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## **HINGTEX HOLDINGS LIMITED**

### **興紡控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1968)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Total revenue for the year ended 31 December 2023 decreased by approximately 33.6% year-to-year to HK\$162.9 million, as compared with total revenue of HK\$245.2 million for the year ended 31 December 2022.

Net loss attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$37.8 million, as compared with net loss of HK\$50.0 million for the year ended 31 December 2022.

Basic loss per Share for the year ended 31 December 2023 was HK5.91 cents as compared with basic loss per Share of HK7.81 cents for the year ended 31 December 2022.

The board (the “Board”) of directors (the “Directors”) of Hingtex Holdings Limited (the “Company” or “Hingtex”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

		<b>Year ended 31 December</b>	
		<b>2023</b>	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	<b>162,884</b>	245,176
Cost of sales		<u>(141,189)</u>	<u>(226,288)</u>
<b>Gross profit</b>		<b>21,695</b>	18,888
Other income	6	<b>3,789</b>	3,355
Other gains and losses	7	<b>(69)</b>	(876)
Reversal of impairment loss under expected credit loss model, net		<b>64</b>	526
Selling and distribution expenses		<b>(14,471)</b>	(15,436)
Administrative expenses		<b>(44,837)</b>	(50,107)
Research and development expenses		<b>(8,072)</b>	(9,257)
Fair value gain on financial asset at fair value through profit or loss (“FVTPL”)		<b>651</b>	1,094
Share of results of an associate		<b>(29)</b>	(1,848)
Share of result of a joint venture		–	(25)
Finance costs		<u>(1,989)</u>	<u>(1,383)</u>
Loss before tax	8	<b>(43,268)</b>	(55,069)
Income tax credit	9	<u>5,468</u>	<u>5,107</u>
<b>Loss and total comprehensive expense for the year attributable to owners of the Company</b>		<u><b>(37,800)</b></u>	<u>(49,962)</u>
<b>LOSS PER SHARE</b>			
— Basic (HK cents)	10	<u><b>(5.91)</b></u>	<u>(7.81)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		At 31 December	
		2023	2022
	NOTES	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		93,569	101,097
Right-of-use assets		19,220	25,484
Other intangible assets		2,969	3,337
Goodwill		1,184	1,184
Interest in an associate		405	434
Financial asset at FVTPL		21,745	21,094
Deferred tax assets		13,480	9,893
Other receivables		–	1,025
		<u>152,572</u>	<u>163,548</u>
Total non-current assets			
<b>Current assets</b>			
Inventories		85,296	97,300
Trade and other receivables	12	43,959	48,260
Amount due from an associate		616	616
Cash and cash equivalents		60,740	84,693
		<u>190,611</u>	<u>230,869</u>
Total current assets			
<b>Current liabilities</b>			
Trade and other payables	13	23,643	24,713
Tax liabilities		1,618	4,314
Lease liabilities		3,431	5,595
Bank borrowings		29,000	31,361
Contract liabilities		891	2,434
		<u>58,583</u>	<u>68,417</u>
Total current liabilities			
<b>Net current assets</b>		<u>132,028</u>	<u>162,452</u>
<b>Total assets less current liabilities</b>		<u>284,600</u>	<u>326,000</u>

		<b>At 31 December</b>	
		<b>2023</b>	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		–	3,431
Deferred tax liabilities		7,709	7,932
Other payables		1,219	1,165
		<u>8,928</u>	<u>12,528</u>
<b>Total non-current liabilities</b>		<b>8,928</b>	<b>12,528</b>
<b>Net assets</b>		<b><u>275,672</u></b>	<b><u>313,472</u></b>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	6,400	6,400
Reserves		269,272	307,072
		<u>275,672</u>	<u>313,472</u>
<b>Equity attributable to owners of the Company and total equity</b>		<b><u>275,672</u></b>	<b><u>313,472</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

Hingtex was incorporated in the Cayman Islands on 3 November 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 July 2018 (the “Listing Date”).

The Company’s immediate and ultimate holding company is Manford Investment Holdings Limited, a company incorporated on 24 October 2017 in the British Virgin Islands (“BVI”) under the laws of BVI with limited liability.

The principal activities of the Group are the manufacturing and sales of denim fabric.

The functional currency of the Company is United States dollar (“US\$”), as the sales activities of the Group are mainly denominated in US\$, and the presentation currency of the Group is Hong Kong dollar (“HK\$”), as the directors of the Company consider HK\$ can provide more meaningful information to the Company’s investors.

