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## TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Websites: <http://www.texwinca.com/>

<http://www.irasia.com/listco/hk/texwinca/>

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### RESULTS

The board of directors (the “Board”) of Texwinca Holdings Limited (the “Company”) has pleasure in presenting the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2020. The interim results have been reviewed by the Company’s audit committee.

#### Condensed Consolidated Statement of Profit or Loss

		Six months ended	
		30 September	
	Notes	2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<b>REVENUE</b>	4	<b>3,407,293</b>	4,197,328
Cost of sales		<b>(2,394,981)</b>	(2,865,905)
Gross profit		<b>1,012,312</b>	1,331,423
Other income and gains	5	<b>87,652</b>	76,255
Selling and distribution expenses		<b>(552,200)</b>	(680,898)
Administrative expenses		<b>(332,640)</b>	(431,571)
Other operating expenses, net		<b>(5,216)</b>	(11,877)
Finance costs		<b>(17,642)</b>	(34,654)
Share of profit of an associate		<b>677</b>	6,483
<b>PROFIT BEFORE TAX</b>	6	<b>192,943</b>	255,161
Income tax expense	7	<b>(52,879)</b>	(43,595)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>140,064</b>	211,566

\*For identification purpose only

	<i>Note</i>	<b>Six months ended 30 September 2020 (Unaudited) HK\$'000</b>	2019 (Unaudited) HK\$'000
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted ( <i>HK cents</i> )	9	<u>10.1</u>	<u>15.3</u>

Details of the dividends for the period are disclosed in note 8 to the financial statements.

**Condensed Consolidated Statement of Comprehensive Income**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT FOR THE PERIOD</b>	<b>140,064</b>	<b>211,566</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u><b>136,038</b></u>	<u><b>(181,844)</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u><b>136,038</b></u>	<u><b>(181,844)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<u><b>276,102</b></u>	<u><b>29,722</b></u>

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>1,161,499</b>	1,144,341
Right-of-use assets		<b>524,538</b>	617,418
Investment properties		<b>516,737</b>	516,737
Construction in progress		<b>5,646</b>	373
Trademarks		<b>33,293</b>	33,293
Investment in an associate		<b>49,029</b>	48,288
Prepayments		<b>3,335</b>	17,220
Long term rental deposits		<b>72,647</b>	76,149
Financial assets at fair value through profit or loss		<b>80,849</b>	74,776
Long term debt instruments at amortised cost		<b>86,374</b>	99,247
Deferred tax assets		<b>14,074</b>	23,630
Total non-current assets		<b>2,548,021</b>	2,651,472
<b>CURRENT ASSETS</b>			
Inventories		<b>2,084,204</b>	2,102,440
Trade receivables	<i>11</i>	<b>951,147</b>	712,289
Bills receivable		<b>277,659</b>	197,307
Prepayments, deposits and other receivables		<b>831,485</b>	817,045
Financial assets at fair value through profit or loss		<b>15,600</b>	56,946
Debt instruments at amortised cost		<b>55,421</b>	37,780
Derivative financial assets		<b>308</b>	41
Cash and cash equivalents		<b>1,055,710</b>	1,737,012
Total current assets		<b>5,271,534</b>	5,660,860
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>1,089,829</b>	708,400
Bills payable		—	1,472
Other payables and accrued liabilities		<b>527,410</b>	526,662
Lease liabilities		<b>239,537</b>	203,468
Derivative financial liabilities		—	419
Interest-bearing bank borrowings		<b>133,520</b>	1,229,533
Tax payable		<b>223,775</b>	183,589
Total current liabilities		<b>2,214,071</b>	2,853,543
<b>NET CURRENT ASSETS</b>		<b>3,057,463</b>	2,807,317
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,605,484</b>	5,458,789

	<i>Note</i>	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deposit received		—	2,236
Lease liabilities		<b>288,694</b>	426,064
Deferred tax liabilities		<b>99,386</b>	100,276
		<hr/>	<hr/>
Total non-current liabilities		<b>388,080</b>	528,576
		<hr/>	<hr/>
Net assets		<b>5,217,404</b>	4,930,213
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital		<b>69,085</b>	69,085
Reserves		<b>5,079,234</b>	4,861,128
Interim/final dividends	8	<b>69,085</b>	—
		<hr/>	<hr/>
Total equity		<b>5,217,404</b>	4,930,213
		<hr/>	<hr/>

