



# 南旋控股有限公司 Nameson Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 1982**

## Interim Report **2021**



# CONTENTS

Corporate Information	2
Financial Highlights	4
Chairman's Statement	5
Management Discussion and Analysis	8
Other Information	17
Condensed Consolidated Statement of Comprehensive Income	27
Condensed Consolidated Balance Sheet	29
Condensed Consolidated Statement of Changes in Equity	31
Condensed Consolidated Statement of Cash Flows	32
Notes to the Condensed Consolidated Interim Financial Information	33



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Ting Chung, *BBS, JP (Chairman and Chief Executive Officer)*  
Mr. Wong Wai Yue (*Vice Chairman*)  
Mr. Wong Ting Chun  
Mr. Li Po Sing

### Non-executive Directors

Mr. Tam Wai Hung, David  
Mr. Wong Ting Kau

### Independent non-executive Directors

Ms. Fan Chiu Fun, Fanny, *GBM, GBS, JP*  
Mr. Kan Chung Nin, Tony, *SBS, JP*  
Mr. Ong Chor Wei  
Mr. Fan Chun Wah, Andrew, *JP*  
Ms. Lee Bik Kee, Betty  
Mr. Ip Shu Kwan, Stephen, *GBS, JP*

## BOARD COMMITTEES

### Audit Committee

Mr. Ong Chor Wei (*Chairman*)  
Mr. Kan Chung Nin, Tony, *SBS, JP*  
Mr. Tam Wai Hung, David  
Mr. Fan Chun Wah, Andrew, *JP*  
Mr. Ip Shu Kwan, Stephen, *GBS, JP*

### Remuneration Committee

Mr. Kan Chung Nin, Tony, *SBS, JP (Chairman)*  
Mr. Wong Ting Chung, *BBS, JP*  
Mr. Ong Chor Wei

### Nomination Committee

Mr. Wong Ting Chung, *BBS, JP (Chairman)*  
Mr. Wong Wai Yue  
Mr. Kan Chung Nin, Tony, *SBS, JP*  
Mr. Ong Chor Wei  
Ms. Lee Bik Kee, Betty

### Executive Committee

Mr. Wong Ting Chung, *BBS, JP (Chairman)*  
Mr. Wong Wai Yue  
Mr. Wong Ting Chun  
Mr. Li Po Sing

## COMPANY SECRETARY

Mr. Tao Chi Keung, *HKICPA, ACCA*

## AUTHORISED REPRESENTATIVES

Mr. Wong Wai Yue  
Mr. Tao Chi Keung, *HKICPA, ACCA*

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A–C, 21/F, Block 1  
Tai Ping Industrial Centre  
57 Ting Kok Road  
Tai Po, New Territories  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## **CORPORATE INFORMATION (CONTINUED)**

### **HONG KONG SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen’s Road East  
Wanchai, Hong Kong

### **AUDITOR**

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
22/F, Prince’s Building  
Central  
Hong Kong

### **LEGAL ADVISER**

Reed Smith Richards Butler  
17/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

### **PRINCIPAL BANKERS**

The Bank of East Asia, Limited  
Bank of China (Hong Kong) Limited  
China Construction Bank (Asia) Corporation Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Mizuho Bank, Ltd.  
United Overseas Bank Limited

### **STOCK CODE**

1982

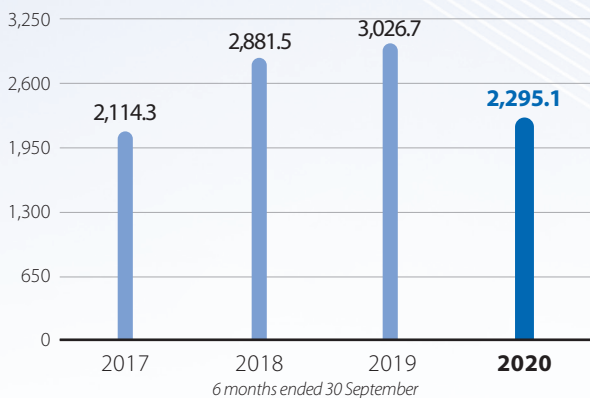
### **WEBSITE OF THE COMPANY**

<http://www.namesonholdings.com>

# FINANCIAL HIGHLIGHTS

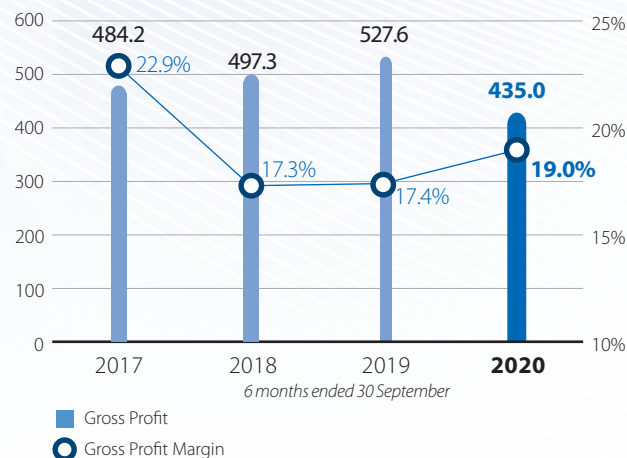
## REVENUE

(HK\$'M)



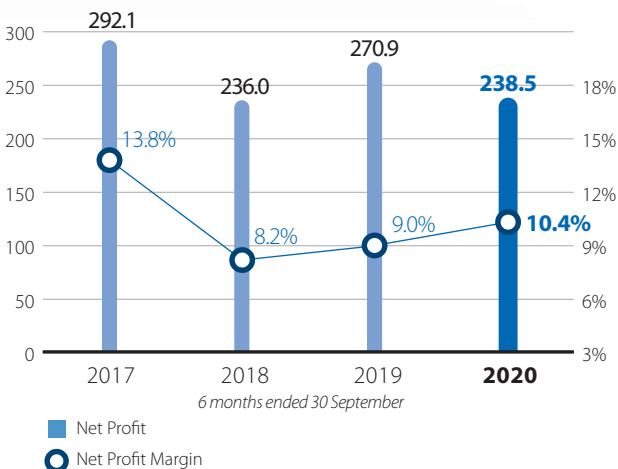
## GROSS PROFIT

(HK\$'M)



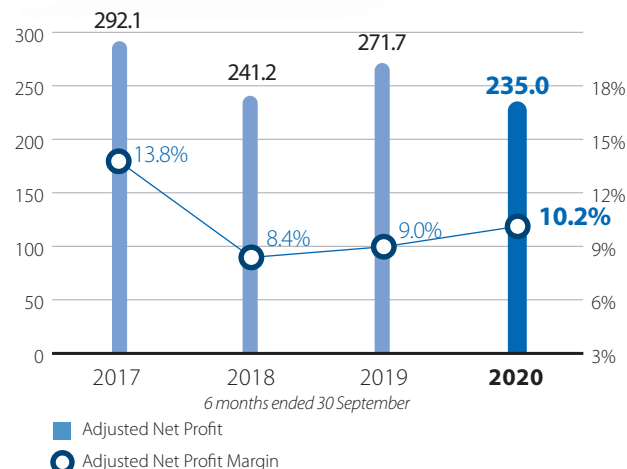
## NET PROFIT

(HK\$'M)



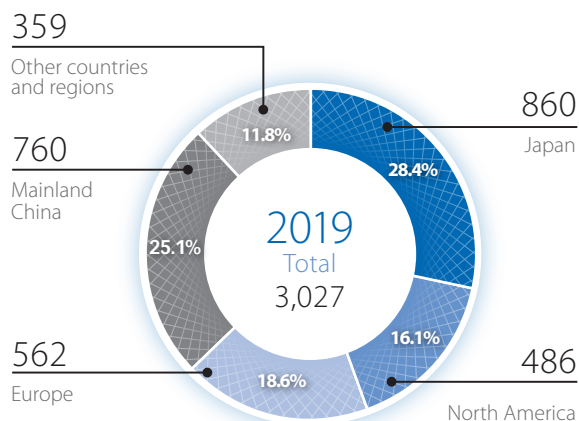
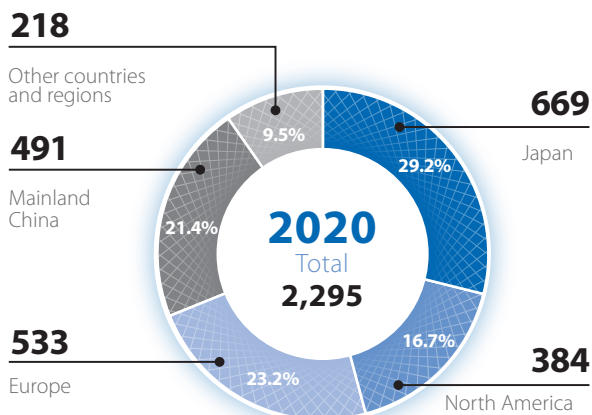
## ADJUSTED NET PROFIT (Note)

(HK\$'M)



## REVENUE BY GEOGRAPHICAL REGIONS

(HK\$'M)



Note: Adjusted net profit means net profit for the period without taking into account realised and unrealised gains/(losses) from derivative financial instruments.

# CHAIRMAN'S STATEMENT

To Our Respected Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Nameson Holdings Limited (the "Company"), I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2020 ("First Half of Financial Year 2021").

## MARKET REVIEW

The backdrop of compounded uncertainty on trade relations between China and the United States, amplified by the presidential election in the United States and the unstable global health conditions from the novel coronavirus (COVID-19), posed inevitable challenges to all walks of life globally. These led to a deep-rooted change in the landscape of manufacturing, retail sentiment, and rapidly shifting consumption patterns.

China was the first country affected by COVID-19, but has since become the first major economy to resume most business activities. Despite the heightened trade tensions, according to the China Customs statistics, the total export value from China for the six months ended 30 September 2020 recorded a growth of 4.6%. However, China's total export value of knitwear (including knitted products and crochet products, as well as knitted or crocheted clothing and accessories) still recorded a 18.6% decline during the same period. Vietnam also recorded a decline of 14.4% for its exports of textile and garments for the six months ended 30 September 2020.

