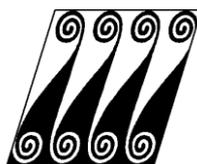


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## TEXWINCA HOLDINGS LIMITED

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/>

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

#### RESULTS

The board of directors (the “Board”) of Texwinca Holdings Limited (the “Company”) has pleasure in presenting the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023. 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	2023	2022
		(Unaudited)	(Unaudited)
		HK\$ '000	HK\$ '000
<b>REVENUE</b>	4	<b>2,644,314</b>	3,397,908
Cost of sales		<b>(1,971,770)</b>	(2,422,083)
Gross profit		<b>672,544</b>	975,825
Other income and gains	5	<b>106,538</b>	75,442
Selling and distribution expenses		<b>(384,975)</b>	(480,558)
Administrative expenses		<b>(332,326)</b>	(398,660)
Other operating expenses, net		<b>(5,169)</b>	(2,594)
Finance costs		<b>(19,089)</b>	(16,968)
<b>PROFIT BEFORE TAX AND COMPENSATION FOR THE LOSS OF INVENTORIES</b>		<b>37,523</b>	152,487
Compensation for the loss of inventories due to a fire accident		<b>29,582</b>	—
<b>PROFIT BEFORE TAX</b>	6	<b>67,105</b>	152,487
Income tax expenses	7	<b>(22,024)</b>	(41,941)
<b>PROFIT FOR THE PERIOD</b>		<b>45,081</b>	110,546

\*For identification purpose only

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Attributable to:</b>			
Ordinary equity holders of the Company		<b>43,695</b>	113,018
Non-controlling interests		<b>1,386</b>	(2,472)
		<hr/> <b>45,081</b>	<hr/> 110,546
 <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted ( <i>HK cents</i> )	9	<hr/> <b>3.2</b>	<hr/> 8.2

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

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>45,081</b>	110,546
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(112,169)</u>	<u>(297,597)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<u><b>(112,169)</b></u>	<u>(297,597)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(67,088)</b></u>	<u>(187,051)</u>
<b>Attributable to:</b>		
Ordinary equity holders of the Company	<b>(69,192)</b>	(184,933)
Non-controlling interests	<u><b>2,104</b></u>	<u>(2,118)</u>
	<u><b>(67,088)</b></u>	<u>(187,051)</u>

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>1,081,723</b>	1,204,066
Right-of-use assets		<b>380,265</b>	404,793
Investment properties		<b>543,405</b>	543,405
Construction in progress		<b>25,847</b>	5,218
Trademarks		<b>33,293</b>	33,293
Prepayments		<b>28,133</b>	1,799
Long term rental deposits		<b>56,873</b>	66,540
Financial assets at fair value through profit or loss		<b>23,682</b>	23,986
Long-term debt instruments at amortised cost		—	14,860
Deferred tax assets		<b>24,538</b>	47,954
Total non-current assets		<b>2,197,759</b>	2,345,914
<b>CURRENT ASSETS</b>			
Inventories		<b>1,271,052</b>	1,519,889
Trade receivables	<i>11</i>	<b>658,929</b>	562,372
Bills receivable		<b>218,154</b>	239,822
Prepayments, deposits and other receivables		<b>476,427</b>	252,326
Financial assets at fair value through profit or loss		<b>15,690</b>	17,364
Debt instruments at amortised cost		<b>19,514</b>	25,357
Derivative financial assets		<b>1,416</b>	7,513
Tax recoverable		<b>60,169</b>	48,629
Cash and cash equivalents		<b>2,002,671</b>	1,927,436
Total current assets		<b>4,724,022</b>	4,600,708
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>547,874</b>	435,979
Other payables and accrued liabilities		<b>497,278</b>	531,762
Lease liabilities		<b>116,552</b>	117,871
Derivative financial liabilities		<b>122</b>	5,829
Interest-bearing bank borrowings		<b>574,511</b>	431,688
Tax payable		<b>13,194</b>	3,964
Total current liabilities		<b>1,749,531</b>	1,527,093
<b>NET CURRENT ASSETS</b>		<b>2,974,491</b>	3,073,615
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,172,250</b>	5,419,529