## Condensed Consolidated Statement of Changes in Equity

### Attributable to ordinary equity holders of the Company

	Issued capital (Unaudited) <i>HK\$'000</i>	Share premium account (Unaudited) <i>HK\$'000</i>	Capital redemption reserve (Unaudited) <i>HK\$'000</i>	Contributed surplus (Unaudited) <i>HK\$'000</i>	Exchange fluctuation reserve (Unaudited) <i>HK\$'000</i>	Asset revaluation reserve (Unaudited) <i>HK\$'000</i>	Capital reserve (Unaudited) <i>HK\$'000</i>	Retained profits (Unaudited) <i>HK\$'000</i>	Dividends (Unaudited) <i>HK\$'000</i>	Total equity (Unaudited) <i>HK\$'000</i>
At 31 March 2020	69,085	703,365	1,695	3,986	(149,959)	99,246	375,180	3,827,615	—	4,930,213
Effect of early adoption of Amendment to HKFRS 16	—	—	—	—	—	—	—	11,089	—	11,089
At 1 April 2020 (restated)	69,085	703,365	1,695	3,986	(149,959)	99,246	375,180	3,838,704	—	4,941,302
Profit for the period	—	—	—	—	—	—	—	140,064	—	140,064
Other comprehensive income for the period :										
Exchange differences on translation of foreign operations	—	—	—	—	136,038	—	—	—	—	136,038
Total comprehensive income for the period	—	—	—	—	136,038	—	—	140,064	—	276,102
2020/2021 interim dividend	—	—	—	—	—	—	—	(69,085)	69,085	—
At 30 September 2020	69,085	703,365	1,695	3,986	(13,921)	99,246	375,180	3,909,683	69,085	5,217,404
At 31 March 2019	69,085	703,365	1,695	3,986	54,668	99,246	375,180	3,863,075	207,254	5,377,554
Effect of adoption of HKFRS 16	—	—	—	—	—	—	—	(66,344)	—	(66,344)
At 1 April 2019 (restated)	69,085	703,365	1,695	3,986	54,668	99,246	375,180	3,796,731	207,254	5,311,210
Profit for the period	—	—	—	—	—	—	—	211,566	—	211,566
Other comprehensive loss for the period :										
Exchange differences on translation of foreign operations	—	—	—	—	(181,844)	—	—	—	—	(181,844)
Total comprehensive income/ (loss) for the period	—	—	—	—	(181,844)	—	—	211,566	—	29,722
2018/2019 final dividend declared	—	—	—	—	—	—	—	—	(207,254)	(207,254)
2019/2020 interim dividend	—	—	—	—	—	—	—	(138,170)	138,170	—
At 30 September 2019	69,085	703,365	1,695	3,986	(127,176)	99,246	375,180	3,870,127	138,170	5,133,678

## Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	563,598	502,878
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	575,751	(95,068)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,214,954)	(321,194)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(75,605)</b>	<b>86,616</b>
Cash and cash equivalents at beginning of period	1,088,828	1,975,981
Foreign exchange adjustments	(9,098)	(17,558)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,004,125</b>	<b>2,045,039</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	275,115	460,109
Non-pledged time deposits with original maturity within three months when acquired	729,010	1,584,930
Non-pledged time deposits with original maturity over three months when acquired	51,585	190,536
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	1,055,710	2,235,575
Less : Non-pledged time deposits with original maturity over three months when acquired	(51,585)	(190,536)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	1,004,125	2,045,039

### Notes to the Financial Statements

#### 1. BASIS OF PREPARATION

The unaudited condensed interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2020, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)

Other than as explained below regarding the impact of Amendment to HKFRS 16, the adoption of the above new and revised HKFRSs has had no significant financial effect on these condensed interim financial statements.

### ***Amendment to HKFRS 16***

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 31 March 2020 and the six months ended 30 September 2020, certain monthly lease payments for the leases of the Group's retail stores have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 March 2020 and six months ended 30 September 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$11,089,000 and HK\$8,912,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to retained profits as at 1 April 2020 and profit or loss for the six months ended 30 September 2020, respectively.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgments and estimates adopted in the preparation of the unaudited condensed interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2020.