Despite the recovery seen in China, the lockdown rippled to the United States and Europe in the first few months of the First Half of Financial Year 2021, impeding our overall orders for those months. Fortunately, our key customer's store re-opening in Japan and China showed respectable recovering sales in those months. While most stores of our American and European customers re-opened in June 2020, they required a replenishment of Fall/Winter products which favoured our order status for the latter months. Even so, we worked hand-in-hand with customers to optimise the number of styles in order to best benefit mutually, and to suit the changing customer purchasing behavior. The sales volume of men's and women's knitted sweaters for the six months ended 30 September 2020 was 18.3 million pieces, a decline of 14.1% compared to the same corresponding period last year.

## BUSINESS REVIEW

Apart from the decline in sales volume, the average selling price for the men's and women's knitted sweaters also recorded a decline of 9.0% to HK\$114.3 per piece due to lower raw material costs. The Group's total revenue dropped by 24.2% to HK\$2,295.1 million for the six months ended 30 September 2020, compared to HK\$3,026.7 million from the same corresponding period last year.

Nevertheless, we consistently spent effort on better allocating our resources. We continued to see a notable decrease in the total direct labour costs and subcontracting charges during the six months ended 30 September 2020 even though the number of workers remained stable. Including the sales of upstream business in cashmere yarn and knitted upper products, our gross profit recorded a decrease of 17.6%, a magnitude smaller than the decrease in our total revenue, demonstrating our effective cost control measures, and gross profit margin recorded a slight increase to 19.0% for the six months ended 30 September 2020 from 17.4% for the corresponding period last year, despite lower sales volume and lower pricing environment.

## CHAIRMAN'S STATEMENT (CONTINUED)

With softer demand on orders, production planning becomes an important backbone for the Group's development of operational efficiency. The Group is amongst the first manufacturers to set up a production base in Vietnam to benefit from the current opportunities. Despite the drop in overall orders and the outbreak of COVID-19, the production allocation for our Vietnam facility rose for the six months ended 30 September 2020. This testifies to our first-class production management efforts even during testing times. With the EU-Vietnam Free Trade Agreement that came into effect since August 2020, Vietnam's presence in Asian manufacturing market is expected to continue to strengthen. While we build our status as a secure supplier with operational efficiency, we believe these will continue to play a prominent role in customers' sourcing considerations going forward.

The global crisis from the pandemic confirms China's manufacturing status is still of significant importance, demonstrated by its recently improving total exports value of 9.9% in September 2020, Purchasing Managers' Index of 51.5, as well as domestic retail consumption that is spiraling up. China's export of knitwear in September 2020 also showed an increase of 2.6%. While other Asian manufacturing countries such as India and Bangladesh are still facing challenges to contain COVID-19, there had been an influx of orders that had to be shifted to China. Our well-established presence in Huizhou, China is in a pronounced advantageous position in the knitwear industry to continue to benefit from this.

The Group placed emphasis on managing its expenses in light of the asserted business environment, achieving savings on selling, general and administrative expenses, allowing the operating profit margin to increase slightly to 12.4% for the six months ended 30 September 2020 from 11.5% for the corresponding period last year. Finance costs were also on a deep downward trend as a result of lower market interest rates and the Group's prudent cash management directives.

The Group's net profit decreased by 12.0% to HK\$238.5 million, but net profit margin managed to improve to 10.4% for the six months ended 30 September 2020 from 9.0% for the same corresponding period last year. The Board has recommended the payment of an interim dividend of 3.8 HK cents per share to the Company's shareholders for their unwavering support.

## FUTURE STRATEGIES AND PROSPECTS

Customers generally tend to be more prudent in their merchandising patterns because of the projected softer economy, driven by unemployment and uncertainties to the global health. At the same time, the pandemic gives rise to much quicker development of e-commerce. Retail brands are now much more conscious of their direct customers' purchasing behavior and preferences, and this undoubtedly is advantageous to their future sourcing direction, allowing them to better orient to their customers' tastes and requirements, and in turn, make smarter selections in styles that resonates with end consumers' needs.

As a result, despite the short-term decrease in order size in overall market, quality suppliers, such as ourselves, that service customers with acclaimed research and development capabilities and possess the ability to facilitate fast response orders with stable supply and on-time delivery of products, are able to stand out from the rest.

We continue to see positive response from our Wholegarment products. We are very confident that our dedication in our distinguished designs will help us further develop such products' potential to its full.

The Group's development of the Myanmar production base is in progress and it is expected to commence trial production within the next financial year. We will seek to further increase production capacity ratio to overseas production in response to the changing market conditions and customer preferences.

## CHAIRMAN'S STATEMENT (CONTINUED)

While Vietnam's status in global manufacturing is unquestioned, it currently still relies on imports for raw materials. We are confident that our devoted resources in developing the business of weaving, printing and dyeing of fabric, even though was faced with delay due to the pandemic, will fill in the gap for the demand for Vietnam's domestic supply of raw materials.

The year continues to be challenging for the entire garment and apparel industry. The Group exercises careful assessment to business risks involved with customers and suppliers, while this is the time to prioritise relationships with core customers and suppliers, in order to stand in a better position when market recovers.

With our motivation to continue to lead the industry, while expanding into more diversified businesses and establishing a foothold in the vertical industry chain, the Group carefully attends to its product design and material development ability and will continue to enhance its production technique and production efficiency to boost the overall profitability to strive for better returns to shareholders.

I would hereby like to express my heartfelt gratitude to our customers, suppliers, shareholders and staff for their unwavering support and trust in the Group, as well as for their contributions and efforts towards the Group's continuous development. It has been a difficult time but together we stand stronger.

**Wong Ting Chung**

*Chairman and Chief Executive Officer*

20 November 2020



# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of Nameson Holdings Limited (the “Company”) herewith announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2020. This interim financial report has been reviewed by the Company’s audit committee and the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## FINANCIAL REVIEW

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Revenue</b>	<b>2,295,057</b>	3,026,746
Cost of sales	<b>(1,860,019)</b>	(2,499,164)
<b>Gross profit</b>	<b>435,038</b>	527,582
Other income	<b>7,224</b>	5,679
Other gains, net	<b>20,349</b>	21,577
Selling and distribution expenses	<b>(19,953)</b>	(25,869)
General and administrative expenses	<b>(158,822)</b>	(180,073)
Reversal of impairment losses on financial assets	<b>1,720</b>	–
<b>Operating profit</b>	<b>285,556</b>	348,896
Share of post-tax profit of a joint venture	<b>216</b>	598
Finance income	<b>939</b>	1,561
Finance expenses	<b>(21,209)</b>	(39,002)
Finance expenses, net	<b>(20,270)</b>	(37,441)
<b>Profit before income tax</b>	<b>265,502</b>	312,053
Income tax expenses	<b>(36,417)</b>	(38,278)
Profit for the period	<b>229,085</b>	273,775
<b>Profit for the period attributable to:</b>		
— Owners of the Company	<b>238,486</b>	270,935
<b>Add:</b>		
Net realised and unrealised (gains)/losses from derivative financial instruments	<b>(3,535)</b>	717
<b>Adjusted net profit</b>	<b>234,951</b>	271,652

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 September 2020 mainly represented revenue from sales of knitwear products, namely womenswear, menswear and other products such as cashmere yarns, knitted upper for footwear, children's wear, scarfs, hats and gloves, to our customers.

The Group's revenue decreased by 24.2% to HK\$2,295.1 million for the six months ended 30 September 2020 from HK\$3,026.7 million for the six months ended 30 September 2019. The decrease was mainly attributable to the decrease in total sales revenue of men's and women's knitwear products.

The decrease in the total sales revenue of men's and women's knitwear products was due to the decreases in sales volume and average selling price. The Group's sales volume of men's and women's knitwear products decreased by 14.1% from 21.3 million pieces for the six months ended 30 September 2019 to 18.3 million pieces for the six months ended 30 September 2020, while the average selling price of the Group's men's and women's knitwear products decreased by 9.0% from HK\$125.6 per piece for the six months ended 30 September 2019 to HK\$114.3 per piece for the six months ended 30 September 2020.

Consistent with the Group's geographical market distribution for the six months ended 30 September 2019, Japan, Mainland China and Europe remained as the top three markets of our Group for the six months ended 30 September 2020. The revenue attributable to the Japanese market, Chinese market and European market accounted for 29.2%, 21.4% and 23.2% respectively of the Group's total revenue for the six months ended 30 September 2020.

### Cost of Sales

For the six months ended 30 September 2020, the Group incurred cost of sales of HK\$1,860.0 million. Cost of sales primarily consisted of cost of inventories, direct labour costs, subcontracting charges to our subcontractors, depreciation of property, plant and equipment and right-of-use assets, electricity and water and production overhead costs.

### Gross Profit and Gross Profit Margin

During the six months ended 30 September 2020, the Group recorded gross profit of HK\$435.0 million and gross profit margin of 19.0% as compared to the gross profit of HK\$527.6 million and gross profit margin of 17.4% for the six months ended 30 September 2019.

The increase in gross profit margin for the six months ended 30 September 2020 was mainly due to the decrease in total direct labour costs and subcontracting charges as we have been streamlining the production process to increase the overall production efficiency, such increase was partially offset by the unsatisfactory gross profit margin of other knitwear products, mainly cashmere yarns.

### Other Income

Other income primarily consisted of rental income from investment properties, government subsidies and miscellaneous other income. The other income increased by HK\$1.5 million from HK\$5.7 million for the six months ended 30 September 2019 to HK\$7.2 million for the six months ended 30 September 2020. Such increase was mainly due to the increases in government subsidies and miscellaneous other income.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Other Gains, Net

Other gains primarily consisted of realised and unrealised gains or losses from derivative financial instruments, net foreign exchange gains or losses and net gains or losses on financial assets at fair value through profit or loss.

Other gains slightly decreased by HK\$1.3 million from HK\$21.6 million for the six months ended 30 September 2019 to HK\$20.3 million for the six months ended 30 September 2020. Such decrease was primarily due to the decrease in net foreign exchange gains from HK\$19.6 million for the six months ended 30 September 2019 to HK\$14.1 million for the six months ended 30 September 2020 and such decrease was partially offset by the net realised and unrealised gains/losses from derivative financial instruments, which was changed from HK\$0.7 million losses for the six months ended 30 September 2019 to HK\$3.5 million gains for the six months ended 30 September 2020.

