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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 2021

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 2021. The interim results have been reviewed by the Company’s audit committee.

Condensed Consolidated Statement of Profit or Loss

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	4,172,121	3,407,293
Cost of sales		(2,994,871)	(2,394,981)
Gross profit		1,177,250	1,012,312
Other income and gains	5	61,720	87,652
Selling and distribution expenses		(601,714)	(552,200)
Administrative expenses		(455,719)	(332,640)
Other operating expenses, net		1,866	(5,216)
Finance costs		(15,383)	(17,642)
Share of profit/(loss) of an associate		(193)	677
PROFIT BEFORE TAX	6	167,827	192,943
Income tax expense	7	(30,584)	(52,879)
PROFIT FOR THE PERIOD		137,243	140,064
Attributable to:			
Ordinary equity holders of the Company		138,464	140,064
Non-controlling interests		(1,221)	—
		137,243	140,064

*For identification purpose only

		Six months ended	
		30 September	
	<i>Note</i>	2021	2020
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (<i>HK cents</i>)	9	10.0	10.1

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

Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	137,243	140,064
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>28,110</u>	<u>136,038</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>28,110</u>	<u>136,038</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>165,353</u>	<u>276,102</u>
Attributable to:		
Ordinary equity holders of the Company	166,578	276,102
Non-controlling interests	<u>(1,225)</u>	<u>—</u>
	<u>165,353</u>	<u>276,102</u>

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,134,376	1,146,482
Right-of-use assets		505,956	530,753
Investment properties		517,995	517,995
Construction in progress		119,669	28,358
Trademarks		33,293	33,293
Investment in an associate		6,953	7,126
Prepayments		52,468	23,752
Long term rental deposits		100,967	93,029
Financial assets at fair value through profit or loss		62,547	70,683
Long term debt instruments at amortised cost		37,564	45,241
Deferred tax assets		29,228	39,261
Total non-current assets		2,601,016	2,535,973
CURRENT ASSETS			
Inventories		2,709,692	2,388,533
Trade receivables	<i>11</i>	1,177,757	894,881
Bills receivable		175,628	262,320
Prepayments, deposits and other receivables		351,641	893,593
Financial assets at fair value through profit or loss		2,346	2,346
Debt instruments at amortised cost		36,909	60,653
Derivative financial assets		2,506	1,802
Cash and cash equivalents		2,332,785	1,700,293
Total current assets		6,789,264	6,204,421
CURRENT LIABILITIES			
Trade payables	<i>12</i>	1,121,648	858,693
Bills payable		31,258	2,388
Other payables and accrued liabilities		795,805	654,320
Lease liabilities		201,005	194,809
Derivative financial liabilities		—	2,527
Interest-bearing bank borrowings		1,279,638	855,330
Tax payable		117,107	304,338
Total current liabilities		3,546,461	2,872,405
NET CURRENT ASSETS		3,242,803	3,332,016
TOTAL ASSETS LESS CURRENT LIABILITIES		5,843,819	5,867,989