#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the production, dyeing and sale of knitted fabric, yarn and garments segment;
- (b) the retailing and distribution of casual apparel and accessories segment; and
- (c) the “others” segment comprises, principally, the provision of franchise services and property investment.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit before tax except interest income, non-lease related finance costs and share of profit of an associate, are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Production, dyeing and sale of knitted fabric, yarn and garments		Retailing and distribution of casual apparel and accessories		Others		Eliminations		Consolidated	
	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) (Restated) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) (Restated) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) (Restated) <i>HK\$'000</i>
<b>Segment revenue :</b>										
Sales to external customers	<b>2,308,488</b>	2,849,791	<b>1,097,602</b>	1,346,157	<b>1,203</b>	1,380	—	—	<b>3,407,293</b>	4,197,328
Intersegment sales	<b>83,795</b>	18,913	—	—	<b>3,769</b>	3,017	<b>(87,564)</b>	(21,930)	—	—
Other revenue	<b>34,204</b>	25,446	<b>15,788</b>	2,814	<b>23,558</b>	17,293	<b>(1,363)</b>	(4,159)	<b>72,187</b>	41,394
	<b>2,426,487</b>	2,894,150	<b>1,113,390</b>	1,348,971	<b>28,530</b>	21,690	<b>(88,927)</b>	(26,089)	<b>3,479,480</b>	4,238,722
<b>Segment results</b>	<b>326,051</b>	351,001	<b>(172,749)</b>	(130,636)	<b>34,649</b>	14,827	<b>(6,743)</b>	—	<b>181,208</b>	235,192
<i>Reconciliation :</i>										
Interest income									<b>15,465</b>	34,861
Finance costs (excluding interest on lease liabilities)									<b>(4,407)</b>	(21,375)
Share of profit of an associate									<b>677</b>	6,483
Profit before tax									<b>192,943</b>	255,161
Income tax expense									<b>(52,879)</b>	(43,595)
Profit for the period									<b>140,064</b>	211,566

## 5. REVENUE, OTHER INCOME AND GAINS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from contracts with customers</b>		
Sales of goods	3,401,135	4,190,439
Rendering of services	5,074	5,746
Franchise and royalty income	1,084	1,143
	<b>3,407,293</b>	<b>4,197,328</b>
<i>Disaggregated revenue information</i>		
<b>Timing of revenue recognition</b>		
At a point in time	3,401,135	4,190,439
Over time	6,158	6,889
	<b>3,407,293</b>	<b>4,197,328</b>
<b>Other income and gains</b>		
Interest income	15,465	34,861
Net fair value gains on foreign exchange derivative financial instruments	1,420	1,743
Gross rental income from investment property operating leases	10,020	11,323
Compensation from suppliers for defective goods	5,058	13,213
Gain on disposal of items of property, plant and equipment	—	65
Government subsidies	27,931	6,402
Sundry income	27,758	8,648
	<b>87,652</b>	<b>76,255</b>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	109,545	127,566
Depreciation of right-of-use assets	123,752	135,321
Write-down/(reversal of write-down) of inventories	9,879	(4,605)
Impairment of trade receivables	1,389	8,091
Net loss/(gain) on disposal of items of property, plant and equipment	4,913	(65)

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current - Hong Kong and Mainland China:		
Charge for the period	54,399	41,773
Underprovision in prior years	165	—
Deferred	(1,685)	1,822
	<hr/>	<hr/>
Total tax charge for the period	52,879	43,595

## 8. DIVIDENDS

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend	69,085	138,170
Interim dividend per ordinary share ( <i>HK cents</i> )	5.0	10.0

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,381,696,104 (six months ended 30 September 2019: 1,381,696,104) in issue during the period.

The Company had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2020 and 30 September 2019.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired items of property, plant and equipment with a cost of HK\$69,416,000 (six months ended 30 September 2019: HK\$73,484,000). Items of property, plant and equipment with a net book value of HK\$5,776,000 (six months ended 30 September 2019: HK\$5,744,000) were disposed of during the six months ended 30 September 2020.

## 11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance of HK\$34,777,000 (31 March 2020: HK\$33,388,000), is as follows:

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Within 90 days	<b>770,049</b>	670,617
Over 90 days	<b>181,098</b>	41,672
	<b>951,147</b>	712,289

Payment terms of the Group's customers mainly range from "cash before delivery" to "90 days from the date of invoice". A significant portion of the customers trades with the Group under documentary credit terms. The Group seeks to maintain strict credit control on its outstanding receivables and has a policy to manage its credit risk. Since the Group's trade receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## 12. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Within 90 days	<b>964,303</b>	690,687
Over 90 days	<b>125,526</b>	17,713
	<b>1,089,829</b>	708,400

At the end of the reporting period, the trade payables are non-interest-bearing and are normally settled on 90-day terms.

## 13. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	<b>4,646</b>	4,892

- (b) The Hong Kong Inland Revenue Department (the “IRD”) initiated a review on the tax affairs of certain subsidiaries of the Group for the years of assessment from 2005/2006 to 2016/2017.