In summary, the other gains for the six months ended 30 September 2020 mainly represented net foreign exchange gains of HK\$14.1 million, net realised and unrealised gains from derivative financial instruments of HK\$3.5 million and net gains on financial assets at fair value through profit or loss of HK\$2.5 million.

### Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of transportation cost in relation to delivery of our products to customers, commission to the agents of our customers and advertising and promotion expenses.

The Group's selling and distribution expenses decreased by HK\$5.9 million from HK\$25.9 million for the six months ended 30 September 2019 to HK\$20.0 million for the six months ended 30 September 2020. Such decrease was largely in line with the decrease in the Group's sales volume of men's and women's knitwear products.

### General and Administrative Expenses

General and administrative expenses primarily consisted of staff costs relating to management and administrative personnel, depreciation, insurance premium, donations and other incidental office expenses.

The Group's general and administrative expenses decreased by HK\$21.3 million from HK\$180.1 million for the six months ended 30 September 2019 to HK\$158.8 million for the six months ended 30 September 2020. Such decrease was mainly due to (i) no amortisation expense on technical knowhow for the six months ended 30 September 2020; and (ii) the decrease in staff costs and other incidental office expenses (e.g. travelling expenses) as our Group has implemented more cost control measures to address the turbulent market conditions as a result of the COVID-19 pandemic.

### Finance Expenses, Net

Net finance expenses mainly consisted of interest expenses on bank borrowings and lease liabilities, which are partially offset by the Group's finance income that consisted of interest income from bank deposits.

The Group's net finance expenses significantly decreased by HK\$17.1 million from HK\$37.4 million for the six months ended 30 September 2019 to HK\$20.3 million for the six months ended 30 September 2020. The decrease in net finance expenses was mainly due to the drop in market interest rates and more effective financial management strategies implemented during the six months ended 30 September 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Income Tax Expenses

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), neither the Company nor its BVI subsidiary is subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the BVI.

Hong Kong profits tax as applicable to the Group is 16.5% for the six-month period ended 30 September 2020 and 2019 respectively on the estimated assessable profits arising in or derived from Hong Kong during the relevant periods.

The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax ("CIT") at a rate of 25% on the estimated assessable profits for the six-month period ended 30 September 2020 and 2019 respectively. However, two of the Group's subsidiaries in Mainland China are subject to the CIT at the rate of 15%, after being assessed as high and new technology enterprises.

The Group's subsidiaries in Vietnam are subject to preferential business income tax ("BIT") at the rate of 17%. According to the investment certificates, the subsidiaries are subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiaries are entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and are eligible for a 50% reduction in the BIT rate in the 4 years thereafter. For one of the subsidiaries in Vietnam, the current period is within the third year of 50% reduction in the BIT rate, whereas, all the subsidiaries in Vietnam have no assessable profit for the six months ended 30 September 2020, and hence no BIT is provided.

The effective tax rates of the Group were 13.7% and 12.3% for the six-month period ended 30 September 2020 and 2019 respectively.

### Profit for the Period Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded profit attributable to the owners of the Company of HK\$238.5 million and HK\$270.9 million for the six-month period ended 30 September 2020 and 2019 respectively.

The decrease in net profit for the six months ended 30 September 2020 was primarily due to the decrease in total sales revenue as a result of the weak global demand for knitwear products caused by the COVID-19 pandemic. However, due to the decisive actions of our top management and the effective cost control measures implemented by our Group, such negative impact was partially offset by the cost saving initiatives in different areas. Therefore, the Group's net profit for the six months ended 30 September 2020 decreased by only 12.0% and such decline is lower than the 24.2% drop in the Group's total sales revenue.

### Adjusted Net Profit

Adjusted net profit is a non-HKFRS financial measure and it is derived from net profit attributable to the owners of the Company for the period after excluding realised and unrealised gains/(losses) from derivative financial instruments. We believe the adjusted net profit presented herein better reflects the Group's core operating results.

Based on the formula above, the Group's adjusted net profit decreased by HK\$36.7 million from HK\$271.7 million for the six months ended 30 September 2019 to HK\$235.0 million for the six months ended 30 September 2020, while the adjusted net profit margin increased from 9.0% for the six months ended 30 September 2019 to 10.2% for the six months ended 30 September 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Consolidated Cash Flow Statement

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Net cash generated from operating activities	<b>269,787</b>	320,132
Net cash used in investing activities	<b>(145,981)</b>	(170,076)
Net cash (used in)/generated from financing activities	<b>(30,435)</b>	25,306
Net increase in cash and cash equivalents	<b>93,371</b>	175,362
Cash and cash equivalents at beginning of the period	<b>713,128</b>	414,844
Exchange difference on cash and cash equivalents	<b>(135)</b>	(2,322)
Cash and cash equivalents at end of the period	<b>806,364</b>	587,884

#### Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the six months ended 30 September 2020 was HK\$269.8 million, primarily due to profit before income tax of HK\$265.5 million, adjusted for depreciation of HK\$104.6 million, decreases in inventories of HK\$247.3 million and prepayments, deposits, other receivables and other assets of HK\$128.9 million, which was partially offset by the increase in trade receivables of HK\$403.9 million and the decrease in trade and bills payables of HK\$87.6 million.

#### Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the six months ended 30 September 2020 was HK\$146.0 million, primarily used on the purchase of property, plant and equipment of HK\$147.2 million.

#### Net Cash Used in Financing Activities

The Group's net cash used in financing activities for the six months ended 30 September 2020 was HK\$30.4 million, represented the net decrease in the Group's total bank borrowings and lease liabilities of HK\$87.9 million, which was partially offset by the capital contribution from non-controlling interests of HK\$57.5 million.

#### Cash and Cash Equivalents

For the six months ended 30 September 2020, the Group's cash and cash equivalents increased by HK\$93.4 million and the exchange loss was HK\$0.1 million. The net increase in the Group's cash and cash equivalents was from HK\$713.1 million as at 31 March 2020 to HK\$806.4 million as at 30 September 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### OTHER FINANCIAL INFORMATION

#### Liquidity and Financial Resources

For the six months ended 30 September 2020, the Group's cash and cash equivalents was mainly used in the expansion of the Group's business operations, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and bank borrowings. The Group's gearing ratio decreased from 37.9% as at 31 March 2020 to 31.9% as at 30 September 2020. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

As at 30 September 2020, the Group's cash and cash equivalents, amounting to HK\$806.4 million, were denominated in US dollars ("US\$") (53.0%), HK\$ (27.5%), Chinese Renminbi ("RMB") (18.3%), Vietnamese Dong ("VND") (0.8%) and other currencies (0.4%).

As at 30 September 2020, the Group's total bank borrowings and lease liabilities were due for repayment as follows:

	<b>As at 30 September 2020 HK\$'000</b>	As at 31 March 2020 HK\$'000
Within one year	<b>794,244</b>	566,351
Between one and two years	<b>792,631</b>	1,060,377
Between two and five years	<b>320,768</b>	367,619
	<b>1,907,643</b>	1,994,347

Notes:

- (a) The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.
- (b) As at 30 September 2020, the Group's total bank borrowings and lease liabilities were denominated in HK\$(78.4%), US\$(20.7%) and RMB(0.9%). All the Group's bank borrowings were floating rate borrowings. The weighted average effective interest rate of the Group's bank borrowings as at 30 September 2020 was 1.84%.
- (c) As at 30 September 2020, the Group's certain bank borrowings were secured by financial assets at fair value through profit or loss with a total carrying amount of HK\$6.2 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Expenditures and Commitments

The Group incurred capital expenditures of approximately HK\$156.5 million for the six months ended 30 September 2020, which were mainly related to the purchase of machinery for our factories and the construction of new production bases in Vietnam and Myanmar. These capital expenditures were fully financed by internal resources and bank borrowings.

The Group's capital commitments as at 30 September 2020 amounted to approximately HK\$75.3 million which were mainly related to the purchase of machinery for our factories as well as the construction of new production bases in Vietnam and Myanmar.

### Charge on Assets

As at 30 September 2020, the Group's right-of-use assets with a total carrying amount of HK\$13.9 million, buildings and leasehold improvements with a total carrying amount of HK\$174.2 million and financial assets at fair value through profit or loss with a total carrying amount of HK\$6.2 million were pledged to banks to secure certain banking facilities granted to the Group.

### Contingent Liabilities

The Group had no material contingent liability as at 30 September 2020.

### Use of Net Proceeds from the Company's Initial Public Offering

The net proceeds from the listing of the Company amounted to approximately HK\$635.4 million. Such proceeds have been used according to the allocation set out in the Company's prospectus dated 30 March 2016. Use of net proceeds from the date of listing to 30 September 2020 is set out below as follows:

Items	Approximate utilised amount up to 30 September 2020 HK\$' million
Construction of factory buildings and purchase of machinery for the second phase of our Vietnam factory	378.1
Repayment of part of our bank loans	93.2
Enhancing design and product development capabilities	19.0
Enhancing existing enterprise resource planning system	16.2
General corporate purposes	54.7
Total	561.2

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Significant Investments, Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals during the six months ended 30 September 2020.

### Events after Balance Sheet Date

The Group did not have any significant events after the balance sheet date.

### Financial Instruments

As at 30 September 2020, the Group had outstanding forward foreign currency contracts to sell US\$ and purchase RMB with notional principal amounts of HK\$93.0 million (31 March 2020: Nil).

### Financial Risk Management

#### (a) Foreign Currency Risk

The Group mainly operates in Hong Kong, Mainland China and Vietnam with majority of the transactions settled in HK\$, RMB and US\$. Foreign currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign currency risk exposure is primarily with respect to RMB and US\$ since a considerable portion of our operating expenses are denominated in RMB while most of the sales are denominated in US\$. As HK\$ is pegged with US\$, the foreign currency risk exposure in respect of US\$ is considered minimal.

During the six months ended 30 September 2020, the Group entered into some forward foreign currency contracts to mitigate its exposures of RMB against US\$ in light of the appreciation of RMB during the period. The Board will continue to closely monitor the Group's foreign currency risk exposure and may use appropriate financial instruments for hedging purposes as and when necessary.