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2023 for the preparation of the Group’s 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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for financial asset at FVTPL that is measured at fair value, at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 4. REVENUE

#### Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>Types of goods or service recognised at a point in time</b>		
Sales of denim fabrics		
Stretchable blended denim fabrics	139,950	210,890
Stretchable cotton denim fabrics	9,677	19,552
Non-stretchable denim fabrics	9,180	11,882
Others ( <i>note</i> )	4,077	2,852
	<u>162,884</u>	<u>245,176</u>
Total	<u>162,884</u>	<u>245,176</u>

*Note:* Others mainly include revenue from sales of yarns and provision of sub-contracting services.

#### *Performance obligations for contracts with customers*

The Group sells denim fabrics and yarns directly to customers, which are mainly garment manufacturers.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific locations (delivery). Following the delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 120 days upon delivery. A contract liability is recognised for advance payments received by the Group until the goods have been delivered to the customers.

## 5. OPERATING SEGMENTS

Information reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

### Geographical information

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC"), and the Group's non-current assets are mainly located in the PRC.

Information about the Group's revenue is presented based on the geographical location of the customers.

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	50,579	51,345
Bangladesh	42,128	58,670
The PRC	26,936	47,936
Vietnam	18,021	45,606
Indonesia	9,773	10,017
Taiwan	4,846	10,403
India	2,846	11,467
Jordan	2,715	3,039
Pakistan	1,711	2,861
Macao	1,412	–
Other countries and regions	1,917	3,832
<b>Total</b>	<b>162,884</b>	<b>245,176</b>

### Information about major customers

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Customer A	N/A <sup>(note)</sup>	33,478

*Note:*

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the corresponding reporting period.

## 6. OTHER INCOME

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Interest income from bank deposits	2,438	618
Storage income	120	163
Government grants ( <i>Note</i> )	427	1,724
Sample charge income	804	850
	<u>3,789</u>	<u>3,355</u>

*Note:* During the year ended 31 December 2022, the Group recognises government grants of HK\$928,000 in respect of COVID-19 related conditional subsidies in respect of Employment Support Scheme provided by the Hong Kong government. There is no such grant during the current year. Other government grant represent unconditional incentives from the PRC government during the current and prior years.

## 7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Net foreign exchange loss	(220)	(2,250)
Gain on disposal of property, plant and equipment	91	1,293
Others	60	81
	<u>(69)</u>	<u>(876)</u>



## 8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Directors' remuneration:		
— Emoluments, salaries and other allowance	9,241	11,845
— Retirement benefit scheme contributions	36	36
	<u>9,277</u>	<u>11,881</u>
Other staff salaries and allowances	35,226	36,049
Retirement benefit scheme contributions, excluding those of directors	2,670	1,671
	<u>47,173</u>	<u>49,601</u>
Total employee benefits expenses	47,173	49,601
Capitalised as cost of inventories manufactured	(12,590)	(12,790)
	<u>34,583</u>	<u>36,811</u>
Depreciation of property, plant and equipment	9,613	11,109
Depreciation of right-of-use assets	6,264	6,953
Amortisation of other intangible assets	368	367
	<u>16,245</u>	<u>18,429</u>
Capitalised as cost of inventories manufactured	(8,481)	(10,200)
	<u>7,764</u>	<u>8,229</u>
Auditor's remuneration	2,349	2,372
Cost of inventories recognised as an expense including reversal of write-down of inventories of HK\$140,000 (2022: including write-down of inventories of HK\$721,000)	141,189	226,288
	<u>141,189</u>	<u>226,288</u>

## 9. INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current Tax	(1,658)	(1,534)
Deferred tax	(3,810)	(3,573)
	<u>(5,468)</u>	<u>(5,107)</u>
Total	<u>(5,468)</u>	<u>(5,107)</u>

### Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

For the year ended 31 December 2023, no provision for Hong Kong profits tax has been made as the assessable profits is offset with the group entity's tax losses carried forward. There were no assessable profits in Hong Kong for the year ended 31 December 2022.

### The PRC

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. As one of the PRC subsidiaries of the Group was qualified as "High-tech Enterprise" in relation to their production activities in 2020 and obtained the renewal of such qualification in 2023, this PRC subsidiary, upon satisfaction of the criteria required, was subject to a preferential PRC Enterprise Income Tax rate of 15% up to 2026.

