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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 2024

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 2024. The interim results have been reviewed by the Company’s audit committee.

Condensed Consolidated Statement of Profit or Loss

	<i>Notes</i>	Six months ended 30 September 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	5	3,001,360	2,644,314
Cost of sales		<u>(2,281,831)</u>	<u>(1,971,770)</u>
Gross profit		719,529	672,544
Other income and gains	5	123,323	106,538
Selling and distribution expenses		(346,377)	(384,975)
Administrative expenses		(406,949)	(332,326)
Other operating expenses, net		(1,662)	(5,169)
Finance costs		(41,981)	(19,089)
PROFIT BEFORE TAX, COMPENSATION FOR THE LOSS OF INVENTORIES DUE TO A FIRE ACCIDENT AND GAIN FROM RESUMPTION OF LAND AND BUILDINGS		45,883	37,523
Compensation for the loss of inventories due to a fire accident		—	29,582
Gain from resumption of land and buildings		<u>88,807</u>	<u>—</u>
PROFIT BEFORE TAX	6	134,690	67,105
Income tax expenses	7	<u>(33,261)</u>	<u>(22,024)</u>
PROFIT FOR THE PERIOD		<u>101,429</u>	<u>45,081</u>

*For identification purpose only

		Six months ended	
		30 September	
	<i>Note</i>	2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Attributable to:			
Ordinary equity holders of the Company		101,542	43,695
Non-controlling interests		(113)	1,386
		<hr/> 101,429	<hr/> 45,081
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (<i>HK cents</i>)	9	<hr/> 7.3	<hr/> 3.2

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	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	101,429	45,081
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>79,940</u>	(112,169)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>79,940</u>	(112,169)
TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE PERIOD	<u>181,369</u>	(67,088)
Attributable to:		
Ordinary equity holders of the Company	181,291	(69,192)
Non-controlling interests	<u>78</u>	2,104
	<u>181,369</u>	(67,088)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	1,560,292	1,408,871
Right-of-use assets		653,038	611,506
Investment properties		530,213	530,213
Construction in progress		64,637	88,140
Goodwill		18,459	18,576
Trademarks		33,293	33,293
Prepayments		12,674	21,764
Long-term rental deposits		80,683	78,280
Financial assets at fair value through profit or loss		22,766	22,752
Deferred tax assets		24,615	19,845
		<hr/>	
Total non-current assets		3,000,670	2,833,240
CURRENT ASSETS			
Inventories		1,366,482	1,541,213
Trade receivables	<i>11</i>	859,710	680,774
Bills receivable		180,507	242,003
Prepayments, deposits and other receivables		299,921	214,327
Financial assets at fair value through profit or loss		15,631	15,772
Debt instruments at amortised cost		5,888	20,258
Derivative financial assets		9,026	444
Tax recoverable		15,505	5,025
Cash and cash equivalents		2,547,875	1,555,102
		<hr/>	
Total current assets		5,300,545	4,274,918
CURRENT LIABILITIES			
Trade payables	<i>12</i>	510,900	573,470
Other payables and accrued liabilities		371,727	392,727
Lease liabilities		133,724	118,374
Derivative financial liabilities		8,293	4,839
Interest-bearing bank borrowings		1,395,922	315,100
Tax payable		41,540	10,194
Dividend payable		27,634	—
		<hr/>	
Total current liabilities		2,489,740	1,414,704
		<hr/>	
NET CURRENT ASSETS		2,810,805	2,860,214
		<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES		5,811,475	5,693,454
		<hr/>	