#### (b) Interest Rate Risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk and bank borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into any financial instruments to hedge against interest rate risk for the six months ended 30 September 2020 but the Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (c) Credit Risk

The Group has policies in place to ensure that sales on credit are made to customers with an appropriate credit history and the Group also performs credit assessments of its customers on a periodic basis, taking into account their financial position, past payment records, economic environments in which the customers operate in and other relevant factors. The Group has not experienced and does not expect to experience any material impairment on trade receivables and receivables from other counterparties.

As at 30 September 2020, majority of the Group's bank balances and deposits were held with major financial institutions in Hong Kong, Mainland China and Vietnam which the Directors believe are of high credit quality. The Directors do not expect any losses arising from the non-performance by these financial institutions.

### (d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash and cash equivalents and banking facilities to support its business and operational activities. The Group has not experienced and does not expect to experience any difficulties in meeting credit obligations when they fall due.

## Human Resources and Emolument Policy

As at 30 September 2020, the Group had a total of approximately 14,600 full-time employees in Mainland China, Vietnam and Hong Kong. For the six months ended 30 September 2020, the total staff costs, including the directors' emoluments, amounted to HK\$451.2 million.

The Group's emolument policies are formulated based on the performance and experience of individual employee and in line with the salary trends in Hong Kong, Mainland China and Vietnam. Other employee benefits include performance related bonuses, insurance and medical coverage and share options.

Since human resources management is an important factor in maintaining and enhancing the Group's strong expertise in the manufacturing of knitwear products, the Group will provide appropriate training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different on-the-job training will be provided to employees in order to ensure continuous staff development and skills upgrading.

## Remuneration Policy

The Directors and senior management of the Group receive compensation in the form of salaries and discretionary bonuses related to the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations. The remuneration committee will regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group.

# OTHER INFORMATION

## INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 3.8 HK cents per share for the six months ended 30 September 2020 (2019: 4.3 HK cents) to be paid to the shareholders of the Company whose names are recorded on the register of members of the Company at the close of business on Wednesday, 9 December 2020. The interim dividend is expected to be payable on or about Tuesday, 22 December 2020.

The Company's register of members will be closed from Monday, 7 December 2020 to Wednesday, 9 December 2020 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Friday, 4 December 2020.

## CORPORATE GOVERNANCE

As the Company believes that good corporate governance can create value for its shareholders, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality board of Directors, sound internal controls and effective accountability to the shareholders as a whole.

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance. In the opinion of the Directors, save for the deviation from code provision A.2.1 which is explained below, the Company has complied with all the mandatory code provisions set out in the CG Code for the six months ended 30 September 2020.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong Ting Chung ("Mr. Wong") is the chairman and the chief executive officer of our Group. In view of the fact that Mr. Wong is one of the founders of the Group and has been assuming day-to-day responsibilities in operating and managing our Group since September 1990, the Board believes that it is in the best interest of our Group to have Mr. Wong taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, sufficient checks and balances are in place and will not impair the balance of power and authority between the Board and the management of the Company.

## **OTHER INFORMATION (CONTINUED)**

### **DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code for securities transactions by the Directors.

All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 September 2020.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees has been notified to the Company.

### **AUDIT COMMITTEE**

The audit committee of the Company comprises one non-executive Director, Mr. Tam Wai Hung, David, and four independent non-executive Directors, namely, Mr. Ong Chor Wei (Chairman), Mr. Kan Chung Nin, Tony, Mr. Fan Chun Wah, Andrew and Mr. Ip Shu Kwan, Stephen. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control system. An audit committee meeting was held on 20 November 2020 to meet with the external auditors of the Company and review the Company's interim financial report for the six months ended 30 September 2020.

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

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## OTHER INFORMATION (CONTINUED)

### DISCLOSURE OF INTERESTS

#### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

Save as disclosed below, as at 30 September 2020, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Long position in the Ordinary Shares/Underlying Shares of the Company

Name of Directors	Nature of interests	Number of ordinary shares/ underlying shares held or interested in	Approximate percentage of the issued share capital of the Company <sup>(9)</sup>
Mr. Wong Ting Chung <sup>(1)(2)</sup>	Beneficiary of a trust	1,500,000,000	65.8%
	Beneficial owner	201,500,000	8.8%
Mr. Wong Ting Chun <sup>(3)(4)</sup>	Beneficiary of a trust	1,500,000,000	65.8%
	Beneficial owner	1,500,000	0.1%
Mr. Li Po Sing <sup>(5)</sup>	Beneficial owner	3,500,000	0.15%
Mr. Tam Wai Hung, David <sup>(6)</sup>	Beneficial owner	2,500,000	0.1%
Mr. Wong Ting Kau <sup>(3)</sup>	Beneficiary of a trust	1,500,000,000	65.8%
Ms. Fan Chiu Fun, Fanny <sup>(7)</sup>	Beneficial owner	1,500,000	0.1%
Mr. Kan Chung Nin, Tony <sup>(7)</sup>	Beneficial owner	1,500,000	0.1%
Mr. Ong Chor Wei <sup>(7)</sup>	Beneficial owner	1,500,000	0.1%
Mr. Fan Chun Wah, Andrew <sup>(7)</sup>	Beneficial owner	1,500,000	0.1%
Ms. Lee Bik Kee, Betty <sup>(7)</sup>	Beneficial owner	1,500,000	0.1%
Mr. Ip Shu Kwan, Stephen <sup>(8)</sup>	Beneficial owner	1,500,000	0.1%

## OTHER INFORMATION (CONTINUED)

- Note 1: Mr. Wong Ting Chung is the settlor, the protector and one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the shares held by the Happy Family Trust under the SFO.
- Note 2: Mr. Wong Ting Chung beneficially owned 200,000,000 shares which were issued by the Company on 15 December 2017 as consideration shares pursuant to the acquisition of V. Success Group and has a beneficial interest in the share options granted to him on 29 August 2016 under the Share Option Scheme (as defined below) and which, if exercised in full, would result in the issue of 1,500,000 shares to him.
- Note 3: Mr. Wong Ting Chun and Mr. Wong Ting Kau are beneficiaries of the Happy Family Trust and therefore they are deemed to be interested in the shares held by the Happy Family Trust under the SFO.
- Note 4: Mr. Wong Ting Chun has a beneficial interest in the share options granted to him on 29 August 2016 under the Share Option Scheme and which, if exercised in full, would result in the issue of 1,500,000 shares to him.
- Note 5: Mr. Li Po Sing has a beneficial interest in the share options granted to him on 29 August 2016 and 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue of 3,500,000 shares to him.
- Note 6: Mr. Tam Wai Hung, David has a beneficial interest in options granted to him on 29 August 2016 and 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue of 2,500,000 shares to him.
- Note 7: Each of Ms. Fan Chiu Fun, Fanny, Mr. Kan Chung Nin, Tony, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew and Ms. Lee Bik Kee, Betty has a beneficial interest in options granted to him/her on 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue of 1,500,000 shares to him/her.
- Note 8: Mr. Ip Shu Kwan, Stephen has a beneficial interest in options granted to him on 20 April 2018 under the Share Option Scheme and which, if exercised in full, would result in the issue of 1,500,000 shares to him.
- Note 9: The calculation is based on the total number of issued ordinary shares of 2,279,392,000 shares as at 30 September 2020.

Details of the above individuals' interests in the underlying shares of the Company are set out in the section on headed "Share Option Scheme" below. Other than the Share Option Scheme (as defined below), at no time during the six months ended 30 September 2020 was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed above, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

## OTHER INFORMATION (CONTINUED)

### Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

Save as disclosed below, so far as known to the Directors and chief executive of the Company, as at 30 September 2020, the following persons or corporations (other than the Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

#### Long position in the Ordinary Shares/Underlying Shares of the Company

Name of substantial shareholders	Nature of interests	Number of ordinary shares/ underlying shares held or interested in	Approximate percentage of the issued share capital of the Company <sup>(7)</sup>
Nameson Investment Limited <sup>(1)</sup>	Beneficial owner	1,500,000,000	65.8%
Happy Family Assets Limited <sup>(1)</sup>	Interest in a controlled corporation	1,500,000,000	65.8%
East Asia International Trustees Limited <sup>(1)</sup>	Trustee of a trust	1,500,000,000	65.8%
Ms. Wang Kam Chu <sup>(2)</sup>	Interest of spouse	1,701,500,000	74.6%
Mr. Wong Wai Wing, Raymond <sup>(3)</sup>	Beneficiary of a trust	1,501,500,000	65.9%
Ms. Kwan Ying Tsi, Catherine <sup>(4)</sup>	Interest of spouse	1,501,500,000	65.9%
Ms. Tsoi Suet Ngai <sup>(5)</sup>	Interest of spouse	1,501,500,000	65.9%
Ms. Chan Ka Wai <sup>(6)</sup>	Interest of spouse	1,500,000,000	65.8%

Notes:

- (1) Nameson Investments Limited is wholly owned by Happy Family Assets Limited, the holding vehicle incorporated in the British Virgin Islands used by East Asia International Trustees Limited, the trustee of the Happy Family Assets Limited which is a trust established by Mr. Wong Ting Chung as the settlor and the protector. Accordingly, each of Happy Family Assets Limited and Mr. Wong Ting Chung is deemed to be interested in the 1,500,000,000 shares held by Nameson Investments Limited under the SFO.
- (2) Ms. Wang Kam Chu is the spouse of Mr. Wong Ting Chung and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chung under the SFO.
- (3) Mr. Wong Wai Wing, Raymond is one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the shares held by the Happy Family Trust under the SFO. Moreover, he has a beneficial interest in the share options granted to him on 29 August 2016 under the Share Option Scheme and which, if exercised in full, would result in the issue of 1,500,000 shares to him.
- (4) Ms. Kwan Ying Tsi, Catherine is the spouse of Mr. Wong Wai Wing, Raymond and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Wai Wing, Raymond under the SFO.
- (5) Ms. Tsoi Suet Ngai is the spouse of Mr. Wong Ting Chun and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chun under the SFO.
- (6) Ms. Chan Ka Wai is the spouse of Mr. Wong Ting Kau and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Kau under the SFO.
- (7) The calculation is based on the total number of issued ordinary shares of 2,279,392,000 shares as at 30 September 2020.