Details of protective tax assessments issued by the IRD to certain subsidiaries of the Group:

Related to the year of assessment	Protective tax assessments		Amount of tax reserve certificates purchased <i>HK\$ '000</i>
	Year and month of issue	Tax amount <i>HK\$ '000</i>	
2005/2006	March 2012	69,125	4,500
2006/2007	March 2013	189,000	31,500
2007/2008	March 2014	388,878	34,000
2008/2009	March 2015	376,200	38,000
2009/2010	March 2016	323,648	38,000
2010/2011	January 2017	237,600	50,000
2011/2012	January 2018	183,745	7,090
2012/2013	April 2018 and January 2019	175,049	46,069
2013/2014	April 2018 and January 2020	502,200	166,320
2014/2015	April 2018	247,460	82,500
2015/2016	April 2018	230,400	71,710
2016/2017	April 2018	129,628	49,808
As at 30 September 2020 and 31 March 2020		<u>3,052,933</u>	<u>619,497</u>

The directors of these subsidiaries believe that there are valid grounds to object to the tax claimed. Subsequent to the objections filed, the IRD agreed to hold over the tax claimed completely subject to the purchases of tax reserve certificates.

In view that the tax review is still in progress, the outcome of the case is still uncertain. Up to the date of approval of these financial statements, the directors of the Company consider that adequate tax provisions have been made in these financial statements.

#### 14. CAPITAL COMMITMENTS

The commitments for capital expenditure of the Group at the end of the reporting period were as follows:

	<b>30 September 2020 (Unaudited) <i>HK\$ '000</i></b>	31 March 2020 (Audited) <i>HK\$ '000</i>
In respect of property, plant and equipment, contracted but not provided for	<u><b>30,547</b></u>	<u>18,669</u>

## 15. RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following related party transactions:

	<i>Note</i>	<b>Six months ended 30 September 2020 (Unaudited) HK\$'000</b>	2019 (Unaudited) HK\$'000
Rental expenses paid to related companies	(i)	<b>7,283</b>	12,231

*Note:*

(i) *Rental expenses were paid to related companies, of which certain directors of the Company are also the directors and beneficial shareholders, for the provision of directors' quarters, retail outlets and a training centre for certain subsidiaries in Hong Kong and Mainland China. The directors considered that the monthly rentals were charged based on the prevailing market rates at the dates of entering into the tenancy agreements.*

(b) On 17 January 2020, the Group entered into a lease agreement with Mountain Rich Limited ("MRL"), a company wholly-owned by Mr. Poon Bun Chak, an executive director and controlling shareholder of the Company, to lease Tianjin Bin Jiang Fu Shi Commercial Building at 282-286 Bin Jiang Road, He Ping Qu, Tianjin, China from MRL as a retail outlet for the retail and distribution of apparel and accessories business of the Group for a term of two years commencing from 1 April 2020 at the monthly rent of RMB1,329,900. During the period, MRL waived the rental from 1 July 2020 to 30 September 2020, the Group paid to MRL operating lease rentals in respect of the above property of HK\$4,365,929 (six months ended 30 September 2019: HK\$9,224,186).

On 17 January 2020, the Group entered into a lease agreement with Latex (Hong Kong) Limited ("Latex"), a company wholly-owned by Mr. Poon Bun Chak, an executive director and controlling shareholder of the Company, to lease a property located at 22 Perkins Road, Jardine's Lookout, Hong Kong from Latex as a director's quarter of the Group for a term of two years commencing from 1 April 2020 at the monthly rent of HK\$400,000. During the period, the Group paid to Latex operating lease rentals in respect of the above property of HK\$2,400,000 (six months ended 30 September 2019: HK\$2,400,000).

On 17 January 2020, the Group entered into a lease agreement with Winson Link Enterprises Limited ("WLEL"), a company wholly-owned by Mr. Poon Bun Chak, an executive director and controlling shareholder of the Company, to lease Room 4207B, 42nd Floor, Metroplaza Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong and a car parking space from WLEL as a training center of the Group for a term of two years commencing from 1 April 2020 at the monthly rent of HK\$67,240. During the period, the Group paid to WLEL operating lease rentals in respect of the above property and a car parking space of HK\$403,440 (six months ended 30 September 2019 : HK\$379,000).

On 17 January 2020, the Group entered into a lease agreement with Sonway Enterprises Limited ("Sonway"), a company wholly-owned by Mr. Ting Kit Chung, an executive director of the Company to lease a property located at 3/F, Ernest Court, 27 Ngan Mok Street, Tin Hou, Hong Kong from Sonway as a director's quarter of the Group for a term of one year commencing from 1 April 2020 at the monthly rent of HK\$38,000. The agreement was early terminated on 1 July 2020. During the period, the Group paid to Sonway operating lease rentals in respect of the above property of HK\$114,000 (Six months ended 30 September 2019 : HK\$228,000).

(c) Compensation of key management personnel of the Group:

	Note	Six months ended	
		30 September 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Short term employee benefits	(i)	19,046	26,274
Post-employment benefits		17	18
Total compensation paid to key management personnel		<u>19,063</u>	<u>26,292</u>

Note:

(i) As the Group was affected by the outbreak of COVID-19, Mr. Poon Bun Chak, Mr. Ting Kit Chung and Mr. Poon Ho Tak voluntarily agreed to waive part of their compensation of HK\$4,006,800, HK\$690,000 and HK\$180,000, respectively, for the six months ended 30 September 2020 (six month ended 30 September 2019 : Nil).