	<i>Note</i>	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accrued liabilities		<b>11,075</b>	9,999
Lease liabilities		<b>270,589</b>	298,152
Deferred tax liabilities		<b>80,281</b>	95,815
		<hr/>	<hr/>
Total non-current liabilities		<b>361,945</b>	403,966
		<hr/>	<hr/>
Net assets		<b>4,810,305</b>	5,015,563
		<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>4,680,279</b>	4,818,556
Dividends declared	8	<b>69,085</b>	138,170
		<hr/>	<hr/>
Non-controlling interests		<b>4,818,449</b>	5,025,811
		<b>(8,144)</b>	(10,248)
		<hr/>	<hr/>
Total equity		<b>4,810,305</b>	5,015,563
		<hr/>	<hr/>

## Condensed Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company											Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital redemption reserve	Contributed surplus	Exchange fluctuation reserve	Asset revaluation reserve	Capital reserve	Retained profits	Dividends	Total			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2023	69,085	703,365	1,695	3,986	(656)	99,246	375,180	3,635,740	138,170	5,025,811	(10,248)	5,015,563	
Profit for the period	—	—	—	—	—	—	—	43,695	—	43,695	1,386	45,081	
Other comprehensive income/ (loss) for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	(112,887)	—	—	—	—	(112,887)	718	(112,169)	
Total comprehensive income/ (loss) for the period	—	—	—	—	(112,887)	—	—	43,695	—	(69,192)	2,104	(67,088)	
2022/2023 proposed final dividend declared	—	—	—	—	—	—	—	—	(138,170)	(138,170)	—	(138,170)	
2023/2024 declared interim dividend	—	—	—	—	—	—	—	(69,085)	69,085	—	—	—	
At 30 September 2023	69,085	703,365	1,695	3,986	(113,543)	99,246	375,180	3,610,350	69,085	4,818,449	(8,144)	4,810,305	
At 1 April 2022	69,085	703,365	1,695	3,986	209,716	99,246	375,180	3,836,931	138,170	5,437,374	(1,855)	5,435,519	
Profit for the period	—	—	—	—	—	—	—	113,018	—	113,018	(2,472)	110,546	
Other comprehensive income/(loss) for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	(297,951)	—	—	—	—	(297,951)	354	(297,597)	
Total comprehensive income/(loss) for the period	—	—	—	—	(297,951)	—	—	113,018	—	(184,933)	(2,118)	(187,051)	
2021/2022 proposed final dividend declared	—	—	—	—	—	—	—	—	(138,170)	(138,170)	—	(138,170)	
2022/2023 declared interim dividend	—	—	—	—	—	—	—	(138,170)	138,170	—	—	—	
At 30 September 2022	69,085	703,365	1,695	3,986	(88,235)	99,246	375,180	3,811,779	138,170	5,114,271	(3,973)	5,110,298	

## Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	186,089	252,404
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(407,927)	347,115
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(83,736)	(1,118,518)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(305,574)</b>	<b>(518,999)</b>
Cash and cash equivalents at beginning of period	1,584,769	995,240
Foreign exchange adjustments	(35,181)	(61,599)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,244,014</b>	<b>414,642</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	431,108	414,642
Non-pledged time deposits with original maturity within three months when acquired	812,906	—
Non-pledged time deposits with original maturity over three months when acquired	758,657	200,635
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	2,002,671	615,277
Less: Non-pledged time deposits with original maturity over three months when acquired	(758,657)	(200,635)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	1,244,014	414,642

### Notes to the Interim Condensed Consolidated Financial Statements

#### 1. BASIS OF PREPARATION

The interim condensed consolidated 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 interim condensed consolidated 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 2023.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2023, 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 interim condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgments and estimates adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2023.