	<i>Note</i>	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Other payables and accrued liabilities		14,738	7,691
Lease liabilities		341,764	306,439
Interest-bearing bank borrowings		421,909	504,837
Deferred tax liabilities		86,764	81,922
		<hr/>	<hr/>
Total non-current liabilities		865,175	900,889
		<hr/>	<hr/>
Net assets		4,946,300	4,792,565
		<hr/>	<hr/>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		69,085	69,085
Reserves		4,817,497	4,691,474
Dividends declared	8	55,268	27,634
		<hr/>	<hr/>
		4,941,850	4,788,193
Non-controlling interests		4,450	4,372
		<hr/>	<hr/>
Total equity		4,946,300	4,792,565
		<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 2024	69,085	703,365	1,695	3,986	(163,353)	63,339	375,180	3,707,262	27,634	4,788,193	4,372	4,792,565	
Profit/(loss) for the period	—	—	—	—	—	—	—	101,542	—	101,542	(113)	101,429	
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	79,749	—	—	—	—	79,749	191	79,940	
Total comprehensive income for the period	—	—	—	—	79,749	—	—	101,542	—	181,291	78	181,369	
2023/2024 proposed final dividend declared	—	—	—	—	—	—	—	—	(27,634)	(27,634)	—	(27,634)	
2024/2025 interim and special interim dividends declared	—	—	—	—	—	—	—	(55,268)	55,268	—	—	—	
At 30 September 2024	69,085	703,365	1,695	3,986	(83,604)	63,339	375,180	3,753,536	55,268	4,941,850	4,450	4,946,300	
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 interim dividend declared	—	—	—	—	—	—	—	(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	

Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	147,910	186,089
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(343,891)	(407,927)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	869,008	(83,736)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	673,027	(305,574)
Cash and cash equivalents at beginning of period	857,732	1,584,769
Foreign exchange adjustments	33,983	(35,181)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,564,742	1,244,014
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	443,627	431,108
Non-pledged time deposits with original maturity within three months when acquired	1,121,115	812,906
Non-pledged time deposits with original maturity over three months when acquired	983,133	758,657
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	2,547,875	2,002,671
Less: Non-pledged time deposits with original maturity over three months when acquired	(983,133)	(758,657)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	1,564,742	1,244,014

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 2024.

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 2024, 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:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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 2024.

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, compensation for the loss of inventories due to a fire accident, gain from resumption of land and buildings and non-lease related finance costs, 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(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	2,476,315	1,980,996	523,893	661,398	1,152	1,920	—	—	3,001,360	2,644,314
Intersegment sales	29,485	28,026	—	4,489	—	—	(29,485)	(32,515)	—	—
Other revenue	34,965	51,549	34,022	4,215	10,058	13,698	(1,200)	(2,125)	77,845	67,337
	2,540,765	2,060,571	557,915	670,102	11,210	15,618	(30,685)	(34,640)	3,079,205	2,711,651
Segment results	128,427	124,901	(100,334)	(120,314)	6,208	5,529	(1,632)	(1,599)	32,669	8,517
<i>Reconciliation:</i>										
Interest income									45,478	39,201
Compensation for the loss of inventories due to a fire accident									—	29,582
Gain from resumption of land and buildings									88,807	—
Finance costs (other than interest on lease liabilities)									(32,264)	(10,195)
Profit before tax									134,690	67,105
Income tax expense									(33,261)	(22,024)
Profit for the period									101,429	45,081

5. REVENUE, OTHER INCOME AND GAINS

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sales of goods	2,996,268	2,640,693
Rendering of yarn dyeing services and garment processing services	3,941	1,701
Franchise and royalty income	1,151	1,920
	3,001,360	2,644,314
<i>Disaggregated revenue information</i>		
Timing of revenue recognition		
At a point in time	3,000,209	2,642,394
Over time	1,151	1,920
	3,001,360	2,644,314
Other income and gains		
Interest income	45,478	39,201
Net fair value gains on foreign exchange derivative financial instruments	2,347	3,294
Net fair value gain on financial assets at fair value through profit or loss	1,106	—
Gross rental income from investment property operating leases	8,034	8,107
Compensation from suppliers for defective goods	4,871	5,129
Gain on disposal of items of property, plant and equipment	180	9,310
Government subsidies	633	1,687
Rental income from suppliers and others	3,055	2,932
Reversal of impairment loss of certain assets	—	6,636
Sales of scrap materials	14,040	9,604
Sales of steam	4,760	5,565
Subsidies from e-commerce platform	12,952	—
Waiver of trade and other payables	13,602	—
Technical service income	2,712	—
Sundry income	9,553	7,122
Additional deduction of value-added tax	—	7,951
	123,323	106,538