## 16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
<b>Financial assets</b>				
Derivative financial instruments	308	41	308	41
Financial assets at fair value through profit or loss	96,449	131,722	96,449	129,920
Debt instruments at amortised cost	141,795	137,027	134,164	119,028
	<u>238,552</u>	<u>268,790</u>	<u>230,921</u>	<u>248,989</u>
<b>Financial liabilities</b>				
Derivative financial instruments	—	419	—	419



Management has assessed that the fair values of cash and cash equivalents, trade receivables, bills receivable, financial assets included in prepayments, deposits and other receivables, trade payables, bills payable, an amount due to an associate, the current portion of interest-bearing bank borrowings, and financial liabilities included in other payables and accrued liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department directly reports to the Board. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Board.

The fair values of the financial assets and liabilities are included as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets at fair value through profit or loss and debt instruments at amortised cost are estimated based on quoted prices.

The fair values of the long term rental deposits and non-current interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 September 2020 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

**Assets measured at fair value:**

	<b>Fair value measurement as at 30 September 2020 (Unaudited)</b>			
	<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Derivative financial assets	—	308	—	308
Financial assets at fair value through profit or loss	<b>96,449</b>	—	—	<b>96,449</b>
	<b>96,449</b>	<b>308</b>	—	<b>96,757</b>
	<b>Fair value measurement as at 31 March 2020 (Audited)</b>			
	<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Derivative financial assets	—	41	—	41
Financial assets at fair value through profit or loss	129,920	—	—	129,920
	129,920	41	—	129,961

**Liabilities measured at fair value:**

<b>Fair value measurement as at 30 September 2020 (Unaudited)</b>			
<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
—	—	—	—
<b>Derivative financial liabilities</b>			
<b>Fair value measurement as at 31 March 2020 (Audited)</b>			
<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
—	419	—	419
<b>Derivative financial liabilities</b>			

As at 30 September 2020 and 31 March 2020, the Group had no financial instruments measured at fair value under Level 3.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 September 2019: nil).

**Assets for which fair values are disclosed:**

<b>Fair value measurement as at 30 September 2020 (Unaudited)</b>			
<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>134,164</b>	—	—	<b>134,164</b>
<b>Debt instruments at amortised cost</b>			
<b>Fair value measurement as at 31 March 2020 (Audited)</b>			
<b>Quoted prices in active markets (Level 1) <i>HK\$'000</i></b>	<b>Significant observable inputs (Level 2) <i>HK\$'000</i></b>	<b>Significant unobservable inputs (Level 3) <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
119,028	—	—	119,028
<b>Debt instruments at amortised cost</b>			

## **Management's Discussion and Analysis**

### **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK5.0 cents (six months ended 30 September 2019: HK10.0 cents) per ordinary share for the six months ended 30 September 2020. The interim dividend will be payable on Friday, 8 January 2021 to shareholders registered on the Register of Members of the Company on Wednesday, 16 December 2020.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 14 December 2020 to Wednesday, 16 December 2020 (both days inclusive) for the purpose of determining the entitlement to the interim dividend for the six months ended 30 September 2020. During which period no transfer of shares of the Company will be registered and no share will be allotted and issued. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 11 December 2020.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENT**

For the six months ended 30 September 2020, the Group's total turnover decreased by 18.8% to HK\$3,407 million (six months ended 30 September 2019 : HK\$4,197 million). Profit for the period attributable to the ordinary equity holders of the Company amounted to HK\$140 million (six months ended 30 September 2019 : HK\$212 million), a drop of 34.0%. The Group's gross profit margin was 29.7% (six months ended 30 September 2019 : 31.7%), a decrease of 2.0 percentage points from last year. The Board has recommended an interim dividend of HK5.0 cents per ordinary share, a decrease of 50.0% compared to last interim period's HK10.0 cents per ordinary share.