## 10. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Group is based on the following data:

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Loss for the year for the purpose of basic loss per share	<u>(37,800)</u>	<u>(49,962)</u>
	Year ended 31 December	
	2023 '000	2022 '000
Number of ordinary shares for the purpose of basic loss per share	<u>640,000</u>	<u>640,000</u>

No diluted loss per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

## 11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 12. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2023 HK\$'000	2022 HK\$'000
Trade receivables ( <i>note i</i> )	13,520	18,509
Less: Allowance for credit loss	<u>(122)</u>	<u>(186)</u>
	13,398	18,323
Prepayments and other receivables ( <i>note ii</i> )	9,385	8,950
Value-added tax recoverable	19,265	19,959
Utility and rental deposits	1,474	1,572
Others	<u>437</u>	<u>481</u>
	<u>43,959</u>	<u>49,285</u>
Analysed as		
Current	43,959	48,260
Non-current	<u>-</u>	<u>1,025</u>

*Notes:*

- (i) The amounts of trade receivables include bills receivable of HK\$8,432,000 (2022: HK\$9,737,000).
- (ii) Included in the Group's other receivables as at 31 December 2023 is an amount due from an investee of HK\$6,400,000 (2022: HK\$6,400,000), which is unsecured, interest-free and repayable on demand.

As at 1 January 2022, trade receivables from contracts with customers amounted to HK\$14,446,000.

The Group generally allows credit periods ranging from 30 days to 120 days regarding different customers. The following is an ageing analysis of gross carrying amounts of trade receivables, presented based on the invoice date, at the end of each reporting period:

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 30 days	<b>6,174</b>	9,188
31 to 60 days	<b>5,124</b>	5,277
61 to 120 days	<b>1,867</b>	3,833
121 to 180 days	<b>319</b>	154
181 to 365 days	<b>3</b>	24
More than 365 days	<b>33</b>	33
	<u><b>13,520</b></u>	<u>18,509</u>

### 13. TRADE AND OTHER PAYABLES

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>12,016</b>	13,530
Deposits received	<b>5,920</b>	5,883
Payroll payables	<b>4,085</b>	3,704
Accrued charges	<b>2,662</b>	2,335
Others	<b>179</b>	426
	<u><b>24,862</b></u>	<u>25,878</u>
Analysed as		
Current	<b>23,643</b>	24,713
Non-current	<b>1,219</b>	1,165

The ageing analysis of the trade payables presented based on the goods receipt date at the end of each reporting period is as follows:

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 30 days	<b>10,469</b>	10,583
31 to 60 days	<b>1,547</b>	2,947
	<u><b>12,016</b></u>	<u>13,530</u>

The average credit period on purchases of goods is ranging from 30 days to 180 days.

#### 14. SHARE CAPITAL OF THE COMPANY

	Number of Shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
As at 1 January 2022, 31 December 2022 and 31 December 2023	1,000,000,000	10,000
<b>Issued and fully paid:</b>		
As at 1 January 2022, 31 December 2022 and 31 December 2023	<u>640,000,000</u>	<u>6,400</u>

#### CHAIRLADY'S STATEMENT

For much of the year ended 31 December 2023 (the “Year”), the business development of Hingtex Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) remained lacklustre. This can principally be attributed to the lockdown measures implemented in Shanghai, the People’s Republic of China (the “PRC”), in the second quarter of 2022 arising from the 2019 Novel Coronavirus (“COVID-19”) outbreak. The subsequent absence of orders during the spring and summer seasons led to reduced overall sales volume. On the other hand, the management restarted to travel to the United States (the “U.S.”) to meet with brand owner customers. During these frequent trips, the Group was able to increase business exposure, strengthen ties with existing customers and develop a new customer base. In particular, the Group has secured orders from its long-term customer that its products were sold in the largest U.S. retail chain at the end of the Year. The order represents an excellent opportunity for the Group to further bolster its presence in the U.S. market, as well as increase its overall margin. While seizing business opportunities, the Group has also sought to control expenses, hence the implementation of stringent cost control measures, and on the operations front, the introduction of various cost-saving practices.

Despite having lower sales turnover in 2023, operating losses were kept to a minimum. During the Year, revenue of the Group amounted to HK\$162.9 million (2022: HK\$245.2 million) and gross profit increased by 15% to reach HK\$21.7 million (2022: HK\$18.9 million). Gross profit margin was 13.3% (2022: 7.7%), with loss attributable to owners of the Company narrowed to approximately HK\$37.8 million (2022: Loss of HK\$50.0 million).