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	118,264	107,304
Depreciation of right-of-use assets	84,139	65,845
Write-down/(reversal of write-down) of inventories	7,334	(13,627)
Reversal of write-down of trade receivables	—	(1,762)
Net gain on disposal of items of property, plant and equipment	(180)	(9,310)
Compensation for the loss of inventories due to a fire accident	—	(29,582)
Gain from resumption of land and buildings	(88,807)	—

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2024, 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 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax had been made as the Group had available tax losses brought forward from prior years to offset the assessable profits generated during the six months ended 30 September 2023.

Pursuant to the PRC Income Tax Law and the respective regulations, companies of the Group which operate in Chinese Mainland were subject to Corporate Income Tax ("CIT") at the rate of 25% (six months ended 30 September 2023: 25%) on the taxable profit for the six months ended 30 September 2024.

Certain companies of the Group which operate in Chinese Mainland were subject to CIT at the rate of 15% (six months ended 30 September 2023: 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 2024.

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	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current — Hong Kong and Chinese Mainland:		
Charge for the period	29,755	16,114
Over-provision in prior years	(2)	(232)
Deferred	3,508	6,142
Total tax charge for the period	33,261	22,024

8. DIVIDENDS

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividends	13,817	69,085
Special interim dividends	41,451	—
	55,268	69,085
Interim dividend per ordinary share (<i>HK cents</i>)	1.0	5.0
Special interim dividend per ordinary share (<i>HK cents</i>)	3.0	—
	4.0	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 2023: 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 2024 and 30 September 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment with a cost of HK\$285,386,000 (six months ended 30 September 2023: HK\$55,634,000). Items of property, plant and equipment with a net book value of HK\$12,570,000 (six months ended 30 September 2023: HK\$1,932,000) were disposed of during the six months ended 30 September 2024.

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:

	30 September 2024	31 March 2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 90 days	829,388	591,657
Over 90 days	30,322	89,117
	859,710	680,774

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:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 90 days	424,123	545,165
Over 90 days	86,777	28,305
	<u>510,900</u>	<u>573,470</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

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	<u>8,539</u>	<u>7,345</u>

14. CAPITAL COMMITMENTS

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
In respect of property, plant and equipment, contracted but not provided for	<u>82,656</u>	<u>123,601</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 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Rental expenses paid to related companies	(i)	5,964	9,304

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 Chinese Mainland. 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 28 March 2024, 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 2024 at the monthly rent of RMB494,270. During the period, the Group paid to Mountain Rich operating lease rentals in respect of the above property of HK\$3,229,000 (six months ended 30 September 2023: HK\$6,488,000).

On 28 March 2024, 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 2024 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 2023: HK\$2,400,000).

On 28 March 2024, 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 2024 at the monthly rent of HK\$55,832. During the period, the Group paid to Winson Link operating lease rentals in respect of the above property and car parking space of HK\$335,000 (six months ended 30 September 2023: HK\$416,000).