	<i>Note</i>	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Other payables and accrued liabilities		12,536	14,853
Lease liabilities		314,174	346,178
Deferred tax liabilities		90,173	107,205
		<hr/>	<hr/>
Total non-current liabilities		416,883	468,236
		<hr/>	<hr/>
Net assets		5,426,936	5,399,753
		<hr/>	<hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		69,085	69,085
Reserves		5,248,791	5,192,749
Proposed interim dividends	8	110,536	138,170
		<hr/>	<hr/>
		5,428,412	5,400,004
		<hr/>	<hr/>
Non-controlling interests		(1,476)	(251)
		<hr/>	<hr/>
Total equity		5,426,936	5,399,753
		<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 (Unaudited) <i>HK\$'000</i>	Non- controlling interests (Unaudited) <i>HK\$'000</i>	Total equity (Unaudited) <i>HK\$'000</i>
At 1 April 2021	69,085	703,365	1,695	3,986	114,704	99,246	375,180	3,894,573	138,170	5,400,004	(251)	5,399,753
Profit for the period	—	—	—	—	—	—	—	138,464	—	138,464	(1,221)	137,243
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	28,114	—	—	—	—	28,114	(4)	28,110
Total comprehensive income/ (loss) for the period	—	—	—	—	28,114	—	—	138,464	—	166,578	(1,225)	165,353
2020/2021 final dividend declared	—	—	—	—	—	—	—	—	(138,170)	(138,170)	—	(138,170)
2021/2022 proposed interim dividend	—	—	—	—	—	—	—	(110,536)	110,536	—	—	—
At 30 September 2021	69,085	703,365	1,695	3,986	142,818	99,246	375,180	3,922,501	110,536	5,428,412	(1,476)	5,426,936
At 31 March 2020	69,085	703,365	1,695	3,986	(149,959)	99,246	375,180	3,827,615	—	4,930,213	—	4,930,213
Effect of early adoption of amendment to HKFRS 16	—	—	—	—	—	—	—	11,089	—	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	—	4,941,302
Profit for the period	—	—	—	—	—	—	—	140,064	—	140,064	—	140,064
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	136,038	—	—	—	—	136,038	—	136,038
Total comprehensive income for the period	—	—	—	—	136,038	—	—	140,064	—	276,102	—	276,102
2020/2021 proposed 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	—	5,217,404

Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	470,033	563,598
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(830,416)	575,751
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	286,828	(1,214,954)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,555)	(75,605)
Cash and cash equivalents at beginning of period	1,648,537	1,088,828
Foreign exchange adjustments	(6,299)	(9,098)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,568,683	1,004,125
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	409,138	275,115
Non-pledged time deposits with original maturity within three months when acquired	1,159,545	729,010
Non-pledged time deposits with original maturity over three months when acquired	764,102	51,585
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	2,332,785	1,055,710
Less: Non-pledged time deposits with original maturity over three months when acquired	(764,102)	(51,585)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	1,568,683	1,004,125

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 2021.

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 2021, 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 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

The adoption of the above new and revised HKFRSs has had no significant financial effect on these condensed interim financial statements.

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 2021.

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/(loss) 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	3,040,170	2,308,488	1,131,315	1,097,602	636	1,203	—	—	4,172,121	3,407,293
Intersegment sales	89,053	83,795	—	—	4,332	3,769	(93,385)	(87,564)	—	—
Other revenue	28,120	34,204	4,167	15,788	17,260	23,558	(1,363)	(1,363)	48,184	72,187
	3,157,343	2,426,487	1,135,482	1,113,390	22,228	28,530	(94,748)	(88,927)	4,220,305	3,479,480
Segment results	321,320	326,051	(187,457)	(172,749)	25,039	34,649	(2,103)	(6,743)	156,799	181,208
<i>Reconciliation:</i>										
Interest income									13,536	15,465
Finance costs (other than interest on lease liabilities)									(2,315)	(4,407)
Share of profit/(loss) of an associate									(193)	677
Profit before tax									167,827	192,943
Income tax expense									(30,584)	(52,879)
Profit for the period									137,243	140,064

5. REVENUE, OTHER INCOME AND GAINS

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers		
Sales of goods	4,160,999	3,401,135
Rendering of yarn dyeing services and garment processing services	10,485	5,074
Franchise and royalty income	637	1,084
	4,172,121	3,407,293
<i>Disaggregated revenue information</i>		
Timing of revenue recognition		
At a point in time	4,171,484	3,406,209
Over time	637	1,084
	4,172,121	3,407,293
Other income and gains		
Interest income	13,536	15,465
Net fair value gains on foreign exchange derivative financial instruments	5,316	1,420
Gross rental income from investment property operating leases	7,013	10,020
Compensation from suppliers for defective goods	4,451	5,058
Gain on disposal of items of property, plant and equipment	7,255	—
Government subsidies	3,334	27,931
Rental income from suppliers and others	4,656	10,755
Sales of scrap materials	10,198	4,631
Sales of steam	1,699	4,821
Sundry income	4,262	7,551
	61,720	87,652

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	107,413	109,545
Depreciation of right-of-use assets	117,819	123,752
Write-down/(reversal of write-down) of inventories	(12,623)	9,879
Impairment of trade receivables	436	1,389
Net loss/(gain) on disposal of items of property, plant and equipment	(7,255)	4,913