## 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(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
<b>Segment revenue:</b>										
Sales to external customers	<b>1,980,996</b>	2,577,274	<b>661,398</b>	819,841	<b>1,920</b>	793	—	—	<b>2,644,314</b>	3,397,908
Intersegment sales	<b>28,026</b>	60,122	<b>4,489</b>	7,991	—	4,289	<b>(32,515)</b>	(72,402)	—	—
Other revenue	<b>51,549</b>	28,155	<b>4,215</b>	21,961	<b>13,698</b>	13,093	<b>(2,125)</b>	(2,429)	<b>67,337</b>	60,780
	<b>2,060,571</b>	2,665,551	<b>670,102</b>	849,793	<b>15,618</b>	18,175	<b>(34,640)</b>	(74,831)	<b>2,711,651</b>	3,458,688
<b>Segment results</b>	<b>124,901</b>	251,240	<b>(120,314)</b>	(145,679)	<b>5,529</b>	19,534	<b>(1,599)</b>	20,617	<b>8,517</b>	145,712
<i>Reconciliation:</i>										
Interest income									<b>39,201</b>	14,662
Compensation for the loss of inventories due to a fire accident									<b>29,582</b>	—
Finance costs (other than interest on lease liabilities)									<b>(10,195)</b>	(7,887)
Profit before tax									<b>67,105</b>	152,487
Income tax expense									<b>(22,024)</b>	(41,941)
Profit for the period									<b>45,081</b>	110,546

## 5. REVENUE, OTHER INCOME AND GAINS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</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	2,640,693	3,396,281
Rendering of yarn dyeing services and garment processing services	1,701	834
Franchise and royalty income	1,920	793
	<u>2,644,314</u>	<u>3,397,908</u>
<i>Disaggregated revenue information</i>		
<b>Timing of revenue recognition</b>		
At a point in time	2,642,394	3,397,115
Over time	1,920	793
	<u>2,644,314</u>	<u>3,397,908</u>
<b>Other income and gains</b>		
Interest income	39,201	14,662
Net fair value gains on foreign exchange derivative financial instruments	3,294	1,960
Net fair value gain on financial assets at fair value through profit or loss	—	3,424
Gross rental income from investment property operating leases	8,107	7,421
Compensation from suppliers for defective goods	5,129	3,445
Gain on disposal of items of property, plant and equipment	9,310	3,590
Government subsidies	1,687	16,429
Rental income from suppliers and others	2,932	5,576
Reversal of impairment loss of certain assets	6,636	—
Sales of scrap materials	9,604	12,749
Sales of steam	5,565	4,444
Sundry income	7,122	1,742
Additional deduction of value-added tax	7,951	—
	<u>106,538</u>	<u>75,442</u>

## 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>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	107,304	112,124
Depreciation of right-of-use assets	65,845	77,349
Reversal of write-down of inventories	(13,627)	(7,041)
Reversal of write-down of trade receivables	(1,762)	(3,361)
Net gain on disposal of items of property, plant and equipment	(9,310)	(3,590)
Compensation for the loss of inventories due to a fire accident	(29,582)	—
	<u>(29,582)</u>	<u>—</u>

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the six months ended 30 September 2023. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2022, except for a subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, companies of the Group which operate in Mainland China were subject to Corporate Income Tax (“CIT”) at the rate of 25% (six months ended 30 September 2022: 25%) on the taxable profit for the six months ended 30 September 2023.

Certain companies of the Group which operate in Mainland China were subject to CIT at the rate of 15% (six months ended 30 September 2022: 15%) as a qualified high and new technology enterprise and entitled to deduct qualifying research and development expense from taxable profit during the six months ended 30 September 2023.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current – Hong Kong and Mainland China:		
Charge for the period	<b>16,114</b>	39,861
Over-provision in prior years	<b>(232)</b>	—
Deferred	<b>6,142</b>	2,080
	<hr/>	<hr/>
Total tax charge for the period	<b>22,024</b>	41,941

## 8. DIVIDENDS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend	<b>69,085</b>	138,170
Interim dividend per ordinary share ( <i>HK cents</i> )	<b>5.0</b>	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 2022: 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 2023 and 30 September 2022.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired items of property, plant and equipment with a cost of HK\$55,634,000 (six months ended 30 September 2022: HK\$80,989,000). Items of property, plant and equipment with a net book value of HK\$1,932,000 (six months ended 30 September 2022: HK\$6,168,000) were disposed of during the six months ended 30 September 2023.