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

	Six months ended 30 September 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short term employee benefits	25,399	18,928
Post-employment benefits	18	9
Total compensation paid to key management personnel	25,417	18,937

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 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>	30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
Financial assets				
Derivative financial instruments	9,026	444	9,026	444
Financial assets at fair value through profit or loss	38,397	38,524	38,397	38,524
	47,423	38,968	47,423	38,968
Financial liabilities				
Derivative financial instruments	8,293	4,839	8,293	4,839

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, dividend 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 2024 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 2024 (Unaudited)			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial assets	—	9,026	—	9,026
Financial assets at fair value through profit or loss	—	38,397	—	38,397
	—	47,423	—	47,423
	Fair value measurement as at 31 March 2024 (Audited)			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial assets	—	444	—	444
Financial assets at fair value through profit or loss	—	38,524	—	38,524
	—	38,968	—	38,968

Liabilities measured at fair value:

	Fair value measurement as at 30 September 2024 (Unaudited)			Total <i>HK\$'000</i>		
	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>			
	Derivative financial liabilities	—	8,293		—	8,293

	Fair value measurement as at 31 March 2024 (Audited)			Total <i>HK\$'000</i>		
	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>			
	Derivative financial liabilities	—	4,839		—	4,839

As at 30 September 2024 and 31 March 2024, 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 2023: nil).

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.

Management's Discussion and Analysis

INTERIM AND SPECIAL INTERIM DIVIDENDS

The Board has resolved to declare an interim dividend of HK1.0 cent (2023: HK5.0 cents) per ordinary share for the six months ended 30 September 2024. In addition, the Board has also resolved to declare a special interim dividend of HK3.0 cents per ordinary share, together with the interim dividend, totaling HK4.0 cents per ordinary share. The interim and special interim dividends will be payable on Wednesday, 8 January 2025 to shareholders registered on the Register of Members of the Company on Wednesday, 18 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 16 December 2024 to Wednesday, 18 December 2024 (both days inclusive) for the purpose of determining the entitlement to the interim and special interim dividends for the six months ended 30 September 2024. 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 and special interim dividends for the six months ended 30 September 2024, 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, 13 December 2024.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

For the six months ended 30 September 2024, the Group's total revenue increased by 13.5% to HK\$3,001 million (six months ended 30 September 2023: HK\$2,644 million), primarily driven by the increase in revenue contributed by the textile business segment. The Group's gross profit margin was 24.0% (six months ended 30 September 2023: 25.4%), an decrease of 1.4 percentage points from the same period of last year.

Benefiting from Baleno's optimization and integration plan as well as an increase in revenue of e-commerce business, the losses of the retail and distribution business have been narrowed, coupled with the recognition of gain from resumption of the Guangzhou warehouses, the Group recorded a profit for the period attributable to the ordinary equity holders of the Company of HK\$102 million (six months ended 30 September 2023: HK\$44 million), representing an increase of 132.4%.

The Board has resolved to declare an interim dividend of HK1.0 cent (2023: HK5.0 cents) per ordinary share and a special interim dividend of HK3.0 cents per ordinary share, totaling HK4.0 cents per ordinary share for the six months ended 30 September 2024, representing a dividend payout ratio of 54.4%.

Textile business

The revenue of the textile business increased by 25.0% to HK\$2,476 million (six months ended 30 September 2023: HK\$1,981 million), accounting for 82.5% (six months ended 30 September 2023: 74.9%) of the Group's total revenue.

As apparel retailers completed their inventory destocking earlier this year, there was a noticeable rebound in demand for the Group's textile products. During the period, the capacity of the production facilities in Dongguan, China was largely utilized, coupled with improved production know-how and procedures, the Group achieved enhanced production output, margins and profitability. However, the persistent challenges and uncertainties in the macroeconomic environment prompted retailers to adopt a cautious approach in inventory replenishment. The Group expects that it will take additional time for market confidence to fully recover.

Despite these headwinds, after more than half a year of integration and optimization, the Group's newly acquired manufacturing facility in Vietnam started to contribute profit to the Group. With growing recognition by its customers, the order book, utilization rate and profitability of the site continue to grow steadily. The Group has been receiving visits from potential customers at its Vietnam production base since the second quarter of this year. This shows strong market interest in the Group's China/Vietnam dual-production base model.