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 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. The first HK\$2,000,000 (six months ended 30 September 2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (six months ended 30 September 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 September 2020: 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 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current – Hong Kong and Mainland China:		
Charge for the period	38,767	54,399
Under/(over)-provision in prior years	(548)	165
Deferred	(7,635)	(1,685)
	<hr/>	<hr/>
Total tax charge for the period	30,584	52,879

8. DIVIDENDS

	Six months ended	
	30 September 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interim dividend	110,536	69,085
Interim dividend per ordinary share (HK cents)	8.0	5.0

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 2020: 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 2021 and 30 September 2020.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment with a cost of HK\$87,620,000 (six months ended 30 September 2020: HK\$69,416,000). Items of property, plant and equipment with a net book value of HK\$2,401,000 (six months ended 30 September 2020: HK\$5,776,000) were disposed of during the six months ended 30 September 2021.

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\$51,908,000 (31 March 2021: HK\$51,472,000), is as follows:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Within 90 days	1,105,083	846,068
Over 90 days	72,674	48,813
	<u>1,177,757</u>	<u>894,881</u>

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:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Within 90 days	1,077,737	769,962
Over 90 days	43,911	88,731
	<u>1,121,648</u>	<u>858,693</u>

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:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	<u>6,865</u>	<u>4,115</u>

- (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 2018/2019.

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
	Year and month of issue	Tax amount	
		<i>HK\$'000</i>	<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 and November 2020	250,680	82,500
2015/2016	April 2018	230,400	71,710
2016/2017	April 2018	129,628	49,808
		<u>3,056,153</u>	<u>619,497</u>

The IRD has not issued any protective tax assessments to the Group for the years of assessment from 2017/2018 to 2018/2019, but the tax review of certain subsidiaries of the Group also covered the aforesaid years of assessment. Having considered the professional tax advice and the legal opinion as well as all available information, the Group genuinely believed that the Group was in a favorable technical position in dispelling the IRD’s concern through years of legal trials. However, in order to release the Group’s resources back to the daily business operation and avoid further protracted argument over the long tax dispute with the IRD, the Group submitted a settlement proposal (the “Settlement Proposal”) to the IRD for compromising the tax affairs during the six months ended 30 September 2021. After the submission, the Group received assessments and a letter dated 29 July 2021 and 3 August 2021 respectively from the IRD confirming the acceptance of the Settlement Proposal.

With the settlement proposal accepted by the IRD, the tax affairs have been fully and finally resolved. Based on the Settlement Proposal, the total net additional tax and interest payable in regard of the tax affairs was HK\$351,021,000. The Group has already made sufficient tax provisions in the financial statement for the year ended 31 March 2021, and therefore the Group does not need to make additional tax provision for the tax affairs for the six months ended 30 September 2021. After utilization of HK\$285,201,000 tax reserve certificates and HK\$65,820,000 provisional tax kept by the IRD for the additional tax charged, the IRD refunded the overpaid provisional tax and the unutilized amount of tax reserve certificates to the Group, totaling HK\$368,860,000.

14. CAPITAL COMMITMENTS

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

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
In respect of property, plant and equipment, contracted but not provided for	<u>27,228</u>	<u>22,669</u>

15. RELATED PARTY TRANSACTIONS

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

	<i>Note</i>	Six months ended 30 September 2021 (Unaudited) HK\$'000	
		2020 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Rental expenses paid to related companies	(i)	<u>12,357</u>	<u>7,283</u>

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 ("Mountain Rich"), 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 Mountain Rich 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. Mountain Rich waived the rental from 1 July 2020 to 30 September 2020. During the period, the Group paid to Mountain Rich operating lease rentals in respect of the above property of HK\$9,554,000 (six months ended 30 September 2020: HK\$4,366,000).

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 2020: HK\$2,400,000).

On 17 January 2020, the Group entered into a lease agreement with Winson Link Enterprises Limited (“Winson Link”), 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 as a training center of the Group and a car parking space at Ground floor, LMK Development Estate, 10-16 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong from Winson Link 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 Winson Link operating lease rentals in respect of the above property and car parking space of HK\$403,000 (six months ended 30 September 2020: HK\$403,000).