## OTHER INFORMATION (CONTINUED)

### Share Option Scheme

The Company has approved and adopted a share option scheme on 29 January 2016 (the "Share Option Scheme"). Under the Share Option Scheme, the eligible participants may be granted share options.

The purposes of the Share Option Scheme are to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

The maximum number of shares which may be issued upon exercise of all the share options to be granted under the Share Option Scheme and any other share option scheme of the Company (if any) shall not in aggregate exceed 10% of the shares in issue (i.e. a maximum of 200,000,000 shares) immediately after listing unless refreshed. Moreover, unless approved by the shareholders in a general meeting (with the relevant eligible participant and his/her close associates abstaining from voting), the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (if any) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

The subscription price in respect of any share option shall be a price determined by the Board and notified to an eligible participant (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) which must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the shares.

The Share Option Scheme shall be valid and effective for a period of 10 years from 12 April 2016 (being the listing date), after which period no further share options will be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

For the six months ended 30 September 2020, no share options was granted under the Share Option Scheme. As at 30 September 2020, the number of share options that could still be granted under the Share Option Scheme was 110,600,000 share options representing approximately 4.85% of the issued share capital of the Company as at 30 September 2020.

## OTHER INFORMATION (CONTINUED)

Details of the movements of the share options granted under the Share Option Scheme during the six months ended 30 September 2020 are as follows:

Grantee	Date of Grant (Note 1)	Exercise Price HK\$	Exercise Period (Note 2)	Number of Share Options					Balance as at 30 September 2020
				Balance as at 1 April 2020	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Mr. Wong Ting Chung	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
Mr. Wong Ting Chun	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
Mr. Li Po Sing	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	2,000,000	-	-	-	-	2,000,000
Mr. Tam Wai Hung, David	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,000,000	-	-	-	-	1,000,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Ms. Fan Chiu Fun, Fanny	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Mr. Kan Chung Nin, Tony	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Mr. Ong Chor Wei	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Mr. Fan Chun Wah, Andrew	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Ms. Lee Bik Kee, Betty	28 August 2017	1.462	28 August 2018 to 27 August 2027	1,500,000	-	-	-	-	1,500,000
Mr. Ip Shu Kwan, Stephen	20 April 2018	1.700	20 April 2019 to 19 April 2028	1,500,000	-	-	-	-	1,500,000
Other employees of the Group (Note 3)	29 August 2016	1.394	29 August 2017 to 28 August 2026	14,704,000	-	-	-	-	14,704,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	36,300,000	-	-	-	-	36,300,000
<b>Total</b>				<b>69,004,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,004,000</b>



## OTHER INFORMATION (CONTINUED)

Notes:

- The closing price of the shares of the Company immediately before the date on which the share options were granted on (i) 29 August 2016, i.e. 26 August 2016, was HK\$1.40; (ii) 28 August 2017, i.e. 25 August 2017, was HK\$1.48; and (iii) 20 April 2018, i.e. 19 April 2018, was HK\$1.68.
- The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
<b>Granted on 29 August 2016</b>		
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
The remaining share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026
<b>Granted on 28 August 2017</b>		
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2018	28 August 2018 to 27 August 2027
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2019	28 August 2019 to 27 August 2027
The remaining share options	28 August 2017 to 27 August 2020	28 August 2020 to 27 August 2027
<b>Granted on 20 April 2018</b>		
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	20 April 2018 to 19 April 2019	20 April 2019 to 19 April 2028
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	20 April 2018 to 19 April 2020	20 April 2020 to 19 April 2028
The remaining share options	20 April 2018 to 19 April 2021	20 April 2021 to 19 April 2028

- Employees working under employment contracts that were regarded as "continuous contracts" for the purpose of the Hong Kong Employment Ordinance.
- The fair value of the share options as at the date of granted, its calculation and the model and assumptions used to estimate the fair value of the share options are set out in note 22 to the condensed consolidated interim financial information.

## OTHER INFORMATION (CONTINUED)

### CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2020 annual report of the Company are set out below:

<b>Name of Director</b>	<b>Details of Changes</b>
Ms. Fan Chiu Fun, Fanny	Being appointed as the independent non-executive director of China Taiping Insurance Holdings Company Limited (Stock code: 966) with effect from September 2020
Mr. Ip Shu Kwan, Stephen	Being appointed as the independent non-executive director of C-MER Eye Care Holdings Limited (Stock code: 3309) with effect from November 2020
Mr. Fan Chun Wah, Andrew	The appointment as the independent non-executive director of CNC Holdings Limited (Stock code: 8356) was terminated in August 2020  The appointment as the independent non-executive director of Universal Star (Holdings) Limited (Stock code: 2346) was terminated in October 2020
Mr. Ong Chor Wei	The appointment as the non-executive director of Prosperous Printing Company Limited (Stock code: 8385) was terminated in October 2020

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.

### DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosure are included in respect of the Company's loan agreement, which contains covenants requiring performance obligations of the controlling shareholder(s) of the Company, as follows:

<b>Date of the agreement</b>	<b>Banking facilities</b>	<b>Specific performance obligations</b>
23 September 2019	Three-year term loan facility of up to HK\$100,000,000	Mr. Wong Ting Chung and his family members will provide prior one month notice to the bank if they consider to reduce their shareholdings to less than 50% beneficial interest in the Company
28 June 2019	Five-year term loan facility of up to HK\$200,000,000.	Mr. Wong Ting Chung or his family members maintains management control over the Company and its subsidiaries
22 March 2019	Three-year term loan facility of up to HK\$150,000,000	Mr. Wong Ting Chung or his family members are and will remain as the majority ultimate beneficial owner holding not less than 50% of all issued share capital of the Company with management control in the Company

## OTHER INFORMATION (CONTINUED)

Date of the agreement	Banking facilities	Specific performance obligations
22 March 2019	Three-year term loan facility of up to HK\$250,000,000	Mr. Wong Ting Chung and his family shall own more than 60% share interests in the Company, or Mr. Wong Ting Chung shall remain as the Chairman and maintain management control of the Company
16 November 2018	Three-year term loan facility of up to HK\$100,000,000	Any one or all of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau shall at all times collectively maintain, direct or indirectly, at least 51% of the beneficial shareholding in the Company and collectively retain management control over the Company
16 March 2018	<p>(i) Term loan facility of up to an aggregate principal amount of HK\$195,000,000, with final maturity date falling on 8 August 2022</p> <p>(ii) Term loan facility of up to USD30,000,000 or HK\$234,000,000, with final maturity date falling on the day which is five years from the date of drawdown</p>	Management control over the Group by Mr. Wong Ting Chung or his family members
22 June 2017	Three-year committed term loan facility of up to HK\$100,000,000	Mr. Wong Ting Chung or his family trust remains as the majority ultimate beneficial owner holding not less than 50% of the Company with management control in the Company

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)  
Six months ended  
30 September

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	5	<b>2,295,057</b>	3,026,746
Cost of sales	7	<b>(1,860,019)</b>	(2,499,164)
<b>Gross profit</b>		<b>435,038</b>	527,582
Other income	6	<b>7,224</b>	5,679
Other gains, net	8	<b>20,349</b>	21,577
Selling and distribution expenses	7	<b>(19,953)</b>	(25,869)
General and administrative expenses	7	<b>(158,822)</b>	(180,073)
Reversal of impairment losses on financial assets	7	<b>1,720</b>	–
<b>Operating profit</b>		<b>285,556</b>	348,896
Share of post-tax profit of a joint venture	15	<b>216</b>	598
Finance income	9	<b>939</b>	1,561
Finance expenses	9	<b>(21,209)</b>	(39,002)
Finance expenses, net		<b>(20,270)</b>	(37,441)
<b>Profit before income tax</b>		<b>265,502</b>	312,053
Income tax expenses	10	<b>(36,417)</b>	(38,278)
<b>Profit for the period</b>		<b>229,085</b>	273,775
<b>Profit for the period attributable to:</b>			
— Owners of the Company		<b>238,486</b>	270,935
— Non-controlling interests		<b>(9,401)</b>	2,840
		<b>229,085</b>	273,775
<b>Earnings per share attributable to the owners of the Company during the period</b>			
— Basic and diluted (HK cents per share)	11	<b>10.5</b>	11.9

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(Unaudited)  
Six months ended  
30 September

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Profit for the period</b>	<b>229,085</b>	273,775
<b>Other comprehensive loss, net of tax:</b> <i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
— Currency translation differences	<b>(26,954)</b>	(12,292)
<b>Total comprehensive income for the period</b>	<b>202,131</b>	261,483
<b>Total comprehensive income for the period attributable to:</b>		
— Owners of the Company	<b>211,532</b>	258,003
— Non-controlling interests	<b>(9,401)</b>	3,480
	<b>202,131</b>	261,483

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,602,468	1,515,721
Right-of-use assets	13	940,492	996,899
Investment properties		1,877	1,918
Intangible assets	14	–	–
Interest in a joint venture	15	8,280	8,064
Financial assets at fair value through profit or loss	16	169,824	167,295
Prepayments, deposits, other receivables and other assets		93,819	94,424
Deferred income tax assets		656	608
		<b>2,817,416</b>	2,784,929
<b>Current assets</b>			
Inventories		561,872	806,451
Trade receivables	17	567,910	163,977
Derivative financial instruments		2,733	–
Prepayments, deposits, other receivables and other assets		208,312	340,045
Tax recoverable		95	17,835
Cash and cash equivalents		806,364	713,128
		<b>2,147,286</b>	2,041,436
<b>Total assets</b>		<b>4,964,702</b>	4,826,365
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	21	22,794	22,794
Reserves	23	2,162,873	1,951,166
Capital and reserves attributable to the owners of the Company		<b>2,185,667</b>	1,973,960
Non-controlling interests		170,753	122,654
<b>Total equity</b>		<b>2,356,420</b>	2,096,614

