

# Samsonite China alleviates liquidity crunch during pandemic with cross-border sweeps solution



## Adam Smith Awards Asia

*Highly Commended Winner –  
Best Crisis Management Solution*

### About

U.S.-based and Hong Kong-listed Samsonite is one of the world's largest makers of travel goods and retailer, with products ranging from large suitcases to small toiletries bags. China is a key market for the firm, accounting for around eight percent of its global sales of \$3.64 billion in 2019.

### The challenge

With the travel industry hard hit by the COVID-19 crisis, Samsonite, as a key manufacturer of travel goods, was not immune. Samsonite's sales in China fell sharply as the pandemic swept across the country; while it had RMB 150 million in its cash coffers in January 2020, by April, it was servicing RMB 100 million in bank loans for urgent working capital needs like paying overhead expenses to keep businesses operational.

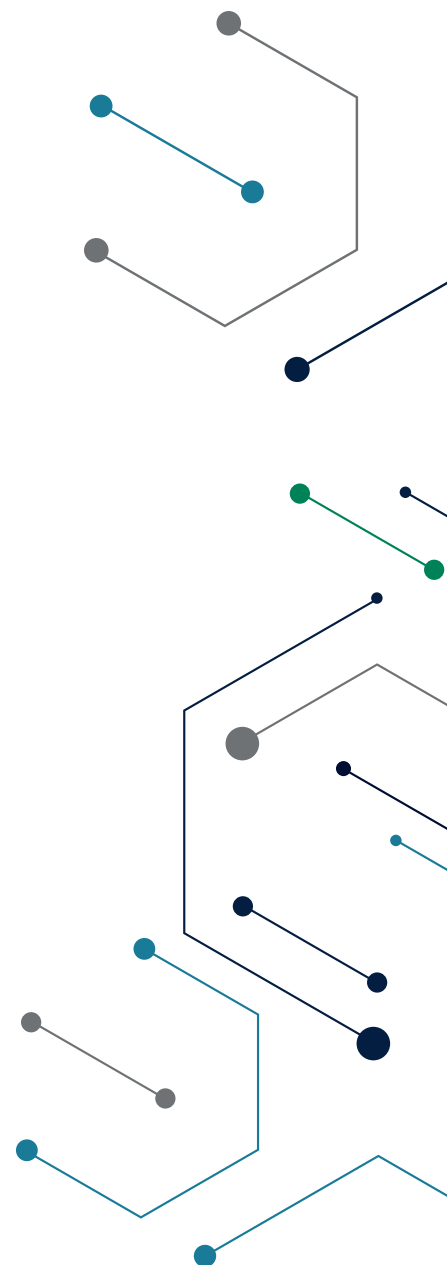
While the cheapest means of funding would be through freeing up internal cash, moving funds in and out of China vis a vis its overseas entities was a very manual and time-consuming process, involving a lot of paper documents and the need for regulatory approvals on a case by case basis. Tapping on bank loans remained an expensive alternative.

Samsonite China needed a treasury solution to mobilize funds in and out of China as necessary, and one that can be implemented quickly due to its urgent liquidity needs.

### The solution

In collaboration with J.P. Morgan, Samsonite China implemented a 1+2 RMB two-way cross-border sweeping structure, with one Chinese entity and two overseas entities that are in Singapore and Australia – the first time such a cross-border structure has been set up for a company with just one Chinese entity that is based outside of the Shanghai Free Trade zone; Samsonite China's entity is registered in Ningbo in Zhejiang province.

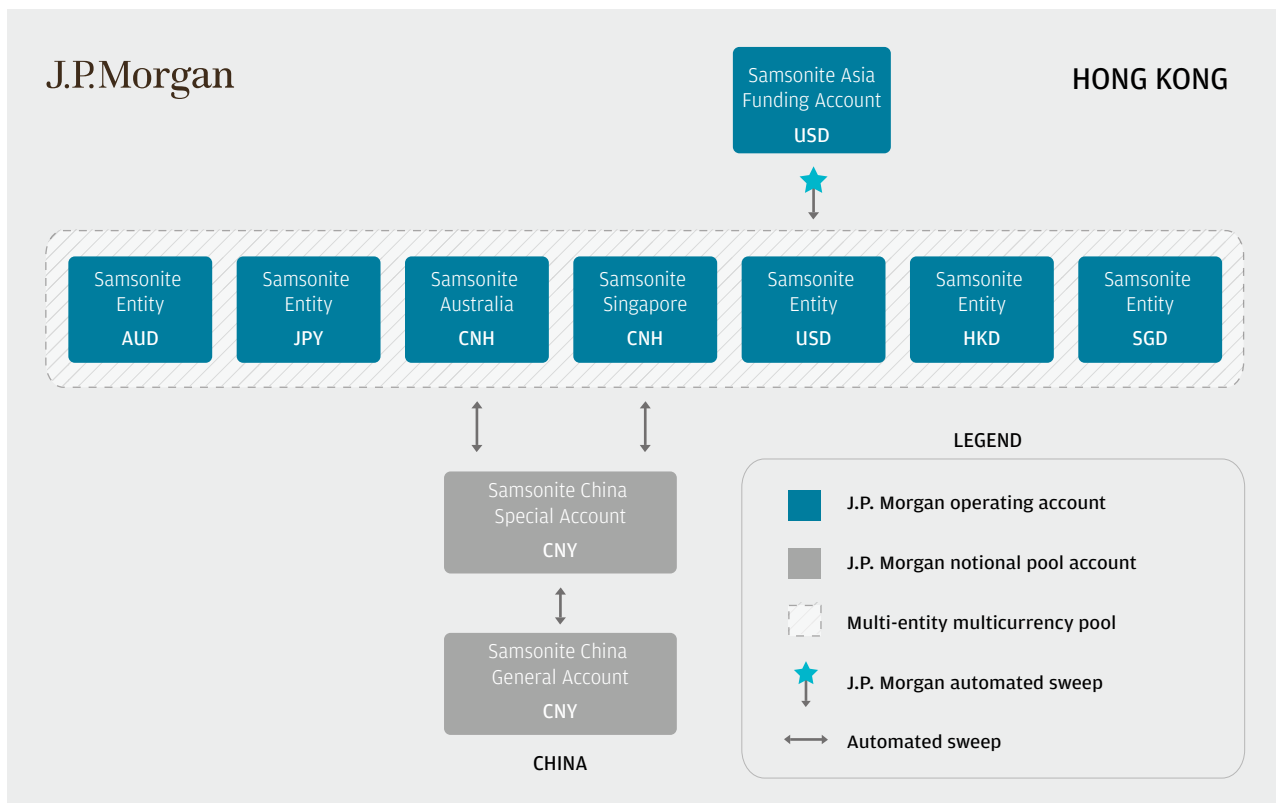
This was possible because of J.P. Morgan and Samsonite's close collaboration with the China central bank under the Nationwide Cross-border RMB two-way sweeping regulatory scheme. The People's Bank of China gave the approvals within a week of