The performance and key financial ratios of the business were as follows:

<i>(Amounts expressed in HK\$' million, unless specified)</i>	Six months ended 30 Sep 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Net sales	2,476	3,921	1,981	4,297	5,544
Gross profit margin (%)	17.6	16.3	16.3	18.1	21.3
Operating profit (<i>note 1</i>)	128	193	125	171	564
EBITDA (<i>note 2</i>)	286	476	292	408	790
Return on total assets (%) <i>(annualised) (note 3)</i>	3.0	3.5	5.2	3.0	7.5
Return on sales (%) (<i>note 3</i>)	4.6	5.7	8.1	4.3	10.1
Return on equity (%) (<i>annualised</i>) <i>(note 3)</i>	4.7	4.8	7.0	3.9	11.4
Capital expenditure	282	166	62	246	251

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

(2) Exclude rental income, finance cost, income tax expense, depreciation, compensation for the loss of inventories due to a fire accident and loss of inventories due to a fire accident.

(3) Exclude rental income.

Retail and distribution business

The revenue of the retail and distribution business decreased by 20.8% to HK\$524 million (six months ended 30 September 2023: HK\$661 million), accounting for 17.5% (six months ended 30 September 2023: 25.0%) of the Group's total turnover. The decrease in revenue was mainly due to the net decrease in the number of self-owned shops in the Chinese Mainland market and the weaker-than-expected sales performance in the Hong Kong market. The gross profit margin of retail and distribution business segment was 54.6%, representing an increase from last period's 52.8%.

In the Chinese Mainland market, the Group continues to implement its business optimization plan by reducing inefficient and underperforming shops during the period. As at 30 September 2024, the Group operated 269 shops in Chinese Mainland, representing a net decrease of 273 self-owned shops as compared to 30 September 2023. With a refined yet smaller sales network, there is a notable decrease in revenue contribution from the Chinese Mainland market.

In June 2024, Baleno entered into a resumption compensation agreement for resumption of a warehouse, located in Guangzhou. This resumption necessitated the relocation of the warehouse. Baleno relocated its offices, along with the warehouse, to the Group's headquarters in Dongguan, China, in July 2024. This move signifies the completion of Baleno's resource optimization and integration plan. By integrating the warehouse, administration and marketing resources at the Dongguan base, Baleno is well positioned to enhance the synergies between business departments and more importantly, reduce operating and logistics costs through centralized management. The Group expects improvements in financial performance to be fully reflected in the second half of the fiscal year.

In addition, the Group's foray into the online marketplace has shown promising results. By collaborating with E-commerce operators on multiple platforms, the Group experienced a threefold increase in its E-commerce business in terms of gross merchandise value during the period. This business model helped the Group gain greater online market share and exposure, as well as keeping low levels of inventory and operational expenses, and yielding stronger profitability.

Despite the encouraging progress in the Chinese Mainland market, the Group's business in Hong Kong faced unprecedented challenges. According to the Hong Kong Census and Statistics Department, the value of retail sales of wearing apparel recorded a year-on-year decrease of 16.3% to HK\$17,499 million during the period. Decline in domestic consumer spending resulted from the absence of government consumption vouchers, frequent travel abroad of locals and adverse weather conditions, had led to weaker-than-expected sales performance of the segment.

(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 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Net sales	524	1,443	661	1,761	2,496
Gross profit margin (%)	54.6	53.3	52.8	44.9	45.3
Sales growth of comparable shops (%) <i>(note 1)</i>	(12.0)	(5.5)	(13.4)	(17.7)	(4.8)
Operating loss <i>(note 2)</i>	(100)	(114)	(120)	(267)	(289)
EBITDA <i>(note 3)</i>	(3)	74	(50)	(126)	(26)
Return on total assets (%) <i>(annualised) (note 4)</i>	(10.4)	(6.0)	(13.1)	(12.8)	(10.4)
Return on sales (%) <i>(note 4)</i>	(20.1)	(8.2)	(19.0)	(15.4)	(10.9)
Return on equity (%) <i>(annualised) (note 4)</i>	1,039.2	(847.7)	(2,519.4)	(226.0)	(73.4)
Capital expenditure	10	31	14	18	49

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

(2) Exclude interest income, rental income, finance cost, income tax expense and gain from resumption of land and buildings.