## 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, is as follows:

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Within 90 days	<b>605,094</b>	417,019
Over 90 days	<b>53,835</b>	145,353
	<b>658,929</b>	562,372

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 over its trade receivable balances, certain trade receivable balances are covered by trade insurance policy arranged by the Group for minimising the credit risk. 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 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Within 90 days	<b>526,197</b>	425,380
Over 90 days	<b>21,677</b>	10,599
	<b>547,874</b>	435,979

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

At the end of the reporting period, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	<u>7,987</u>	<u>5,966</u>

### 14. CAPITAL COMMITMENTS

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

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
In respect of property, plant and equipment, contracted but not provided for	<u>75,824</u>	<u>25,251</u>

### 15. RELATED PARTY TRANSACTIONS

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

		<b>Six months ended</b>	
	<i>Note</i>	<b>30 September 2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
Rental expenses paid to related companies	(i)	<u>9,304</u>	<u>7,011</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 26 January 2022, 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 a commercial building at 282 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 2022 at the monthly rent of RMB930,930. During the period, the Group paid to Mountain Rich operating lease rentals in respect of the above property of HK\$6,488,440 (six months ended 30 September 2022: HK\$4,195,000).

On 26 January 2022, 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 2022 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 2022: HK\$2,400,000).

On 26 January 2022, 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 2022 at the monthly rent of HK\$69,280. During the period, the Group paid to Winson Link operating lease rentals in respect of the above property and car parking space of HK\$415,680 (six months ended 30 September 2022: HK\$416,000).

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$’000</b>	HK\$’000
Short term employee benefits	<b>18,928</b>	22,004
Post-employment benefits	<b>9</b>	9
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>18,937</b>	22,013
	<hr/>	<hr/>

## 16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated 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 2023 (Unaudited) <i>HK\$'000</i>	31 March 2023 (Audited) <i>HK\$'000</i>	30 September 2023 (Unaudited) <i>HK\$'000</i>	31 March 2023 (Audited) <i>HK\$'000</i>
<b>Financial assets</b>				
Derivative financial instruments	1,416	7,513	1,416	7,513
Financial assets at fair value through profit or loss	39,372	41,350	39,372	41,350
Long term debt instruments at amortised cost	—	14,860	—	15,000
	<b>40,788</b>	63,723	<b>40,788</b>	63,863
<b>Financial liabilities</b>				
Derivative financial instruments	122	5,829	122	5,829

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 2023 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 2023 (Unaudited)</b>			<b>Total HK\$ '000</b>
	<b>Quoted prices in active markets (Level 1) HK\$ '000</b>	<b>Significant observable inputs (Level 2) HK\$ '000</b>	<b>Significant unobservable inputs (Level 3) HK\$ '000</b>	
<b>Derivative financial assets</b>	—	<b>1,416</b>	—	<b>1,416</b>
<b>Financial assets at fair value through profit or loss</b>	—	<b>39,372</b>	—	<b>39,372</b>
	—	<b>40,788</b>	—	<b>40,788</b>

	<b>Fair value measurement as at 31 March 2023 (Audited)</b>			<b>Total HK\$ '000</b>
	<b>Quoted prices in active markets (Level 1) HK\$ '000</b>	<b>Significant observable inputs (Level 2) HK\$ '000</b>	<b>Significant unobservable inputs (Level 3) HK\$ '000</b>	
Derivative financial assets	—	7,513	—	7,513
Financial assets at fair value through profit or loss	—	41,350	—	41,350
	—	48,863	—	48,863

**Liabilities measured at fair value:**

<b>Fair value measurement as at 30 September 2023 (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>
—	122	—	122
<b>Derivative financial liabilities</b>			
<b>Fair value measurement as at 31 March 2023 (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>
—	5,829	—	5,829
<b>Derivative financial liabilities</b>			

As at 30 September 2023 and 31 March 2023, 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 2022: nil).