# Samsonite China alleviates liquidity crunch during pandemic with cross-border sweeps solution

the submission of documents; implementation was also extremely prompt, with the structure ready within a month of regulatory approval and client's readiness in documentation.

With the solution, Samsonite China now has the revolving ability to sweep a maximum of RMB 150 million in cash surplus to its entities in Singapore or Australia, or borrow a maximum of RMB 150 million from the entities. This is a fully automated solution where Samsonite had the ability to change the sweeping sequence and trigger timings as it sees fit. Any surplus cash in China can also be ultimately swept to Samsonite's offshore entities indirectly, via a regional sweeping structure from Singapore / Australia through to Hong Kong, and from Hong Kong to offshore via a global sweeping structure.



“ The solution not only helped us mobilize liquidity into China during the pandemic, but also provides a back-up channel to draw down working capital and finesse the movement of funds within the Samsonite Group. ”

- Jerry Chen, China CFO, Samsonite

# Samsonite China alleviates liquidity crunch during pandemic with cross-border sweeps solution

## The results

- Effectively alleviated the liquidity crunch Samsonite faced when sales in China slumped during the COVID-19 crisis.
- Reduce idle cash in China where it can now mobilize surplus balances offshore to support regional and/or global initiatives.
- Optimize working capital by sweeping large balances from China to offshore entities and vice versa, to fulfil funding needs within the Group.
- Improve operational efficiency by saving up to 160 man-hours a year through the fully automated solution.

“Beyond meeting Samsonite China’s liquidity challenges during the crisis, the cross-border sweeping structure is expected to generate further benefits to Samsonite by mobilizing idle cash in China’s restricted market to other overseas entities, optimizing working capital globally.”

- Ling Ding, China Relationship Banker, J.P. Morgan



**To learn more about how we can support your business, please contact your J.P. Morgan representative.**

This material was prepared exclusively for the benefit and internal use of the JPMorgan client to whom it is directly addressed (including such client's subsidiaries, the "Company") in order to assist the Company in evaluating a possible transaction(s) and does not carry any right of disclosure to any other party. In preparing this material, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of the Company or which was otherwise reviewed by us. This material is for discussion purposes only and is incomplete without reference to the other briefings provided by JPMorgan. Neither this material nor any of its contents may be disclosed or used for any other purpose without the prior written consent of JPMorgan.

J.P. Morgan, JPMorgan, JPMorgan Chase and Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC"). Products or services may be marketed and/or provided by commercial banks such as JPMorgan Chase Bank, N.A., securities or other non-banking affiliates or other JPMC entities. JPMC contact persons may be employees or officers of any of the foregoing entities and the terms "J.P. Morgan", "JPMorgan", "JPMorgan Chase" and "Chase" if and as used herein include as applicable all such employees or officers and/or entities irrespective of marketing name(s) used. Nothing in this material is a solicitation by JPMC of any product or service which would be unlawful under applicable laws or regulations.

Investments or strategies discussed herein may not be suitable for all investors. Neither JPMorgan nor any of its directors, officers, employees or agents shall incur in any responsibility or liability whatsoever to the Company or any other party with respect to the contents of any matters referred herein, or discussed as a result of, this material. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice or investment recommendations. Please consult your own tax, legal, accounting or investment advisor concerning such matters.

Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries. This material does not constitute a commitment by any JPMC entity to extend or arrange credit or to provide any other products or services and JPMorgan reserves the right to withdraw at any time. All services are subject to applicable laws, regulations, and applicable approvals and notifications. The Company should examine the specific restrictions and limitations under the laws of its own jurisdiction that may be applicable to the Company due to its nature or to the products and services referred herein.

Notwithstanding anything to the contrary, the statements in this material are not intended to be legally binding. Any products, services, terms or other matters described herein (other than in respect of confidentiality) are subject to the terms of separate legally binding documentation and/or are subject to change without notice.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: [https://www.jpmorgan.com/global/disclosures/interbank\\_offered\\_rates](https://www.jpmorgan.com/global/disclosures/interbank_offered_rates).

JPMorgan Chase Bank, N.A. Member FDIC.

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability.

© 2021 JPMorgan Chase & Co. All Rights Reserved.