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. On 1 July 2020, the tenancy agreement was early terminated. During the six months ended 30 September 2020, the Group paid to Sonway operating lease rentals in respect of the above property of HK\$114,000.

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

	<i>Note</i>	Six months ended	
		30 September	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Short term employee benefits	(i)	24,202	19,046
Post-employment benefits		9	17
Total compensation paid to key management personnel		24,211	19,063

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 their salary of HK\$4,006,800, HK\$690,000 and HK\$180,000, respectively, for the six months ended 30 September 2020.

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 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Financial assets				
Derivative financial instruments	2,506	1,802	2,506	1,802
Financial assets at fair value through profit or loss	64,893	73,029	64,893	73,029
Long term debt instruments at amortised cost	37,564	45,241	37,981	45,632
	104,963	120,072	105,380	120,463
Financial liabilities				
Derivative financial instruments	—	2,527	—	2,527

Management has assessed that the fair values of cash and cash equivalents, trade receivables, bills receivable, short-term debt instruments at amortised cost, financial assets included in prepayments, deposits and other receivables, trade payables, bills payable, 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 have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Their carrying amounts approximately to their fair values. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 September 2021 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:

Fair value measurement as at 30 September 2021 (Unaudited)				
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Derivative financial assets	—	2,506	—	2,506
Financial assets at fair value through profit or loss	—	64,893	—	64,893
	—	67,399	—	67,399
Fair value measurement as at 31 March 2021 (Audited)				
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Derivative financial assets	—	1,802	—	1,802
Financial assets at fair value through profit or loss	—	73,029	—	73,029
	—	74,831	—	74,831

Liabilities measured at fair value:

Fair value measurement as at 30 September 2021 (Unaudited)			
Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
—	—	—	—
Derivative financial liabilities			
Fair value measurement as at 31 March 2021 (Audited)			
Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
—	2,527	—	2,527
Derivative financial liabilities			

As at 30 September 2021 and 31 March 2021, 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 2020: nil).

Assets for which fair values are disclosed:

Fair value measurement as at 30 September 2021 (Unaudited)			
Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
37,981	—	—	37,981
Long term debt instruments at amortised cost			
Fair value measurement as at 31 March 2021 (Audited)			
Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
45,632	—	—	45,632
Long term debt instruments at amortised cost			

Management's Discussion and Analysis

INTERIM DIVIDEND

The Board has declared an interim dividend of HK8.0 cents (six months ended 30 September 2020: HK5.0 cents) per ordinary share for the six months ended 30 September 2021. The interim dividend will be payable on Friday, 14 January 2022 to shareholders registered on the Register of Members of the Company on Thursday, 30 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 28 December 2021 to Thursday, 30 December 2021 (both days inclusive) for the purpose of determining the entitlement to the interim dividend for the six months ended 30 September 2021. 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 2021, 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, 24 December 2021.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

For the six months ended 30 September 2021, the Group's total turnover increased by 22.5% to HK\$4,172 million (six months ended 30 September 2020: HK\$3,407 million). Profit for the period attributable to the ordinary equity holders of the Company amounted to HK\$138 million (six months ended 30 September 2020: HK\$140 million), a decrease of 1.4%. The Group's gross profit margin was 28.2% (six months ended 30 September 2020: 29.7%), a decrease of 1.5 percentage points from last year. The Board has recommended an interim dividend of HK8.0 cents per ordinary share, an increase of 60.0% compared to last interim period's HK5.0 cents per ordinary share.