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	19	<b>885,033</b>	1,136,100
Lease liabilities	20	<b>225,699</b>	288,713
Provision for reinstatement costs		<b>357</b>	659
Deferred income tax liabilities		<b>2,562</b>	2,562
		<b>1,113,651</b>	1,428,034
<b>Current liabilities</b>			
Trade and bills payables	18	<b>302,795</b>	390,416
Accruals and other payables		<b>174,442</b>	158,593
Current income tax liabilities		<b>220,483</b>	183,174
Bank borrowings	19	<b>613,286</b>	371,619
Lease liabilities	20	<b>183,625</b>	197,915
		<b>1,494,631</b>	1,301,717
<b>Total liabilities</b>		<b>2,608,282</b>	2,729,751
<b>Total equity and liabilities</b>		<b>4,964,702</b>	4,826,365
<b>Net current assets</b>		<b>652,655</b>	739,719

**WONG TING CHUNG**

*Chairman, Chief Executive Officer and  
Executive Director*

**WONG WAI YUE**

*Vice-Chairman and Executive Director*

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)			Non- controlling Interests	Total equity
	Attributable to the owners of the Company				
	Share capital	Reserves	Total		
	(Note 21) HK\$'000	(Note 23) HK\$'000	HK\$'000		
<b>As at 1 April 2020</b>	<b>22,794</b>	<b>1,951,166</b>	<b>1,973,960</b>	<b>122,654</b>	<b>2,096,614</b>
Profit/(loss) for the period	-	<b>238,486</b>	<b>238,486</b>	<b>(9,401)</b>	<b>229,085</b>
<b>Other comprehensive loss:</b>					
Currency translation difference	-	<b>(26,954)</b>	<b>(26,954)</b>	-	<b>(26,954)</b>
Total comprehensive income/(loss)	-	<b>211,532</b>	<b>211,532</b>	<b>(9,401)</b>	<b>202,131</b>
<b>Transactions with owners</b>					
Capital contribution from non-controlling interests	-	-	-	<b>57,500</b>	<b>57,500</b>
<b>Share option scheme</b>					
Equity-settled share-based compensation	-	<b>175</b>	<b>175</b>	-	<b>175</b>
<b>As at 30 September 2020</b>	<b>22,794</b>	<b>2,162,873</b>	<b>2,185,667</b>	<b>170,753</b>	<b>2,356,420</b>
<b>As at 1 April 2019</b>	22,794	1,921,168	1,943,962	103,005	2,046,967
Profit for the period	-	270,935	270,935	2,840	273,775
<b>Other comprehensive (loss)/income:</b>					
Currency translation difference	-	(12,932)	(12,932)	640	(12,292)
Total comprehensive income	-	258,003	258,003	3,480	261,483
<b>Transactions with owners</b>					
Capital contribution from non-controlling interests	-	-	-	25,233	25,233
<b>Share option scheme</b>					
Equity-settled share-based compensation	-	1,673	1,673	-	1,673
<b>As at 30 September 2019</b>	22,794	2,180,844	2,203,638	131,718	2,335,356

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)  
Six months ended  
30 September

	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>274,279</b>	361,288
Interest paid	<b>(23,330)</b>	(36,846)
Income tax refunded/(paid), net	<b>18,838</b>	(4,310)
Net cash generated from operating activities	<b>269,787</b>	320,132
<b>Cash flows from investing activities</b>		
Deposit paid for right-of-use assets	–	(18,926)
Purchases of property, plant and equipment	<b>(147,162)</b>	(155,486)
Proceeds from disposals of property, plant and equipment	<b>242</b>	3,705
Interest received	<b>939</b>	1,561
Loan to a joint venture	–	(930)
Net cash used in investing activities	<b>(145,981)</b>	(170,076)
<b>Cash flows from financing activities</b>		
Proceeds from new bank borrowings	<b>181,146</b>	1,780,711
Repayments of bank borrowings	<b>(190,546)</b>	(1,696,376)
Payments for lease liabilities	<b>(78,535)</b>	(84,262)
Capital contribution from non-controlling interests	<b>57,500</b>	25,233
Net cash (used in)/generated from financing activities	<b>(30,435)</b>	25,306
<b>Net increase in cash and cash equivalents</b>	<b>93,371</b>	175,362
Cash and cash equivalents at beginning of the period	<b>713,128</b>	414,844
Exchange difference on cash and cash equivalents	<b>(135)</b>	(2,322)
Cash and cash equivalents at end of the period	<b>806,364</b>	587,884

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 August 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacturing of knitwear products. The ultimate holding company of the Company is Happy Family Assets Limited. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 April 2016.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars ("HK\$'000") unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 20 November 2020.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31 March 2020, except for the adoption of amended standards as set out below.

### (a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the current reporting period beginning 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of these amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (b) Impact of new and amended standards issued but not yet applied by the Group

The following new and amended standards have been issued but are not effective for the Group's financial periods beginning 1 April 2020 and have not been early adopted by the Group:

		<b>Effective for accounting period beginning on or after</b>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to HKFRS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group is in process of making an assessment of the impact of these new and amended standards upon initial application, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have a significant impact on the Group's results of operations or financial position.

## 3 ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest-rate risk), credit risk, liquidity risk and price risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures as required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2020.

There have been no changes in the risk management policies since 31 March 2020.

### 4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at 30 September 2020 and 31 March 2020.

	<b>Level 1</b> <b>HK\$'000</b>	<b>Level 2</b> <b>HK\$'000</b>	<b>Level 3</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
<b>At 30 September 2020</b>				
Assets				
Financial assets at fair value through profit or loss				
— Unlisted investments	–	–	<b>169,824</b>	<b>169,824</b>
Derivative financial instruments	–	<b>2,733</b>	–	<b>2,733</b>
	–	<b>2,733</b>	<b>169,824</b>	<b>172,557</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.3 Fair value estimation (Continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 31 March 2020</b>				
Assets				
Financial assets at fair value through profit or loss				
— Unlisted investments	—	—	167,295	167,295

There were no transfers among Levels 1, 2 and 3 and changes in valuation techniques during the period.

### 4.4 Valuation techniques used to derive Level 3 fair values

These unlisted investments in Level 3 represent unlisted key management insurance policies. Their fair values are determined by reference to the expected returns from such policies which are primarily based on the financial performance and market price of the underlying portfolio taking into consideration the respective guaranteed minimum returns. Consideration is also placed on the pattern of crystallising the contracts and surrender charges, if any.

## 5 SEGMENT INFORMATION

The Group's operating segments have been determined based on the information reported to and reviewed by the executive directors and senior management of the Company led by the Group's chief executive officer, being the Group's chief operating decision-maker ("CODM"), which are used for the purposes of assessing performance and making strategic decisions.

Prior to 1 April 2020, the Group had two operating segments namely (i) Manufacturing of knitwear products; and (ii) Manufacturing of knitted upper for footwear and knitted upper shoes.

During the six months ended 30 September 2020, the Group restructured and streamlined the business of manufacturing of knitted upper for footwear and knitted upper shoes. Upon the restructuring of this segment, CODM reassessed the Group's segment reporting and decided that, for the purposes of financial reporting, manufacturing of knitted upper for footwear and knitted upper shoes segment should be combined with the manufacturing of knitwear products segment as the resources allocation, performance assessment and decision making of these two operating segments are no longer considered separately.

For the six months ended 30 September 2020, the Group operates as a single operating segment. The impact of the abovementioned change in the Group's reportable operating segments for the six months ended 30 September 2019 is considered retrospectively and the Group's operating segment information is restated as if the Group had been operating as a single operating segment in that period. Accordingly, the Group has not presented separate segment information.

The Board assesses the performance of the operating segment based on a measure of gross profit.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 5 SEGMENT INFORMATION (CONTINUED)

#### (a) Revenue by location of goods delivery

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Japan	<b>669,493</b>	859,701
North America	<b>383,647</b>	486,236
Europe	<b>532,497</b>	562,340
Mainland China	<b>491,333</b>	759,923
Other countries	<b>218,087</b>	358,546
	<b>2,295,057</b>	3,026,746

#### (b) Non-current assets

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Hong Kong	<b>56,141</b>	58,706
Mainland China	<b>746,045</b>	772,344
Vietnam	<b>1,630,469</b>	1,672,090
Myanmar	<b>206,001</b>	105,822
	<b>2,638,656</b>	2,608,962

The non-current assets information above is based on the location of the assets and excludes intangible assets, interest in a joint venture, financial assets at fair value through profit or loss ("FVTPL") and deferred income tax assets.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 5 SEGMENT INFORMATION (CONTINUED)

#### (c) Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group is as follows:

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Customer A	<b>1,157,418</b>	1,575,397
Customer B	<b>253,405</b>	337,504

The five largest customers accounted for approximately 75.7% (2019: 73.2%) of revenue for the six months ended 30 September 2020.

#### (d) Disaggregation of revenue from contracts with customers

For the six-month period ended 30 September 2020 and 2019 respectively, the revenue of the Group was recognised at a point in time.

### 6 OTHER INCOME

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Rental income from investment properties	<b>420</b>	452
Rental income from properties occupied by employees	<b>244</b>	351
Government subsidies	<b>3,393</b>	2,947
Others	<b>3,167</b>	1,929
	<b>7,224</b>	5,679

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses and reversal of impairment losses on financial assets are analysed as follows:

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Advertising and promotion expenses	<b>3,623</b>	2,912
Auditor's remuneration		
— audit services	<b>1,890</b>	1,482
— non-audit services	<b>326</b>	315
Depreciation (Note 13)		
— owned property, plant and equipment	<b>60,266</b>	44,987
— right-of-use assets	<b>44,260</b>	61,758
Depreciation of investment properties	<b>41</b>	67
Amortisation of technical knowhow (Note 14)	<b>–</b>	4,825
Employment benefit expenses (including directors' emoluments)	<b>451,188</b>	495,932
Raw materials and consumables used	<b>1,065,420</b>	1,408,353
Changes in inventories of finished goods and work in progress	<b>142,686</b>	271,433
(Reversal of)/provision for impairment of inventories	<b>(2,848)</b>	5,692
Reversal of impairment losses on financial assets	<b>(1,720)</b>	–
Subcontracting charges	<b>103,665</b>	198,569
Agency and commission expenses	<b>279</b>	1,208
Transportation charges	<b>16,517</b>	20,854
Donations	<b>2,856</b>	1,205
Short-term lease payments	<b>957</b>	31
Utilities expenses	<b>47,155</b>	52,376
Sample charges	<b>4,258</b>	9,733
Others	<b>96,255</b>	123,374
Total cost of sales, selling and distribution expenses, general and administrative expenses and reversal of impairment losses on financial assets	<b>2,037,074</b>	2,705,106



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 8 OTHER GAINS, NET

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Net foreign exchange gains	<b>14,056</b>	19,563
Net gains on financial assets at FVTPL	<b>2,529</b>	2,435
Net gains on disposals of property, plant and equipment	<b>19</b>	296
Net realised and unrealised gains/(losses) from derivative financial instruments	<b>3,535</b>	(717)
Others	<b>210</b>	–
	<b>20,349</b>	21,577

### 9 FINANCE EXPENSES, NET

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Finance income</b>		
Interest income from:		
— Bank deposits	<b>939</b>	1,561
<b>Finance expenses</b>		
Interest expenses on:		
— Bank borrowings	<b>(17,139)</b>	(34,942)
— Lease liabilities	<b>(4,070)</b>	(4,060)
	<b>(21,209)</b>	(39,002)
Finance expenses, net	<b>(20,270)</b>	(37,441)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 10 INCOME TAX EXPENSES

For the six months ended 30 September 2020, Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the period. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at a rate of 25% (2019: 25%) on estimated assessable profits. However, two of the Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at the rate of 15% after being assessed as high and new technology enterprises.