(3) Exclude rental income, finance cost, income tax expense, depreciation and gain from resumption of land and buildings.

(4) Exclude rental income.

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

<i>(HK\$'million)</i>	Six months ended 30 Sep 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Baleno	516	1,395	625	1,711	2,380
Others	8	48	36	50	116
Total	524	1,443	661	1,761	2,496

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

Chinese Mainland

	Six months ended 30 Sep 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Net sales <i>(HK\$'million)</i>	280	816	387	1,105	1,936
Decrease in net sales (%)	(28)	(26)	(30)	(43)	(11)
Retail floor area <i>(sq. ft.)</i> ^{*#}	555,721	681,420	934,161	1,064,905	1,554,031
Number of sales associates ^{*#}	1,057	1,243	1,606	2,895	3,319
Number of outlets ^{*△}	808	1,034	1,401	1,687	1,666

Hong Kong

	Six months ended 30 Sep 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Net sales (<i>HK\$ million</i>)	227	594	257	629	552
Increase/(decrease) in net sales (%)	(12)	(6)	1	14	6
Retail floor area (<i>sq. ft.</i>) ^{*#}	104,652	103,622	99,166	93,274	91,597
Number of sales associates ^{*#}	434	464	433	504	407
Number of outlets ^{*#}	86	88	88	85	85

Indonesia

	Six months ended 30 Sep 2024	Year ended 31 Mar 2024	Six months ended 30 Sep 2023	Year ended 31 Mar 2023	Year ended 31 Mar 2022
Net sales (<i>HK\$ million</i>)	17	33	17	27	8
Increase in net sales (%)	—	22	42	238	N/A
Retail floor area (<i>sq. ft.</i>) ^{*#}	34,848	34,814	34,517	23,636	11,679
Number of sales associates ^{*#}	148	146	132	110	62
Number of outlets ^{*#}	13	14	11	8	4

* *As at the end of the reporting period*

For self-owned stores

△ *Including self-owned 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 2.1, HK\$1,818 million and -0.1 (31 March 2024: 3.0, HK\$820 million and -0.2) respectively. Bank borrowings was increased to finance the Group's short term investment and expansion of the production facilities in Vietnam. 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 4.2 times, 63 days and 83 days (six months ended 30 September 2023: 4.5 times, 61 days and 88 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\$2,548 million, HK\$4,942 million and HK\$5,164 million (31 March 2024: HK\$1,555 million, HK\$4,788 million and HK\$6,399 million), respectively.

Capital expenditure

The capital expenditure incurred by the Group during the period was HK\$292 million (six months ended 30 September 2023: HK\$76 million). The capital expenditure incurred by the textile business for the period was HK\$282 million (six months ended 30 September 2023: HK\$62 million) , of which HK\$277 million (six months ended 30 September 2023 : HK\$41 million) was for the addition of plant and machinery for the dyeing, knitting and garment factories and HK\$5 million (six months ended 30 September 2023: HK\$21 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\$10 million (six months ended 30 September 2023: HK\$14 million) mainly for the addition of leasehold improvements of the retail outlets.

Pledge of assets

No significant assets were pledged as at 30 September 2024 and 31 March 2024.

Contingent liabilities

Details of the contingent liabilities as at 30 September 2024 and 31 March 2024 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, RMB and VND fixed rate borrowings with maturity due within three years (31 March 2024: 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, USD and VND. 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 2024: 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 at perpetuity (31 March 2024: within one year 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, VND and IDR and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, neither the Company nor any of its subsidiaries had material acquisition or disposal during the period ended 30 September 2024.