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

<b>Fair value measurement as at 30 September 2023 (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>Long term debt instruments at amortised cost</b>			
<b>Fair value measurement as at 31 March 2023 (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>
15,000	—	—	15,000
<b>Long term debt instruments at amortised cost</b>			

## **17. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

At the end of the reporting period, the directors consider the immediate holding company and the ultimate holding company of the Group to be Farrow Star Limited and Poon's Holdings Limited respectively, both of which are incorporated in the British Virgin Islands.

## **18. EVENTS AFTER THE REPORTING PERIOD**

References were made to the followings:

- (i) On 4 August 2023, an agreement (the "Sale and Purchase Agreement") relating to the sale and purchase of the entire issued share capital of and the assignment of shareholder's loan owing by Fashion Time Viet Nam Limited ("Fashion Time"), a company incorporated in accordance with the laws of Vietnam, entered into by Nice View Dyeing & Bleaching Limited, an indirect wholly-owned subsidiary of the Company (as purchaser), Fashion Time Vietnam Holdings Limited (as vendor), the Company (as purchaser's guarantor) and Texhong International Group Limited (as vendor's guarantor) at the Consideration of US\$78,591,942 (subject to completion adjustment); and
- (ii) On 28 September 2023, a supplemental agreement to the Sale and Purchase Agreement (the "First Supplemental Agreement") entered into by the same parties to the Sale and Purchase Agreement for the extension of the Long Stop Date (as defined in the Sale and Purchase Agreement) to 31 October 2023.

On 31 October 2023, a supplemental agreement to the Sale and Purchase Agreement (the "Second Supplemental Agreement") entered into by the same parties to the Sale and Purchase Agreement for the further extension of the Long Stop Date to 31 December 2023. As at the date of this announcement, the transaction has yet to be completed pending for the satisfaction or waiver of all the conditions precedent. Upon the completion of acquisition, Fashion Time will become a wholly-owned subsidiary of the Company.

Details of the above matters in respect of the Sale and Purchase Agreement, the First Supplemental Agreement and the Second Supplemental Agreement, please refer to the announcements of the Company dated 4 August 2023, 28 September 2023 and 31 October 2023 respectively.

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

### **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK5.0 cents (six months ended 30 September 2022: HK10.0 cents) per ordinary share for the six months ended 30 September 2023. The interim dividend will be payable on Thursday, 4 January 2024 to shareholders registered on the Register of Members of the Company on Wednesday, 20 December 2023.

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

The Register of Members of the Company will be closed from Monday, 18 December 2023 to Wednesday, 20 December 2023 (both days inclusive) for the purpose of determining the entitlement to the interim dividend for the six months ended 30 September 2023. 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 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 December 2023.

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

For the six months ended 30 September 2023, the Group's total turnover decreased by 22.2% to HK\$2,644 million (six months ended 30 September 2022: HK\$3,398 million). Profit for the period attributable to the ordinary equity holders of the Company amounted to HK\$44 million (six months ended 30 September 2022: HK\$113 million), a decrease of 61.1%. The Group's gross profit margin was 25.4% (six months ended 30 September 2022: 28.7%), a decrease of 3.3 percentage points from last period. 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 23.1% to HK\$1,981 million (six months ended 30 September 2022: HK\$2,577 million). The amount was 74.9% (six months ended 30 September 2022: 75.8%) of the Group's total turnover. As affected by the Russo-Ukrainian war, the price of our major raw material remained high. The weak demand of the apparel retailers and the geopolitical tension between China and the United States led to the drop in the turnover and gross profit margin. With the completion of the acquisition of a knitted fabric factory in Vietnam in near future, the Group's capacity in fulfilling different requirements from the retailers is expected to be enhanced and the Group's sale performance will further improve. The gross profit margin decreased by 5.5 percentage points to 16.3%. 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 2023</b>	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net sales	<b>1,981</b>	4,297	2,577	5,544	4,644
Gross profit margin (%)	<b>16.3</b>	18.1	21.8	21.3	23.8
Operating profit ( <i>note 1</i> )	<b>154</b>	171	251	564	567
EBITDA ( <i>note 1</i> )	<b>292</b>	408	362	790	771
Return on total assets (%) <i>(annualised) (note 2)</i>	<b>5.2</b>	3.0	7.2	7.5	6.1
Return on sales (%) ( <i>note 2</i> )	<b>8.1</b>	4.3	8.2	10.1	9.2
Return on equity (%) ( <i>annualised</i> ) <i>(note 2)</i>	<b>7.0</b>	3.9	9.2	11.4	9.1
Capital expenditure	<b>62</b>	246	111	251	126

Notes: (1) Exclude interest income, rental income, finance cost, compensation for the loss of inventories due to a fire accident and loss of inventories due to a fire accident.