The Group's subsidiaries in Vietnam are subject to preferential business income tax ("BIT") at the rate of 17%. According to the investment certificate, the subsidiaries are subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiaries are entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and is eligible for a 50% reduction in the BIT rate in the 4 years thereafter. For one of the subsidiaries in Vietnam, the current period is within the third year of 50% reduction in the BIT rate, whereas, all the subsidiaries in Vietnam have no assessable profit for the six months ended 30 September 2020, and hence no BIT is provided.

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax	<b>19,609</b>	11,774
China corporate income tax	<b>16,584</b>	27,752
Vietnam business income tax	–	753
Deferred taxation	<b>224</b>	(2,001)
	<b>36,417</b>	38,278

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 11 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share for the six-month period ended 30 September 2020 and 2019 respectively are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b>	2019
Profit attributable to the owners of the Company (HK\$'000)	<b>238,486</b>	270,935
Weighted average number of ordinary shares in issue ('000)	<b>2,279,392</b>	2,279,392
Basic earnings per share (HK cents)	<b>10.5</b>	11.9

#### (b) Diluted

Diluted earnings per share for the six-month period ended 30 September 2020 and 2019 respectively equals basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

### 12 DIVIDENDS

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b>	
	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Interim dividend of 3.8 HK cents (2019: 4.3 HK cents) per ordinary share	<b>86,617</b>	98,014

At the board meeting held on 20 November 2020, the Board of Directors declared an interim dividend of 3.8 HK cents (2019: 4.3 HK cents) per share. The interim dividend amounting to approximately HK\$86,617,000 has not been recognised as a liability in this interim financial information. It will be recognised as a distribution in shareholder's equity for the year ending 31 March 2021.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	(Unaudited)		
	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Land use rights HK\$'000
<b>Six months ended 30 September 2020</b>			
Opening net book amount at 1 April 2020	<b>1,515,721</b>	<b>996,899</b>	–
Additions	<b>153,874</b>	<b>2,591</b>	–
Disposals	<b>(223)</b>	–	–
Lease modification	–	<b>(1,356)</b>	–
Depreciation	<b>(60,266)</b>	<b>(44,260)</b>	–
Exchange differences	<b>(6,638)</b>	<b>(13,382)</b>	–
Closing net book amount at 30 September 2020	<b>1,602,468</b>	<b>940,492</b>	–
<b>Six months ended 30 September 2019</b>			
Opening net book amount at 1 April 2019	2,087,863	–	108,976
Effect on adoption of HKFRS 16	(1,040,560)	1,193,396	(108,976)
Restated opening net book amount at 1 April 2019	1,047,303	1,193,396	–
Additions	114,940	96,861	–
Disposals	(3,409)	–	–
Depreciation	(44,987)	(61,758)	–
Exchange differences	218	(1,427)	–
Closing net book amount at 30 September 2019	1,114,065	1,227,072	–

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 14 INTANGIBLE ASSETS

	(Unaudited)		
	Goodwill HK\$'000	Technical knowhow HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2020</b>			
Opening net book amount at 1 April 2020	-	-	-
Amortisation charge	-	-	-
Closing net book amount at 30 September 2020	-	-	-
<b>Six months ended 30 September 2019</b>			
Opening net book amount at 1 April 2019	-	64,747	64,747
Amortisation charge	-	(4,825)	(4,825)
Closing net book amount at 30 September 2019	-	59,922	59,922

### 15 INTEREST IN A JOINT VENTURE

	(Unaudited) Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Beginning of the period	<b>8,064</b>	6,309
Loan to a joint venture (Note)	-	930
Share of post-tax profit of joint venture	<b>216</b>	598
End of the period	<b>8,280</b>	7,837

Note: Loan to a joint venture represents a loan advanced which is unsecured, interest-free and to be repaid on a date mutually agreed between the Group and the joint venture.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Financial assets at FVTPL		
— Unlisted investments (Note)	<b>169,824</b>	167,295

Note:

Unlisted investments represent unlisted key management insurance contracts which are debt instruments classified as financial assets at FVTPL. Minimum returns are guaranteed under these contracts with upside variable returns and the respective fixed and determinable returns are recognised as part of "Other gains, net". The portion allocated as insurance premium is recognised as prepayment and is amortised to the condensed consolidated statement of comprehensive income based on the estimated years that the Group intends to hold such contracts.

### 17 TRADE RECEIVABLES

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Trade receivables	<b>567,927</b>	165,714
Less: Provision for impairment of trade receivables	<b>(17)</b>	(1,737)
	<b>567,910</b>	163,977

The credit periods granted by the Group to its customers generally ranging from 0 to 60 days. As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Up to three months	<b>549,748</b>	143,478
Three to six months	<b>17,338</b>	13,082
Over six months	<b>841</b>	9,154
	<b>567,927</b>	165,714

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 17 TRADE RECEIVABLES (CONTINUED)

Movements of provision for impairment of trade receivables are as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
As at 1 April	<b>1,737</b>	–
(Reversal of)/provision for impairment of trade receivables	<b>(1,720)</b>	1,737
	<b>17</b>	1,737

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group did not hold any collateral as security.

### 18 TRADE AND BILLS PAYABLES

As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Within one month	<b>124,335</b>	211,392
One to two months	<b>80,320</b>	77,134
Two to three months	<b>60,498</b>	8,640
Over three months	<b>37,642</b>	93,250
	<b>302,795</b>	390,416

The carrying amounts of the trade and bills payables approximate their fair values.

Note: As at 30 September 2020, trade and bills payables includes trade payables to related companies of approximately HK\$9,830,000 (31 March 2020: HK\$134,688,000) (Note 25(b)).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 19 BANK BORROWINGS

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
<b>Current</b>		
Short-term bank borrowings, unsecured	<b>21,119</b>	26,215
Portion of long-term bank borrowings, secured, due for repayment within one year	<b>1,033</b>	1,033
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	<b>2,667</b>	3,183
Portion of long-term bank borrowings, unsecured, due for repayment within one year	<b>588,467</b>	341,188
	<b>613,286</b>	371,619
<b>Non-current</b>		
Bank borrowings, unsecured	<b>885,033</b>	1,136,100
Total bank borrowings	<b>1,498,319</b>	1,507,719

The weighted average effective interest rate as at 30 September 2020 is 1.84% (31 March 2020: 2.94%).

The bank borrowings are due for repayment as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Within one year	<b>610,619</b>	368,436
Between one and two years	<b>637,665</b>	874,166
Between two and five years	<b>250,035</b>	265,117
	<b>1,498,319</b>	1,507,719

The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

As at 30 September 2020, the Group's bank borrowings amounting to HK\$3,700,000 (31 March 2020: HK\$4,216,000) are secured by financial assets at FVTPL with a total carrying amount of HK\$6,225,000 (31 March 2020: HK\$6,100,000).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 20 LEASE LIABILITIES

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
<b>Current</b>		
Lease liabilities due for repayment within one year	<b>183,625</b>	197,915
<b>Non-current</b>		
Lease liabilities due for repayment after one year:		
Between one and two years	<b>154,966</b>	186,211
Between two and five years	<b>70,733</b>	102,502
	<b>225,699</b>	288,713
Total lease liabilities	<b>409,324</b>	486,628

The lease liabilities were due for repayment as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Gross lease liabilities — minimum lease payments:		
Within one year	<b>188,819</b>	205,144
Between one and two years	<b>158,067</b>	190,126
Between two and five years	<b>71,659</b>	104,208
	<b>418,545</b>	499,478
Future finance charges on leases	<b>(9,221)</b>	(12,850)
Present value of lease liabilities	<b>409,324</b>	486,628

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 21 SHARE CAPITAL

	<b>(Unaudited)</b> <b>As at 30 September 2020</b>		<b>(Audited)</b> <b>As at 31 March 2020</b>	
	<b>Number of shares</b>	<b>Nominal value HK\$</b>	<b>Number of shares</b>	<b>Nominal value HK\$</b>
Authorised:				
Ordinary shares at HK\$0.01 each	<b>5,000,000,000</b>	<b>50,000,000</b>	5,000,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<b>2,279,392,000</b>	<b>22,793,920</b>	2,279,392,000	22,793,920

## 22 SHARE-BASED PAYMENTS

Movements of the share options under the share option scheme during the six months ended 30 September 2020 are as follows:

<b>Date of Grant</b>	<b>Exercise Price</b> HK\$	<b>Exercise Period</b>	<b>Number of share options</b>				<b>As at 30 September 2020</b>
			<b>As at 1 April 2020</b>	<b>Granted during the period</b>	<b>Exercised during the period</b>	<b>Cancelled during the period</b>	
<b>Directors</b>							
29 August 2016	1.394	29 August 2017 to 28 August 2026	5,500,000	-	-	-	5,500,000
28 August 2017	1.462	28 August 2018 to 27 August 2027	11,000,000	-	-	-	11,000,000
20 April 2018	1.700	20 April 2019 to 19 April 2028	1,500,000	-	-	-	1,500,000
<b>Other employees of the Group</b>							
29 August 2016	1.394	29 August 2017 to 28 August 2026	14,704,000	-	-	-	14,704,000
28 August 2017	1.462	28 August 2018 to 27 August 2027	36,300,000	-	-	-	36,300,000
Total			69,004,000	-	-	-	69,004,000