As at 31 December 2023, the Group’s debt-to-equity ratio has decreased from 12.88% in 2022 to 11.76% in 2023. This was primarily due to the further reduction in bank borrowings by the Group in view of the general increase in interest rates. The Group remains in a healthy financial position with bank balances and cash level of approximately HK\$60.7 million for the Year.

## **BUSINESS REVIEW**

The lockdown in Shanghai in the second quarter of 2022 will require some time for the Group to recover such business. In light of the inevitable decrease in business back then, the Group has been consolidating production orders to reduce operating costs. Machines were operated only when necessary, and only in bulk. The concentration of orders and careful scheduling ensured lot sizes were sufficiently large to justify the production scale. As adhering to shipment schedules is paramount, this approach facilitated a more effective control of water, electricity and coal consumption by the Group.

On the materials front, the Group has continued to prioritise stretchable blended denim fabrics as its main products. This is due to its ability to integrate sustainable materials such as certified recycled materials and synthetic fibres as well as provide various functionalities. Stretchable blended denim fabrics consequently accounted for 85.9% of revenue in 2023 (2022: 86.0%). Though certified recycled materials usually command higher prices, they nonetheless are in line with the expectations of brand owner customers and end users, and align with global market trends. It is worth noting that over the years, there have been increasing requests by brand owner customers to raise the percentage of sustainable materials used in the Group's fabrics. In response, and to counter the hefty tariffs imposed on Chinese goods by the U.S. Government, the Group has reached a sub-contractor agreement with a Vietnamese manufacturer for certain denim fabrics to be manufactured in the Southeast Asian country.

Despite the challenges associated with the U.S. market, the management remains committed to tapping this important location. They managed to capitalise on various sales initiatives, culminating in the steady rise in orders during the Year. Moreover, the Group has not only secured a major customer, but also attracted other smaller brands, which has bolstered its income and profit margins.

## **PROSPECTS**

Though there was a decline in sales at the start of 2023, the Group was pleased that the Year took a positive turn with the securing of a long-run order sold in the largest retail chain in the U.S. In addition, the Group reached a co-operative agreement with a denim fabric manufacturer in Vietnam to support its production needs. The management is therefore confident that the Group's business performance will gradually improve. Such confidence is further boosted by encouraging growth projections for the denim market in the coming years. According to a market survey, the global denim jeans market is anticipated to be valued at US\$111.4 billion by 2032, with a CAGR of 4.7% from 2024 to 2032.

While remaining bullish, the management will strive to enhance the Group's performance, including reinforcing ties with various brand customers, some of which stretches back more than a decade. With the Group's provision of quality products and services, the brand equity of Hingtex has only strengthened over the years — a value that has allowed the Group to enjoy relative stability amid the turbulence of the recent past, including sales volatility of the past year. The management will nevertheless continue travelling to the U.S. to seek more orders from existing customers, while at the same time solicit new business.

To further lay groundwork for future growth, the Group accelerated the installation and operation of two large pieces of equipment for finishing and dyeing, imported from Germany and Italy, respectively, in 2023. Once the machines commence operation in late 2024, the Group will be able to capitalise not only on additional capacity, but also produce higher quality products. The additional capacity will better fulfil orders for sophisticated denim fabrics, and achieve greater production efficiency, owing to their state-of-the-art technologies. The Group is confident that the two machines will improve business performance appreciably in the coming years.

On the research and development (“R&D”) front, the Group will direct effort towards developing new types of denim fabrics to meet evolving customers' needs. Focusing primarily on stretchable blended denim fabrics, the results of such R&D effort will be evident in new product samples for presentation to potential brand owner customers and existing customers alike.

While the Group's principal business interest is denim fabric manufacturing, it made an investment in a property project in Tsuen Wan, as announced in January 2022, to generate passive income through dividend and capital gain. The investment also serves as a means for the Group to diversify its portfolio and mitigate risk. As of December 2023, over 70% of the shop area of the Tsuen Wan property has been leased out by the management, which is a better-than-average performance.

Looking ahead, the Group will leverage the momentum gained over the past year to ensure that an upturn does materialise. By also capitalising on the management's experience and resolve, the Group's various business advantages and longstanding relations with brand customers, it is confident that satisfactory shareholder returns and long-term business growth will be realised.