(2) Exclude rental income.

## Retail and distribution business

Sales of the business decreased by 19.4% to HK\$661 million (six months ended 30 September 2022: HK\$820 million). The sum represented 25.0% (six months ended 30 September 2022: 24.1%) of the Group's total turnover. For Mainland China market, the turnover of this market decreased by 30.0% to HK\$387 million and the gross profit margin increased by 2.2 percentage points to 47.7% (six months ended 30 September 2022: 45.5%). The Group continued to reduce its physical retail network to reduce its operating loss. During the period, the Group net reduced 210 self-operated shops in Mainland China and these represented 29% of the self-operated shops in this market. Meanwhile, the Group will continue to reduce its physical retail network and expand its online sales, consignment sales and franchising business. For Hong Kong market, the Group's retail operations in Hong Kong remained steady and thus the sales increased slightly to HK\$257 million. The gross profit margin of this market was increased by 13.7 percentage points to 62.9% (six months ended 30 September 2022: 49.2%). 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 2023</b>	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net sales	<b>661</b>	1,761	820	2,496	2,705
Gross profit margin (%)	<b>52.8</b>	44.9	47.8	45.3	44.1
Sales growth of comparable shops (%) (note 1)	<b>(13.4)</b>	(17.7)	(18.1)	(4.8)	(8.4)
Operating loss (note 2)	<b>(120)</b>	(267)	(146)	(289)	(199)
EBITDA (note 2)	<b>(50)</b>	(126)	(72)	(26)	108
Return on total assets (%) (annualised) (note 3)	<b>(13.1)</b>	(12.8)	(10.5)	(10.4)	(6.9)
Return on sales (%) (note 3)	<b>(19.0)</b>	(15.4)	(17.6)	(10.9)	(6.8)
Return on equity (%) (annualised) (note 3)	<b>(2,519.4)</b>	(226.0)	(92.3)	(73.4)	(29.6)
Capital expenditure	<b>14</b>	18	10	49	57

Notes : (1) Comparable shops include shops with full period/year operation during the period/year and the preceding period/year.

(2) Exclude interest income, rental income and finance cost.

(3) Exclude rental income.

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

<i>(HK\$'million)</i>	<b>Six months ended 30 Sep 2023</b>	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Baleno	<b>625</b>	1,711	788	2,380	2,525
Others	<b>36</b>	50	32	116	180
Total	<b>661</b>	1,761	820	2,496	2,705

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

#### **Mainland China**

	<b>Six months ended 30 Sep 2023</b>	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net sales (HK\$'million)	<b>387</b>	1,105	553	1,936	2,184
Increase/(decrease) in net sales (%)	<b>(30)</b>	(43)	(37)	(11)	5
Retail floor area (sq. ft.) <sup>*#</sup>	<b>934,161</b>	1,064,905	1,342,605	1,554,031	1,867,355
Number of sales associates <sup>*#</sup>	<b>1,606</b>	2,895	2,319	3,319	3,919
Number of outlets <sup>*△</sup>	<b>1,401</b>	1,687	1,780	1,666	2,026

## Hong Kong

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net sales (HK\$'million)	257	629	255	552	521
Increase/(decrease) in net sales (%)	1	14	2	6	(17)
Retail floor area (sq. ft.) <sup>*#</sup>	99,166	93,274	91,692	91,597	96,516
Number of sales associates <sup>*#</sup>	433	504	398	407	377
Number of outlets <sup>*#</sup>	88	85	83	85	88