Textile business

Revenue of the business increased by 31.7% to HK\$3,040 million (six months ended 30 September 2020: HK\$2,308 million). The amount was 72.9% (six months ended 30 September 2020: 67.7%) of the Group's total turnover. As the world's major economies resumed their economic activities and the economy of Mainland China recovered steadily, global demand rebounded, resulting in an improvement in the sale of the textile business during the period. However, due to the inflation caused by loose monetary policies by global central banks, higher prices for energy and raw materials were resulted. The Group continued focusing on cost reduction to enhance operating profitability. The average selling price increased by 17.6% and the gross profit margin decreased to 22.0% from last year's 24.0%. The performance and the key financial ratios of the business were as below:

<i>(Amounts expressed in HK\$' million, unless specified)</i>	Six months ended 30 Sep 2021	Year ended 31 Mar 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Net sales	3,040	4,644	2,308	4,919	4,759
Gross profit margin (%)	22.0	23.8	24.0	23.2	18.3
Operating profit (note 1)	321	567	326	540	354
EBITDA (note 1)	431	771	419	770	526
Return on total assets (%) <i>(annualised) (note 2)</i>	3.7	6.1	9.5	6.9	4.2
Return on sales (%) (note 2)	9.6	9.2	11.8	8.9	5.9
Return on equity (%) (annualised) <i>(note 2)</i>	5.7	9.1	12.3	10.8	6.8
Capital expenditure	160	126	47	76	160

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

Retail and distribution business

Sales of the business increased by 3.0% to HK\$1,131 million (six months ended 30 September 2020: HK\$1,098 million). The sum represented 27.1% (six months ended 30 September 2020: 32.2%) of the Group's total turnover. Although the economy of Mainland China recovered steadily, overall consumer sentiment has not fully recovered due to sporadic cases in individual provinces. The Group's retail operation in Mainland China has not returned to the level before the COVID-19 outbreak. While Hong Kong's retail business benefited from gradual stabilisation of the local epidemic situation, the number of visitors remains low given the impact of the preventive measures, and thus the Group's retail operations in Hong Kong has not improved significantly. The gross profit margin was 45.0%, a slight increase from last year's 42.3%. 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>	Six months ended 30 Sep 2021	Year ended 31 Mar 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Net sales	1,131	2,705	1,098	2,709	3,448
Gross profit margin (%)	45.0	44.1	42.3	47.5	50.1
Sales growth of comparable shops <i>(%) (note 1)</i>	2.1	(8.4)	(21.3)	(17.1)	(12.8)
Operating loss (note 2)	(187)	(199)	(173)	(316)	(110)
EBITDA (note 2)	(48)	108	(15)	3	(24)
Return on total assets (%) <i>(annualised) (note 3)</i>	(6.6)	(6.9)	(11.8)	(11.1)	(4.3)
Return on sales (%) (note 3)	(15.6)	(6.8)	(14.7)	(10.6)	(2.9)
Return on equity (%) (annualised) <i>(note 3)</i>	(38.5)	(29.6)	(71.0)	(53.4)	(8.8)
Capital expenditure	19	57	28	146	76

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>	Six months ended		Six months ended		Year ended
	30 Sep 2021	31 Mar 2021	30 Sep 2020	31 Mar 2020	31 Mar 2019
Baleno	1,056	2,525	1,021	2,484	3,073
Others	75	180	77	225	375
Total	1,131	2,705	1,098	2,709	3,448

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

Mainland China

	Six months ended		Six months ended		Year ended
	30 Sep 2021	31 Mar 2021	30 Sep 2020	31 Mar 2020	31 Mar 2019
Net sales <i>(HK\$'million)</i>	880	2,184	886	2,085	2,767
Increase/(decrease) in net sales (%)	(1)	5	(16)	(25)	(19)
Retail floor area <i>(sq. ft.)</i> ^{*#}	1,698,568	1,867,355	1,478,918	1,690,117	1,626,047
Number of sales associates ^{*#}	3,764	3,919	3,582	3,446	4,182
Number of outlets ^{*△}	2,015	2,026	1,838	1,838	2,183

Hong Kong

	Six months ended		Six months ended		Year ended
	30 Sep 2021	31 Mar 2021	30 Sep 2020	31 Mar 2020	31 Mar 2019
Net sales <i>(HK\$'million)</i>	251	521	212	624	681
Increase/(decrease) in net sales (%)	18	(17)	(28)	(8)	18
Retail floor area <i>(sq. ft.)</i> ^{*#}	91,981	96,516	91,194	90,281	87,752
Number of sales associates ^{*#}	375	377	314	288	571
Number of outlets ^{*#}	86	88	84	83	78

* 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 1.9, HK\$1,280 million and -0.2 (31 March 2021: 2.2, HK\$855 million and -0.2) respectively. Bank borrowings increased during the period as the Group finances short term investments of the Group. 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, 59 days and 119 days (six months ended 30 September 2020: 12 times, 66 days and 112 days) respectively. The trade and bills receivables to turnover days dropped during the period as sales of the textile business in the Mainland China improved due to stabilised epidemic situation. 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\$2,333 million, HK\$5,428 million and HK\$5,485 million (31 March 2021: HK\$1,700 million, HK\$5,400 million and HK\$5,910 million), respectively.