**LAU Chung Chau**

*Chairlady and Non-executive Director*

Hong Kong, 28 March 2024

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

As at 31 December 2023, cash and cash equivalents decreased by HK\$24.0 million to HK\$60.7 million (2022: HK\$84.7 million), primarily due to the unfavourable operating results during the year. Inventories decreased by HK\$12.0 million to HK\$85.3 million (2022: HK\$97.3 million) mainly as a result of the effort to further minimise long-aged yarns and fabrics by the management. Trade and bills receivables decreased by HK\$4.9 million to HK\$13.4 million (2022: HK\$18.3 million), mainly due to less denim fabrics sold and delivered in the fourth quarter of 2023 against the comparable period in 2022. Current liabilities decreased by HK\$9.8 million to HK\$58.6 million (2022: HK\$68.4 million) due to the general decrease in various payables, including the net repayment of HK\$2.4 million in bank borrowings and HK\$2.2 million in lease liabilities.

### **CAPITAL COMMITMENT**

As at 31 December 2023, the Group had no capital commitment.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group generally finances its operations primarily with internally generated funds from operating activities and banking facilities currently available. It is anticipated that the Group has sufficient working capital to meet its present funding requirements.

As at 31 December 2023, net current assets were approximately HK\$132.0 million (2022: HK\$162.5 million). Cash and cash equivalents as at 31 December 2023 were approximately HK\$60.7 million (2022: HK\$84.7 million).

As at 31 December 2023, there were bank borrowings of approximately HK\$29.0 million (2022: HK\$31.4 million), and the Group has HK\$72.3 million in available banking facilities as at 31 December 2023 (2022: HK\$163.4 million).



## **GEARING RATIO**

As at 31 December 2023, the gearing ratio of the Group, based on total borrowings (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Group, was 11.8% (2022: 12.9%).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had 317 employees (2022: 353 employees). The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. Remuneration packages offered to the Group's employees are consistent with prevailing levels and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and that of the individual employee. The Group provides training to employees. In the year ended 31 December 2023, the Group had not encountered any significant problems with its employees, nor had there been any dispute between the Group and its employees that might have caused any disruption to the Group's business or operation. The Group has had no difficulty in recruiting and retaining experienced staff.

A share option scheme was adopted on 19 June 2018 by the Company. As at 31 December 2023 and up to the date of this announcement, no share options were granted.

## **CAPITAL EXPENDITURE**

The Group's capital expenditure was HK\$3.5 million during the Year (2022: HK\$25.4 million), which was mainly due to the capital investments in the Group's property, plant and equipment.

## **TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE**

The Group is exposed to foreign currency risk primarily through sales, purchases, Cash and cash equivalents and bank borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Renminbi. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations.

As at 31 December 2023, the Group's bank borrowings carried variable rates from 6.7% to 6.9% per annum (2022: 5.4% to 5.9%).

The Group is not engaged in the use of any financial instruments for hedging purposes. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no material contingent liability.

## **PLEDGE OF ASSETS**

As at 31 December 2023, the Group had no pledged assets (2022: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023 and up to the date of this announcement.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as rules governing dealings by the Directors in the listed securities of the Company since the Listing Date. Based on specific enquiry with the Directors, all Directors have complied with the required standards as set out in the Model Code for the year ended 31 December 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company has adopted the Code on Corporate Governance (the "CG Code") as set out in Appendix C1 of the Listing Rules since the Listing Date. The Company confirms it has met the required standards as set out in the CG Code for the year ended 31 December 2023 and up to the date of this announcement.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

Our Company has established an audit committee (the “Audit Committee”) in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group’s financial reporting process. The Audit Committee currently has three Independent Non-executive Directors, Mr. Tsang Ling Bui Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David. Mr. Tsang Ling Bui Gilbert is the chairman of the Audit Committee. Disclosure of financial information in this announcement complies with Appendix D2 to the Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 in conjunction with the external auditor.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no material events undertaken by the Group subsequent to 31 December 2023 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at 10:00 a.m. on Tuesday, 28 May 2024 (the “2023 Annual General Meeting”). For determining the entitlement to attend and vote at the 2023 Annual General Meeting, the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 Annual General Meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 May 2024.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the year ended 31 December 2023.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of our Company for the year ended 31 December 2023 containing all the relevant information required by the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and our Company in due course.

By order of the Board  
**HINGTEX HOLDINGS LIMITED**  
**LAU Chung Chau**  
*Chairlady and non-executive Director*

Hong Kong, 28 March 2024

*As at the date of this announcement, the executive Directors are Mr. Tung Wai Ting Stephen and Mr. Tung Cheuk Ming Stanley, the chairlady and non-executive Director is Ms. Lau Chung Chau, and the independent non-executive Directors are Mr. Tsang Ling Bui Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David.*