## Indonesia

	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net sales (HK\$'million)	17	27	12	8	—
Increase in net sales (%)	42	238	N/A	N/A	—
Retail floor area (sq. ft.) <sup>*#</sup>	34,517	23,636	14,777	11,679	—
Number of sales associates <sup>*#</sup>	132	110	76	62	—
Number of outlets <sup>*#</sup>	11	8	5	4	—

\* 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 2.7, HK\$575 million and -0.3 (31 March 2023: 3.0, HK\$432 million and -0.3) respectively. Bank borrowings was increased to finance the Group's short term investment. 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 4.5 times, 61 days and 88 days (six months ended 30 September 2022: 10 times, 51 days and 112 days) respectively. The Group mainly satisfied its funding requirements with cash and bank balances 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\$2,003 million, HK\$4,818 million and HK\$6,102 million (31 March 2023: HK\$1,927 million, HK\$5,026 million and HK\$6,036 million), respectively.

### Capital expenditure

The capital expenditure incurred by the Group during the period was HK\$76 million (six months ended 30 September 2022: HK\$121 million). The capital expenditure incurred by the textile business for the period was HK\$ 62 million (six months ended 30 September 2022: HK\$111 million) , of which HK\$41 million (six months ended 30 September 2022 : HK71 million) was for the addition of plant and machinery for the dyeing, knitting and garment factories and HK\$21 million (six months ended 30 September 2022: HK\$36 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\$14 million (six months ended 30 September 2022: HK\$10 million) mainly for the addition of leasehold improvements of the retail outlets.

## **Pledge of assets**

No significant assets were pledged as at 30 September 2023 and 31 March 2023.

## **Contingent liabilities**

Details of the contingent liabilities as at 30 September 2023 and 31 March 2023 have been set out in note 13 to the interim condensed consolidated 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 rate borrowings with maturity due within one year (31 March 2023: 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 2023: 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 one year or at perpetuity (31 March 2023: within two years or at perpetuity). 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.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL**

### **Acquisition of Fashion Time Viet Nam Ltd. (“Fashion Time”)**

On 4 August 2023, Nice View Dyeing and Bleaching Ltd. (“NVL”) an indirect wholly owned subsidiary of the Company (as purchaser), the Company (as purchaser guarantor), Fashion Time Vietnam Holdings Ltd. (“FTVHL”) (as seller) and Texhong International Group Limited (as seller guarantor) entered into the sale and purchase agreement, pursuant to which NVL has conditionally agreed to acquire and FTVHL has conditionally agreed to sell the entire issued share capital of Fashion Time and purchase the benefit of, by way of an assignment, the shareholders’ loan owing by Fashion Time at the consideration of US\$78,591,942 (subject to completion adjustments).

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of Fashion Time exceeds 25% but all of them were less than 100%, the acquisition of Fashion Time constituted a major transaction of the Company under Chapter 14 of the Listing Rules and was therefore subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules. Details of the acquisition have been disclosed in the announcements of the Company dated 4 August 2023, 23 August 2023, 28 September 2023, 20 October 2023 and 31 October 2023 respectively.

As at the date of this announcement, the transaction has yet to be completed pending for the satisfaction or waiver of all the conditions precedent. Upon the completion of acquisition, Fashion Time will become a wholly-owned subsidiary of the Company.

Save as disclosed above, there was no other significant investments, material acquisition or disposal that should be notified to the shareholders of the Company during the six months ended 30 September 2023 and up to the date of release of these interim results.

## **HUMAN RESOURCES**

At the period end, the Group had about 8,921 (31 March 2023: 9,784) employees in the Greater China and Indonesia. 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) Sponsorship for Dongguan Dragon Boat Competition;
- (3) St. James' Settlement;
- (4) Evangelical Lutheran Church Social Service – Hong Kong; and
- (5) “Green Low Carbon Day” of The Community Chest.

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**

Looking back in the first half of the financial year 2023/2024, the world continued to be affected by the Russo-Ukrainian War, leading to continuous high inflation, rise in interest rates and extremely uncertain economic outlook.

During this interim period, the acquisition of a knitted fabric manufacturing plant in Vietnam in near term by the Group would enhance the Group's production flexibility and collaboration, as well as strengthen the Group's ability to secure overseas orders. Upon completion of the acquisition and further enhancement of its management and production capabilities, the Group is confident that the textile business will be able to rebuild its overseas sales and profit significantly.