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 22 SHARE-BASED PAYMENTS (CONTINUED)

The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
<i>Granted on 29 August 2016</i>		
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
9,366,668 share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026
<i>Granted on 28 August 2017</i>		
19,933,333 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2018	28 August 2018 to 27 August 2027
19,933,333 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2019	28 August 2019 to 27 August 2027
19,933,334 share options	28 August 2017 to 27 August 2020	28 August 2020 to 27 August 2027
<i>Granted on 20 April 2018</i>		
500,000 share options	20 April 2018 to 19 April 2019	20 April 2019 to 19 April 2028
500,000 share options	20 April 2018 to 19 April 2020	20 April 2020 to 19 April 2028
500,000 share options	20 April 2018 to 19 April 2021	20 April 2021 to 19 April 2028

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 22 SHARE-BASED PAYMENTS (CONTINUED)

The Company has used the Binomial Model for assessing the fair value of the share options granted. According to the Binomial Model, the fair value of the options granted have taken into account various factors, variables and assumptions which include the following:

	<b>Date of grant</b>		
	<b>29 August 2016</b>	<b>28 August 2017</b>	<b>20 April 2018</b>
Risk-free interest rate	1.01%	1.50%	1.50 %
Expected volatility	40.28%	39.02%	39.02 %
Expected annual dividend yield	3.95%	3.83%	3.83 %

The total expense of HK\$175,000 (2019: HK\$1,673,000) for share options granted to directors and employees was recognised as “employment benefit expenses” in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2020.

### 23 RESERVES

	<b>Attributable to the owners of the Company (Unaudited)</b>				
	<b>Other reserves (Note) HK\$'000</b>	<b>Exchange reserve HK\$'000</b>	<b>Share option reserve HK\$'000</b>	<b>Retained earnings HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 1 April 2020</b>	<b>1,586,311</b>	<b>54,864</b>	<b>19,412</b>	<b>290,579</b>	<b>1,951,166</b>
Profit for the period	-	-	-	<b>238,486</b>	<b>238,486</b>
<b>Other comprehensive loss:</b>					
— Currency translation difference	-	<b>(26,954)</b>	-	-	<b>(26,954)</b>
Total comprehensive (loss)/income for the period	-	<b>(26,954)</b>	-	<b>238,486</b>	<b>211,532</b>
<b>Share option scheme:</b>					
— Equity-settled share-based compensation	-	-	<b>175</b>	-	<b>175</b>
As at 30 September 2020	<b>1,586,311</b>	<b>27,910</b>	<b>19,587</b>	<b>529,065</b>	<b>2,162,873</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 23 RESERVES (CONTINUED)

	Attributable to the owners of the Company (Unaudited)				
	Other reserves (Note) HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>As at 1 April 2019</b>	1,586,311	86,716	16,593	231,548	1,921,168
Profit for the period	–	–	–	270,935	270,935
<b>Other comprehensive loss:</b>					
— Currency translation difference	–	(12,932)	–	–	(12,932)
Total comprehensive (loss)/income for the period	–	(12,932)	–	270,935	258,003
<b>Share option scheme:</b>					
— Equity-settled share-based compensation	–	–	1,673	–	1,673
As at 30 September 2019	1,586,311	73,784	18,266	502,483	2,180,844

Note: Other reserves mainly represent the share premium, and fair value of the consideration given in excess of the paid-in capital of the companies comprising the Group in relation to the Company's reorganisation.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 24 COMMITMENTS

#### (a) Operating lease arrangements

As at 30 September 2020 and 31 March 2020, the aggregate future lease payments receivable under non-cancellable operating leases in respect of the Group's investment properties are as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Within one year	<b>280</b>	320

#### (b) Capital commitments

As at 30 September 2020 and 31 March 2020, the capital expenditure contracted but not yet incurred is as follows:

	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Property, plant and equipment contracted but not provided for	<b>75,257</b>	80,080

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 25 RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the interim financial information, the following is a summary of significant related party transactions which, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related transactions.

Name of related parties	Relationship with the Group
Hanyi Investments Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Ting Chun (Executive Director) and Mr. Wong Ting Kau (Non-executive Director)
Huizhou Lijia Clothing Company Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Ting Chun (Executive Director), Mr. Wong Wai Wing, Raymond (Executive Director, resigned with effect from 30 November 2019) and Mr. Wong Ting Kau (Non-executive Director)
Huizhou Gangsheng Property Co., Ltd	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Wai Yue (Executive Director and Vice Chairman), Mr. Wong Wai Wing, Raymond (Executive Director, resigned with effect from 30 November 2019), Mr. Wong Ting Chun (Executive Director), Mr. Wong Ting Kau (Non-executive Director) and Mr. Lin Xiugao, the cousin of Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director)
Huizhou Huaerkang Technology Co., Ltd.	Controlled by Mr. Wong Wai Yue (Executive Director and Vice Chairman)
Hebei Yuteng Cashmere Products Co., Ltd.	The non-controlling interests of a subsidiary of the Group
Hebei Rongcang Warehousing Service Co., Ltd.	Controlled by two directors of the non-controlling interests of a subsidiary of the Group
Hebei Meixian Cashmere Textile Technology Co., Ltd.	Controlled by a relative of two directors of the non-controlling interests of a subsidiary of the Group
SML & FT (Vietnam) Limited	Wholly owned subsidiary of a joint venture formed between the Group and an independent third party
Tongxiang Yuteng Cashmere Clothing Co., Ltd.	Wholly owned subsidiary of the non-controlling interests of a subsidiary of the Group

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions

		(Unaudited) Six months ended 30 September	
	Note	2020 HK\$'000	2019 HK\$'000
Hotel services fee charged by Huizhou Gangsheng Property Co., Ltd	(i), (vi)	<b>833</b>	966
Rental charged by Huizhou Lijia Clothing Company Limited	(ii), (vi)	<b>2,247</b>	2,792
Rental charged by Hanyi Investments Limited	(iii), (vi)	<b>1,494</b>	1,494
Rental charged by Hebei Yuteng Cashmere Products Co., Ltd.	(iv), (vi)	<b>4,603</b>	4,790
Rental charged by Tongxiang Yuteng Cashmere Clothing Co., Ltd.	(v), (vi)	<b>200</b>	–
Purchase of cashmere from Hebei Yuteng Cashmere Products Co., Ltd.	(i), (vi)	<b>230,243</b>	328,113
Purchase of mask from Huizhou Huaerkang Technology Co., Ltd.	(i), (vi)	<b>2,665</b>	–
Subcontracting fee charged by Hebei Rongcang Warehousing Service Co., Ltd.	(i), (vi)	–	3,840
Purchase of labels and hang tags from SML & FT (Vietnam) Limited	(i)	<b>6,001</b>	6,753

Notes:

- (i) Terms of the above transactions are mutually agreed between the relevant parties.
- (ii) The Group has entered into an operating lease agreement with Huizhou Lijia Clothing Company Limited on terms mutually agreed by both parties. The Group has recognised a right-of-use asset of HK\$2,195,000 at 31 March 2020 and the right-of-use asset is fully depreciated during the six months ended 30 September 2020 upon the expiry of the lease agreement. The lease payments to this related company under this agreement for the six months ended 30 September 2020 was HK\$2,247,000 (2019: HK\$2,792,000).
- (iii) The Group has entered into an operating lease agreement with Hanyi Investments Limited on terms mutually agreed by both parties. The Group has recognised a right-of-use asset of HK\$1,458,000 and HK\$2,915,000 at 30 September 2020 and 31 March 2020 respectively. The lease payments to this related company under this agreement for the six months ended 30 September 2020 was HK\$1,494,000 (2019: HK\$1,494,000).
- (iv) The Group entered into a lease agreement with Hebei Yuteng Cashmere Products Co., Ltd. in respect of properties on terms mutually agreed by both parties. The Group recognised a right-of-use asset of HK\$13,256,000 and HK\$17,674,000 at 30 September 2020 and 31 March 2020 respectively. The lease payments to this related company under this agreement for the six months ended 30 September 2020 was HK\$4,603,000 (2019: HK\$4,790,000).
- (v) The Group has entered into a lease agreement with Tongxiang Yuteng Cashmere Clothing Co., Ltd. on terms mutually agreed by both parties. The Group has recognised a right-of-use asset of HK\$2,261,000 at 30 September 2020. The lease payments to this related company under this agreement for the six months ended 30 September 2020 was HK\$200,000.
- (vi) These related party transactions also fall under the definition of continuing connected transactions or connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 25 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Period/year end balances

	Note	<b>(Unaudited)</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	(Audited) As at 31 March 2020 HK\$'000
Prepayment to Hebei Yuteng Cashmere Products Co., Ltd.	(i)	<b>133,841</b>	263,889
Trade payable to SML & FT (Vietnam) Limited	(ii)	<b>3,142</b>	3,174
Trade payable to Hebei Meixian Cashmere Textile Technology Co., Ltd.	(ii)	<b>6,688</b>	6,104
Trade payable to Hebei Yuteng Cashmere Products Co., Ltd.	(ii)	–	125,410
Lease liability due to Huizhou Lijia Clothing Company Limited		–	2,237
Lease liability due to Hanyi Investments Limited		<b>1,486</b>	2,953
Lease liability due to Hebei Yuteng Cashmere Products Co., Ltd.		<b>13,520</b>	17,908
Lease liability due to Tongxiang Yuteng Cashmere Clothing Co., Ltd.		<b>2,285</b>	–

Notes:

- (i) Prepayment was presented in the condensed consolidated balance sheet within "Prepayments, deposits, other receivables and other assets".
- (ii) Payables were presented in the condensed consolidated balance sheet within "Trade and bills payables".

#### (c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Salaries, pension costs and other short-term employee benefits	<b>7,127</b>	8,603
Equity-settled share-based compensation	<b>46</b>	1,031
	<b>7,173</b>	9,634