#### **Textile business**

Revenue of the business decreased by 19.0% to HK\$2,308 million (six months ended 30 September 2019: HK\$2,850 million). The amount was 67.7% (six months ended 30 September 2019: 67.9%) of the Group's total turnover. Since the beginning of 2020, the outbreak of the 2019 novel coronavirus (COVID-19) has disrupted the Group's production at different times in China. Factory operations were suspended for some time after the Chinese New Year in February 2020. International lockdowns have severely impacted the global economic activities. The Group faced the adverse market situation, resulting in delays and cancellation of business orders. Until June 2020, the apparel industry slowly recovered. In the period, raw materials and fuel prices decreased moderately, resulting a more favourable cost structure. The Group continued focusing on cost reduction to enhance operating profitability. The average selling price decreased by 6.9% and the gross profit margin increased to 24.0% from last year's 23.2%. The performance and the key financial ratios of the business were as below :

<i>(Amounts expressed in HK\$' million, unless specified)</i>	<b>Six months ended 30 Sep 2020</b>	Year ended 31 Mar 2020	Six months ended 30 Sep 2019	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Net sales	<b>2,308</b>	4,919	2,850	4,759	4,535
Gross profit margin (%)	<b>24.0</b>	23.2	23.2	18.3	15.9
Operating profit( <i>note 1</i> )	<b>326</b>	540	351	354	241
EBITDA ( <i>note 1</i> )	<b>419</b>	770	447	526	410
Return on total assets (%) <i>(annualised) (note 2)</i>	<b>9.5</b>	6.9	8.8	4.2	1.9
Return on sales (%) <i>(note 2)</i>	<b>11.8</b>	8.9	10.8	5.9	2.9
Return on equity (%) <i>(annualised) (note 2)</i>	<b>12.3</b>	10.8	15.0	6.8	3.0
Capital expenditure	<b>47</b>	76	34	160	162

Notes : (1) Exclude interest income and rental income.  
(2) Exclude rental income.

### Retail and distribution business

Sales of the business dropped by 18.4% to HK\$1,098 million (six months ended 30 September 2019 : HK\$1,346 million). The sum represented 32.2% (six months ended 30 September 2019 : 32.1%) of the Group's total turnover. At the start of 2020, the COVID-19 outbreak caused the China government to announce different stages of lockdown across the country. The retail activities in China were seriously hurt as a consequence of the temporary or permanently closure of stores. The Group's retail operation was thus negatively impacted. The retail business in Hong Kong has also weakened mainly due to the adverse economic environment and restrictions on social activities. The gross profit margin was 42.3%, a significant decrease from last year's 49.8%. The performance and the key financial ratios of this business were as below :

(a) the business performance and the key financial ratios were as follows:

<i>(Amounts expressed in HK\$' million, unless specified)</i>	<b>Six months ended 30 Sep 2020</b>	Year ended 31 Mar 2020	Six months ended 30 Sep 2019	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Net sales	<b>1,098</b>	2,709	1,346	3,448	3,989
Gross profit margin (%)	<b>42.3</b>	47.5	49.8	50.1	47.4
Sales growth of comparable shops <i>(%)(note 1)</i>	<b>(21.3)</b>	(17.1)	(15.9)	(12.8)	(6.9)
Operating profit/(loss) ( <i>note 2</i> )	<b>(173)</b>	(316)	(131)	(110)	14
EBITDA ( <i>note 2</i> )	<b>(15)</b>	3	49	(24)	102
Return on total assets (%) <i>(annualised)(note 3)</i>	<b>(11.8)</b>	(11.1)	(8.9)	(4.3)	0.4
Return on sales (%) <i>(note 3)</i>	<b>(14.7)</b>	(10.6)	(8.6)	(2.9)	0.2
Return on equity (%) <i>(annualised)(note 3)</i>	<b>(71.0)</b>	(53.4)	(25.4)	(8.8)	0.7
Capital expenditure	<b>28</b>	146	40	76	94

Notes : (1) Comparable shops include shops with full period/year operation during the period/year and the preceding period/year.  
(2) Exclude interest income and rental income.  
(3) Exclude rental income.

(b) the analysis of turnover by major brand was as follows:

<i>(HK\$'million)</i>	<b>Six months</b>	Year ended	Six months	Year ended	Year ended
	<b>ended</b>	31 Mar 2020	ended	31 Mar 2019	31 Mar 2018
	<b>30 Sep 2020</b>		30 Sep 2019		
Baleno	<b>1,021</b>	2,484	1,219	3,073	3,274
Others	<b>77</b>	225	127	375	715
Total	<b>1,098</b>	2,709	1,346	3,448	3,989

(c) the development in different markets was as follows:

#### Mainland China

	<b>Six months</b>	Year ended	Six months	Year ended	Year ended
	<b>ended</b>	31 Mar 2020	ended	31 Mar 2019	31 Mar 2018
	<b>30 Sep 2020</b>		30 Sep 2019		
Net sales <i>(HK\$'million)</i>	<b>886</b>	2,085	1,052	2,767	3,414
Decrease in net sales (%)	<b>(16)</b>	(25)	(27)	(19)	(2)
Retail floor area <i>(sq. ft.)</i> <sup>*#</sup>	<b>1,193,201</b>	1,690,117	1,446,033	1,626,047	1,781,314
Number of sales associates <sup>*#</sup>	<b>3,582</b>	3,446	4,104	4,182	4,946
Number of outlets <sup>*△</sup>	<b>1,838</b>	1,838	1,985	2,183	2,499