Capital expenditure

The capital expenditure incurred by the Group during the period was HK\$179 million (six months ended 30 September 2020: HK\$75 million). The capital expenditure incurred by the textile business for the period was HK\$160 million (six months ended 30 September 2020: HK\$47 million) mainly for the addition of plant and machinery for the dyeing and knitting factory. Out of the capital expenditure incurred by the textile business, HK\$91 million (six months ended 30 September 2020: HK\$6 million) was used for development of “coal-to-gas” project. For the retail and distribution business, our capital expenditure incurred for the period amounted to HK\$19 million (six months ended 30 September 2020: HK\$28 million) mainly for the addition of leasehold improvements of the retail outlets.

Pledge of assets

No significant assets were pledged as at 30 September 2021 and 31 March 2021.

Contingent liabilities

Details of the contingent liabilities as at 30 September 2021 and 31 March 2021 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 year (31 March 2021: within one year). 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 2021: 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 three years or at perpetuity (31 March 2021: within four years or at perpetuity). As affected by the loose monetary policies maintained by global central banks, 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 12,422 (31 March 2021: 12,536) 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”;
- (3) Evangelical Lutheran Church Social Service – Hong Kong;
- (4) The Hong Kong Council of Social Service “Caring Company”; and
- (5) Hong Kong Red Cross “Red Twinkle Star Campaign 2021”.

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, with the vaccinations around the world, some major economies have resumed their economic activities, the global economy recovered steadily. But there is still some uncertainty about the future economy. The Group will focus on maintaining a strong cash flow to meet future challenge and continue to seek opportunities in Southeast Asia in order to enhance business market share.

Other Information

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2021, 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
Executive directors:				
Poon Bun Chak	Founder of a family trust	1	698,446,104	50.55
Ting Kit Chung	Beneficial owner		6,100,000	0.44

Note:

1. Mr. Poon Bun Chak is a founder of a family trust and is deemed to be interested in 698,446,104 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 2021, 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 2021, 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:

Name	Capacity	Notes	Number of ordinary shares held	Percentage of the Company's issued share capital
UBS Trustees (B.V.I.) Limited	Trustee	1	698,446,104(L)	50.55
Poon's Holdings Limited	Through controlled corporation	1	698,446,104(L)	50.55
Farrow Star Limited	Directly owned	1	698,446,104(L)	50.55
Pandanus Associates Inc.	Through controlled corporations	2	96,812,000(L)	7.01
Pandanus Partners L.P.	Through controlled corporations	2	96,812,000(L)	7.01
FIL Limited	Through controlled corporations	2	96,812,000(L)	7.01
Brown Brothers Harriman & Co.	Approved lending agent		70,649,283(L) 70,649,283(P)	5.11 5.11
Fidelity Funds	Beneficial owner		69,148,000(L)	5.00

L – Long position

P – Lending pool

Notes:

- 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 698,446,104 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 698,446,104 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 96,812,000 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 96,812,000 shares of the Company.*

Save as disclosed above, as at 30 September 2021, 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 one of the executive directors of the Company. The chairman considers the executive director a suitable person for taking up such duty as the executive director has good knowledge in 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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of directors of the Company since the date of annual report 2021 of the Company and up to the date of this report required to be disclosed is shown as follows:

Mr. Au Son Yiu retired as an independent non-executive director of CEC International Holdings Limited at the conclusion of its annual general meeting held on 29 September 2021.

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 2021 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 under "Latest Listed Company Information" and on the website of the Company at www.texwinca.com under "Investor Relations" in due course.

On behalf of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 17 November 2021