On 26 June 2024, Guangzhou POSTech Technology Limited (“Guangzhou POSTech”, an indirect wholly-owned subsidiary of the Company), entered into the resumption compensation agreement with Guangzhou Development District Key Project Promotion Centre for the resumption of land and buildings, pursuant to which Guangzhou POSTech shall receive an aggregate sum of RMB98 million (equivalent to HK\$106 million) as the resumption compensation for the relocation.

Details of the above matter in respect of resumption compensation agreement can be referred to the announcement of the Company dated 28 June 2024.

HUMAN RESOURCES

At the period end, the Group had about 9,588 (31 March 2023: 9,849) employees in the Greater China, Vietnam 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) The Community Chest of Hong Kong “Green Low Carbon Day”; and
- (4) The Hong Kong Council of Social Service “Caring Company”.

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

OUTLOOK

Entering the second half of the fiscal year of 2024/2025, the global economic environment remains fragile with challenges. Although the United States has made solid progress in curbing inflation, leading the Federal Reserve to lower interest rates, the risk of a global economic recession persists. Overseas retailers continue to adopt a relatively conservative approach in procuring textiles, and consumers are also being cautious with their spending. A full recovery across the industry remains a long way off.

Under such backdrop, the Group maintains cautiously optimistic outlook for its business development. Witnessing the surging demand for swift and flexible textile solutions, the Group remains committed to becoming a trustworthy partner for garment manufacturers and retailers, with a long-term goal of becoming a leading integrated fabric and apparel manufacturer in Asia.

Leveraging the production facilities in China and Vietnam, the Group will continue to offer its long-standing customers with differentiated end-to-end products and solutions. Following the successful integration and capacity expansion of the newly acquired facility in Vietnam, the Group looks forward to commencing the second phase of construction in year 2025 to further expand its capacity to satisfy the growing order books from global customers. Digital management systems across factories have also been implemented to streamline production, enhance product quality and maintain its overall competitiveness.

In the retail and distribution segment, while short-term challenges persist, achieving profitability continues to be the Group's top priority. Building on the successful transition to a lighter asset operating model, the Group aims to enhance its operational efficiency by boosting E-commerce sales through collaborations on a broader range of online platforms. In addition, the Group will introduce a wider array of functional apparels that meets rising consumer demands for high-value, comfortable, and aesthetically appealing clothing.

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, 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 C3 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)
Poon Bun Chak	Founder of a family trust	1	698,830,104	50.58%
Ho Lai Hong	Beneficial owner		500,000	0.04%
Ng Mo Ping	Beneficial owner		300,000	0.02%

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 2024.

Save as disclosed above, as at 30 September 2024, 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 2024, 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%
Fidelity Funds	Beneficial owner		83,640,000 (L)	6.05%
Brown Brothers Harriman & Co.	Approved lending agent		72,558,800 (L) 72,558,800 (P)	5.25% 5.25%

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 2024.*

Save as disclosed above, as at 30 September 2024, 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 members of Audit Committee (the "Committee") consist of the three independent non-executive directors of the Company namely Mr. Law Brian Chung Nin, Mr. Cheng Shu Wing and Ms. Lin Kit Yee Anna. 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 C1 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CHANGES IN INFORMATION OF DIRECTORS

There is no change in the information of directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2024 Annual Report and up to the date of release of this announcement.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 September 2024 will be despatched to the shareholders of the Company upon request and available for viewing on the website of the Stock Exchange (www.hkexnews.hk) under "Latest Listed Company Information" and on the website of the Company (www.texwinca.com) under "Investor Relations" in due course.

On behalf of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 14 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Ho Lai Hong, Mr. Poon Ho Tak and Mr. Ng Mo Ping; the independent non-executive directors of the Company are Mr. Cheng Shu Wing, Mr. Law Brian Chung Nin and Ms. Lin Kit Yee Anna.