#### Hong Kong

	<b>Six months</b>	Year ended	Six months	Year ended	Year ended
	<b>ended</b>	31 Mar 2020	ended	31 Mar 2019	31 Mar 2018
	<b>30 Sep 2020</b>		30 Sep 2019		
Net sales <i>(HK\$'million)</i>	<b>212</b>	624	294	681	575
Increase/(decrease) in net sales (%)	<b>(28)</b>	(8)	6	18	1
Retail floor area <i>(sq. ft.)</i> <sup>*#</sup>	<b>91,194</b>	90,281	89,074	87,752	79,822
Number of sales associates <sup>*#</sup>	<b>314</b>	288	520	571	484
Number of outlets <sup>*#</sup>	<b>84</b>	83	80	78	73

\* As at the end of the reporting period

# For self-managed stores

△ Including self-managed stores, consignment stores and franchise stores

## FINANCIAL CONDITION

### Liquidity and financial resources

The Group continued to maintain a sound financial position. The current ratio, the total bank borrowings and the gearing ratio as at the period end were 2.4, HK\$134 million and -0.2 (31 March 2020: 2.0, HK\$1,230 million and -0.1) respectively. Bank borrowings decreased during the period as the Group continued to repay its bank loans with cash inflow from its operating activities and matured time deposits. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to the total equity.

During the period, the interest cover, the trade and bills receivables to turnover and the inventories to turnover were 12 times, 66 days and 112 days (six months ended 30 September 2019: 8 times, 47 days and 89 days) respectively. The interest cover improved as the interest expenses dropped following the substantial repayment of bank borrowings during the period. The trade and bills receivables to turnover days and the inventory turnover days rose during the period as customer demand was weakened due to the widespread of the COVID-19 pandemic. The Group mainly satisfied its funding requirements with cash inflow from its operating activities and bank borrowings. At the period end, the cash and cash equivalents, the equity attributable to ordinary equity holders of the Company and the unutilized banking facilities were HK\$1,056 million, HK\$5,217 million and HK\$6,632 million (31 March 2020: HK\$1,737 million, HK\$4,930 million and HK\$5,491 million), respectively.

### **Capital expenditure**

The capital expenditure incurred by the Group during the period was HK\$75 million (six months ended 30 September 2019: HK\$74 million). The capital expenditure incurred by the textile business for the period was HK\$47 million (six months ended 30 September 2019: HK\$34 million) mainly for the addition of plant and machinery for the dyeing and knitting factory. For the retail and distribution business, our capital expenditure incurred for the period amounted to HK\$28 million (six months ended 30 September 2019: HK\$40 million) mainly for the addition of leasehold improvements of the retail outlets.

### **Pledge of assets**

No significant assets were pledged as at 30 September 2020 and 31 March 2020.

### **Contingent Liabilities**

Details of the contingent liabilities as at 30 September 2020 and 31 March 2020 have been set out in note 13 to the financial statements.

### **Foreign exchange and interest rate risks**

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest bearing bank borrowings of the Group were HKD, USD and RMB fixed or floating rate borrowings with maturity due within one years (31 March 2020: within two years). At the period end, the cash and cash equivalents, debt instruments at amortised cost and financial assets at fair value through profit or loss were mainly denominated in HKD, RMB and USD. The cash and cash equivalents were placed as fixed deposits with well established financial institutions at fixed interest rate with maturity due within one year (31 March 2020: within one year). And, the debt instruments at amortised cost and financial assets at fair value through profit or loss were mainly fixed interest rate investments with maturity due within five years or at perpetuity (31 March 2020: within six years or at perpetuity). As affected by the widespread of COVID-19, the global economic activities are suffering from serious slowdown. The interest rate is expected to stay at the low level in the coming few year. The Group will continue to monitor the interest rate risk and arrange appropriate financial instruments to reduce its risk whenever appropriate.

During the period, the major assets, liabilities, revenue, expenses and procurements of the Group were denominated in HKD, USD, RMB and YEN and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

### **HUMAN RESOURCES**

At the period end, the Group had about 11,570 (31 March 2020: 11,589) employees in the Greater China. The remuneration of the employees was largely based on industry practice and the performance of individual employee.

## CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group has been active in participating in charitable donation, caring for the needy people, and supporting and sponsoring educational and environmental protection activities. In addition, we also encourage our employees, customers and business partners to partake in the aforesaid activities with a view to developing a better future for our community.

During the period, some of the activities/organisations the Group participated in/donated or sponsored to were:

- (1) Educational Fund in Dongguan city of Guangdong Province;
- (2) The Community Chest of Hong Kong “Green Low Carbon Day”; and
- (3) The Hong Kong Council of Social Service “Caring Company”.

