



南旋控股有限公司
NAMESON HOLDINGS LIMITED

Nameson Announces 2020 Annual Results

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Adjusted Net Profit Increased by 7.3% to HK\$244.0 Million
Restructuring of Knitted Upper For Footwear Business
for Greater Future Efficiency

(Hong Kong, 26 June 2020) **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 2020 (“FY2020” or the “Review Year”).

During the Review Year, the ongoing amplifying and complex trade relations between China and the United States continued to impede economic growth and trade scale of both nations, while the outbreak of COVID-19 pandemic intensified global economic uncertainties. Utilising the advantage of having two production bases, the Group strategically shifted some orders to its Vietnam factory for production when its China production base was temporarily short of staff due to the regulated quarantine. Hence, the outbreak of the pandemic during the last two months of the Review Year did not impact on the Group’s shipments.

The Group’s revenue increased by 2.8% to HK\$4,480.7 million (FY2019: 4,359.1) arising from an increase in sales revenue of cashmere yarn, but was partially offset by the decrease in sales revenue of knitted sweaters. The Group streamlined its production process in knitted sweaters for efficiency which led to a notable decrease in total direct labour cost and subcontracting charges. Gross profit increased by 2.6% to HK\$690.1 million in the Review Year (FY2019: HK\$672.4 million), while gross profit margin remained stable at 15.4% (FY2019: 15.4%) despite including the cashmere yarn sales that has a lower gross margin.

The global economic uncertainties brought by the spread of COVID-19 has swiftly curbed global consumption, coupled with the continuously intense competition in the knitted upper industry, the Group decided to restructure V. Success Limited and its subsidiaries (“V. Success Group”) in relation to its business in knitted upper for footwear and knitted upper shoes to strive for greater future efficiency. The related impairment loss on intangible assets and costs associated with the restructuring amounted to HK\$86.3 million. Adjusted net profit after excluding non-recurring costs of impairment losses in relation to V. Success Group and realised and unrealised losses from derivative financial instruments was HK\$244.0 in FY2020 (FY2019: HK\$227.4); adjusted net margin also slightly increased from 5.2% to 5.4%. Basic earnings per share was HK\$6.89 cents (FY2019: loss per share of HK\$13.10 cents). The Board does not recommend a dividend in second half of FY2020, the annual dividend is HK4.3 cents (FY2019: HK3.6 cents).

Mr. Wong Ting Chung, Chairman, Executive Director and Chief Executive Officer of Nameson, said, “Our Vietnam production base provides us with flexibility in our production allocation which testifies our early vision to enjoy this resilience in times of crisis. We were able to make quick reallocation in production and delivered shipments on time for our customers. Even though the pandemic later unraveled into a global crisis which dampens overall economy and orders, yet our customers are well aware of our strength and leadership in the industry, and riding through the storm together will build a longstanding relationship with our key customers.”

Despite some inevitable delay in the construction progress of the Group’s Myanmar production base and the development of its fabric business in Vietnam due to the outbreak of COVID-19, both projects are expected to complete construction and commence trial operation within 2021 financial year. The Group is confident that its Myanmar production base and its entrance into the fabric business in Vietnam will be accretive its long-term development.

Mr Wong concluded, “The year ahead poses crucial challenges for the garment manufacturing industry. Our consistent prudence in maintaining healthy cash flows, as well as the quality and diversity of our customer mix will help us weather through the storm, and puts us in a good position when market recovers. As a pioneer in the industry, we will pay continuous efforts to enhance our production techniques and production efficiencies to boost the overall profitability and strive for better returns to our 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 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*

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