9.3% to 5.2%. Basic loss per share was HK13.1 cents (FY2018: earning per share of HK15.97 cents). The Board does not recommend dividend in second half of FY2019, the annual dividend is HK3.6 cents (FY2018: HK5.0 cents).

**Mr. Wong Ting Chung, Chairman, Executive Director and Chief Executive Officer of Nameson**, said, “Despite the global economic uncertainty, we have accelerated our pace in increasing the utilisation rate of our Vietnam factory to enable production flexibility for our customers. In addition, with a target to secure the supply of cashmere material and have more effective cost control, we expanded into the upstream business and jointly established a cashmere yarn spinning factory with a quality cashmere manufacturer during the year. The 10 production lines in operation of the cashmere yarn spinning factory with designed annual capacity of 700 tonnes of cashmere yarn is expected to start contributing to the Group in FY2020. We aim for vertical integration via the business move and further drive business development”.

In response to the trend of more customers seeking to shift their orders to other South Asian regions, the Group also decided to expand its production base to Myanmar. In the long term, the Group will continue to utilise its China factory to satisfy the growing orders from its Chinese customers, while seeking to further increase the production capacity ratio to overseas production.

In view of the strong potential demand of local fabric in the apparel industry in Vietnam, the Group is devoted in developing the business projects of weaving, printing and dyeing of fabric for production, with designed annual capacity of 36 million pounds of fabric. The fabric business is expected to commence production in FY2020. The Group believes that developing a diversified product portfolio will contribute to an expansion in its income source and customer base, as well as further strengthen the leading position of the Group in the industry.

**Mr Wong** concluded, “As an industry leader, we will closely monitor the changes in the market and respond timely to customers’ changing needs. In the long run, we will strive to enhance our production utilisation and operational efficiencies. Simultaneously, through bolstering vertical integration and diversifying into fabric production, we seek to deliver better returns to our shareholders in the longer term.”

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**About Nameson Holdings Limited (Stock code: 1982)**

Nameson Holdings Limited is one of the leading knitwear manufacturers in China.\* 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. The Group extended its reach to knitted upper for footwear via acquiring V. Success Group from 15 December 2017. Currently, the Group operates production facilities in China and Vietnam.

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

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