The Group believes that the development of a better future for our community relies on the participation of people, corporations and the government. Therefore, we will continue to invest resources in all major social, educational and environmental protection activities to strive for a better future for our community.

## OUTLOOK

At the time of this interim results announcement, the COVID-19 pandemic is still dynamic in many countries. The global economy and the consumer market are expected to be highly uncertain in the near future. Fortunately, the COVID-19 in China is under control and normal public life is basically resumed. The Group’s retail business performance is expected to have improvement in the second half of 2020.

Looking forward, the operating environment will be challenging. The Group will closely monitor the market situation and the development of the COVID-19 epidemic to apply timely business measures. The Group will also continue to exercise stringent cash management to maintain a solid financial position. Notwithstanding the challenges and uncertainty ahead, the Group holds a positive attitude towards the performance in the second half of the year.

## Other Information

### DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2020, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules, was as follows:

Long positions in ordinary shares of the Company:

Name of director	Capacity	Note	Number of ordinary shares held	Percentage of the Company’s issued share capital
<b>Executive directors:</b>				
Poon Bun Chak	Founder of a family trust	1	693,360,104	50.2
Ting Kit Chung	Beneficial owner		6,100,000	0.4



Note:

1. Mr. Poon Bun Chak is a founder of a family trust and is deemed to be interested in 693,360,104 shares held under the family trust. For details, please refer to the section "Substantial shareholders' and other person's interests in shares and underlying shares" below.

Save as disclosed above, as at 30 September 2020, none of the directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2020, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity	Notes	Number of ordinary shares held	Percentage of the Company's issued share capital
UBS Trustees (B.V.I.) Limited	Trustee	1	693,360,104	50.2
Poon's Holdings Limited	Through controlled corporation	1	693,360,104	50.2
Farrow Star Limited	Directly owned	1	693,360,104	50.2
Pandanus Associates Inc.	Through controlled corporations	2	69,460,000	5.0
Pandanus Partners L.P.	Through controlled corporations	2	69,460,000	5.0
FIL Limited	Through controlled corporations	2	69,460,000	5.0

Notes:

1. UBS Trustees (B.V.I.) Limited, as a trustee of a family trust founded by Mr. Poon Bun Chak, holds the entire issued share capital of Poon's Holdings Limited through its nominee, UBS Nominees Limited. Poon's Holdings Limited holds the entire issued share capital of Farrow Star Limited. Farrow Star Limited in turn holds 693,360,104 shares of the Company. Therefore, each of Mr. Poon Bun Chak, UBS Trustees (B.V.I.) Limited, Poon's Holdings Limited and Farrow Star Limited is deemed to be interested in 693,360,104 Shares held by Farrow Star Limited.

2. *Pandanus Associates Inc. has the entire control of Pandanus Partners L.P. which in turn owns 37.01% in FIL Limited. FIL Limited is deemed to be interested in 69,460,000 shares of the Company through a series of subsidiaries. Therefore, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited is deemed to be interested in 69,460,000 shares of the Company.*

Save as disclosed above, as at 30 September 2020, no person, other than the directors of the Company, whose interests are set out in the section “Directors’ interests and short positions in shares and underlying shares” above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period.

## **AUDIT COMMITTEE**

The Audit Committee (the “Committee”) consists of the three independent non-executive directors of the Company namely Mr. Law Brian Chung Nin, Mr. Au Son Yiu and Mr. Cheng Shu Wing. The Committee is chaired by Mr. Law Brian Chung Nin, a qualified accounting professional. The principal duties of the Committee include the review and supervision of the financial reporting process and internal controls of the Group.

For the interim period under review, the Committee has reviewed and discussed with the management the interim report and the risk management and internal controls of the Group and has made recommendations to the Board.

## **CORPORATE GOVERNANCE**

In the opinion of the directors, the Company complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report, except for the following deviation:

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The chairman of the Board has delegated the duty of attending the annual general meeting to an executive director of the Company. The chairman considers the executive director a suitable person for taking up such duty as the executive director has good understanding of each operating segment of the Group.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the Company’s code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, they have all complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

## **CHANGES IN INFORMATION OF DIRECTORS**

There is no change in the information of directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company’s 2020 Annual Report.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Ting Kit Chung and Mr. Poon Ho Tak; the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.

## **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The Company's interim report for the six months ended 30 September 2020 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under "Latest Listed Company Information" and on the website of the Company at [www.texwinca.com](http://www.texwinca.com) under "Investor Relations" in due course.

On behalf of the Board  
**Poon Bun Chak**  
*Executive Chairman*

Hong Kong, 11 November 2020