For the retail business, the Group will actively reduce or close down its physical stores in Mainland China and continue to expand its overseas and e-commerce platform sales. It is expected that after the reduction of physical stores in Mainland China market, the losses of the Group in the retail business will be significantly reduced or flattened.

In terms of financial resources management, the Group will maintain a prudent financial management strategy to meet all opportunities and challenges in the future.

## Other Information

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

As at 30 September 2023, 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 directors	Capacity	Note	Number of ordinary shares held	Percentage of the Company's issued share capital (Note 2)
<b>Executive directors:</b>				
Poon Bun Chak	Founder of a family trust	1	698,830,104	50.58
Ting Kit Chung	Beneficial owner		6,100,000	0.44

Notes:

1. Mr. Poon Bun Chak is a founder of a family trust and is deemed to be interested in 698,830,104 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.
2. The issued share capital of the Company is 1,381,696,104 shares as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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

As at 30 September 2023, 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 (Note 3)
UBS Trustees (B.V.I.) Limited	Trustee	1	698,830,104 (L)	50.58
Poon's Holdings Limited	Through controlled corporation	1	698,830,104 (L)	50.58
Farrow Star Limited	Directly owned	1	698,830,104 (L)	50.58
Pandanus Associates Inc.	Through controlled corporations	2	138,224,000 (L)	10.00
Pandanus Partners L.P.	Through controlled corporations	2	138,224,000 (L)	10.00
FIL Limited	Through controlled corporations	2	138,224,000 (L)	10.00
Brown Brothers Harriman & Co.	Approved lending agent		84,469,283(L) 84,469,283(P)	6.11 6.11
Fidelity Funds	Beneficial owner		83,640,000 (L)	6.05

L – Long position

P – Lending pool

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 698,830,104 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 698,830,104 Shares held by Farrow Star Limited.*
2. *Pandanus Associates Inc. has the entire control of Pandanus Partners L.P. which in turn owns 38.71% in FIL Limited. FIL Limited is deemed to be interested in 138,224,000 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 138,224,000 shares of the Company.*
3. *The issued share capital of the Company is 1,381,696,104 shares as at 30 September 2023.*

Save as disclosed above, as at 30 September 2023, 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**

During the period, the Audit Committee (the "Committee") consists of the three independent non-executive directors of the Company namely Mr. Law Brian Chung Nin, Mr. Cheng Shu Wing and Mr. Ho Lai Hong. 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.

With effect from 9 November 2023, Mr. Ho Lai Hong was re-designated from an Independent Non-executive Director of the Company ("INED") to an Executive Director of the Company and ceased to be a member of the Audit Committee upon the re-designation. As a result, the Company no longer complies with Rules 3.10(1) and 3.21 of the Listing Rules since the re-designation of Mr. Ho Lai Hong and will strive to identify a suitable candidate to become an INED as soon as practicable and, in any event, within three months from 9 November 2023.

## **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 F.2.2 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 2023 annual report and up to the date of release of these interim results required to be disclosed are shown as follows:

1. Mr. Ho Lai Hong re-designated from an Independent Non-executive Director of the Company to an Executive Director ("ED") of the Company effective on 9 November 2023. Upon the re-designation, Mr. Ho became an ED and ceased to be the chairman of the Company's Remuneration Committee ("RC") and a member of the Company's Audit Committee but remain to act as a member of the Company's Nomination Committee and the RC with effect from the same date.

2. The annual remuneration of the following Directors has been adjusted and details are set out below:

<u>Name of directors</u>	<u>Effective Date</u>	<u>Adjusted Annual Remuneration</u> (HK\$)
Mr. Poon Bun Chak	1 April 2023	6,190,080
Mr. Ting Kit Chung	1 April 2023	5,462,400
Mr. Ho Lai Hong	9 November 2023	5,500,008
Mr. Poon Ho Tak	1 December 2023	3,000,000

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

The Company's interim report for the six months ended 30 September 2023 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, 29 November 2023

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