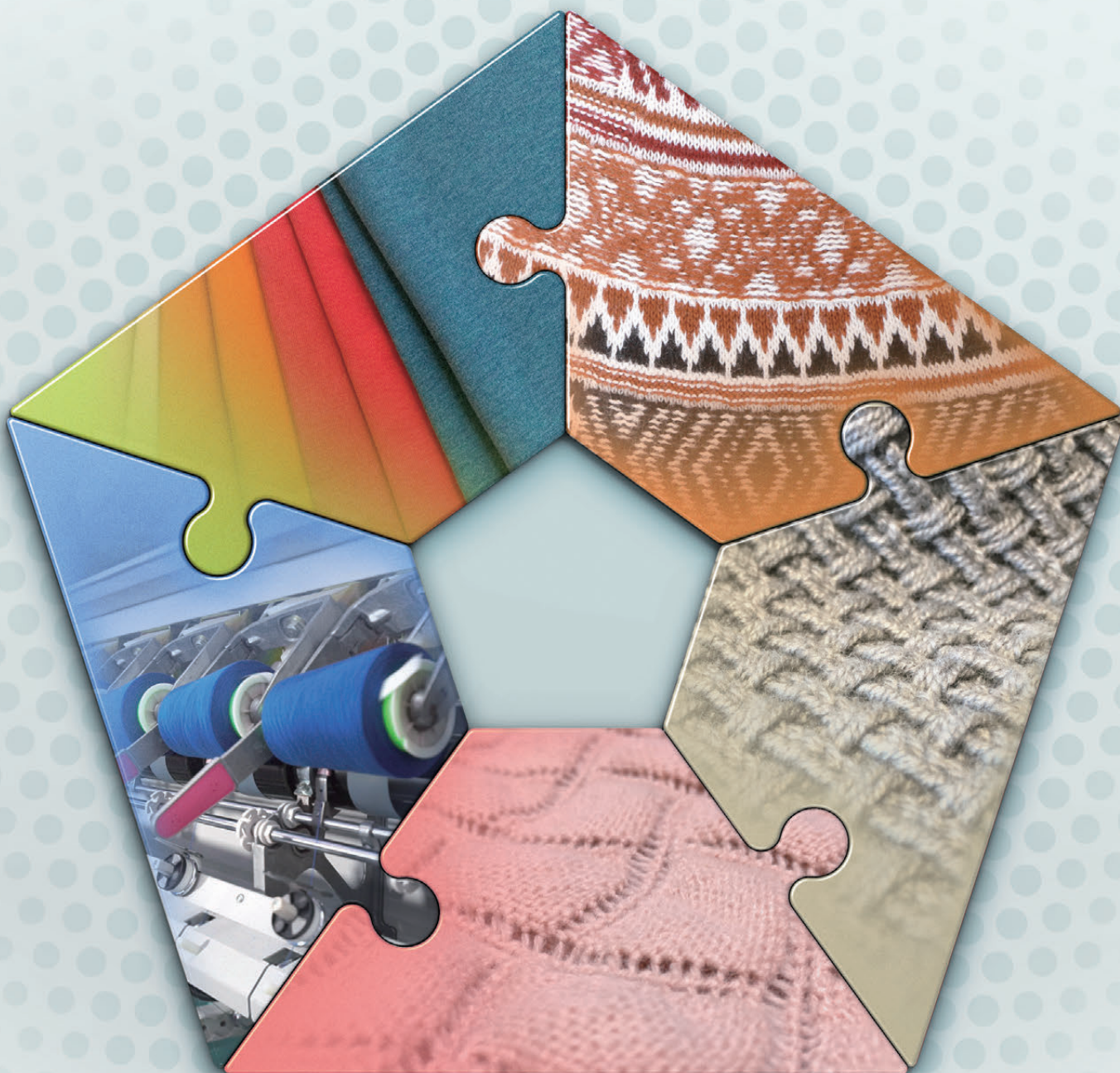




南旋控股有限公司 Nameson Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1982



INTERIM REPORT **2022**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Wai Yue (*Chairman*)
Mr. Man Yu Hin (*Chief Executive Officer*)
Mr. Wong Ting Chun
Mr. Li Po Sing

Non-executive Directors

Mr. Tam Wai Hung, David

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 Wai Yue
Mr. Ong Chor Wei

Nomination Committee

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

Executive Committee

Mr. Wong Wai Yue (*Chairman*)
Mr. Man Yu Hin
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

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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

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

STOCK CODE

1982

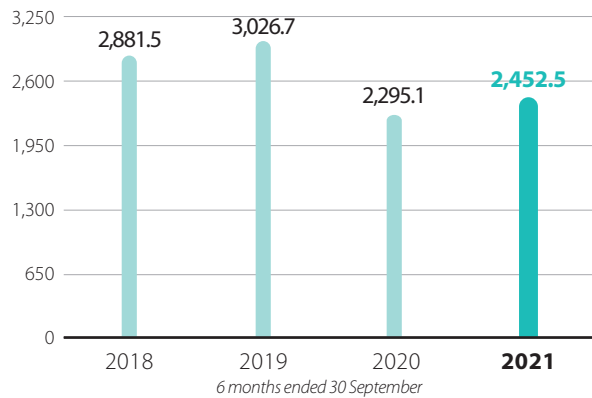
WEBSITE OF THE COMPANY

<http://www.namesonholdings.com>

FINANCIAL HIGHLIGHTS

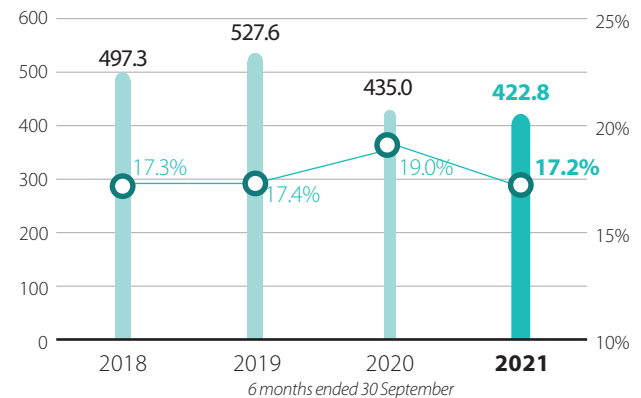
REVENUE

(HK\$'M)



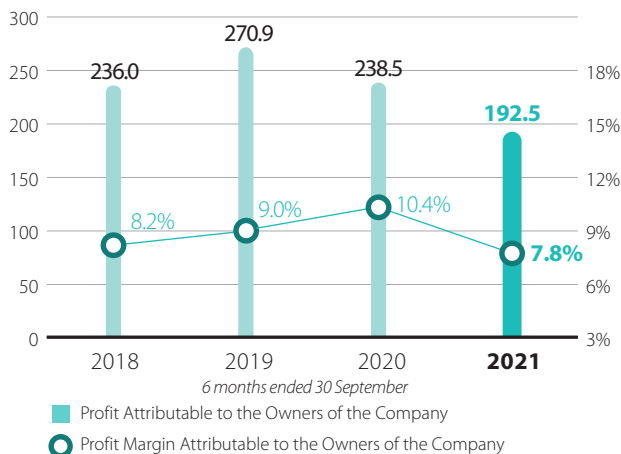
GROSS PROFIT

(HK\$'M)



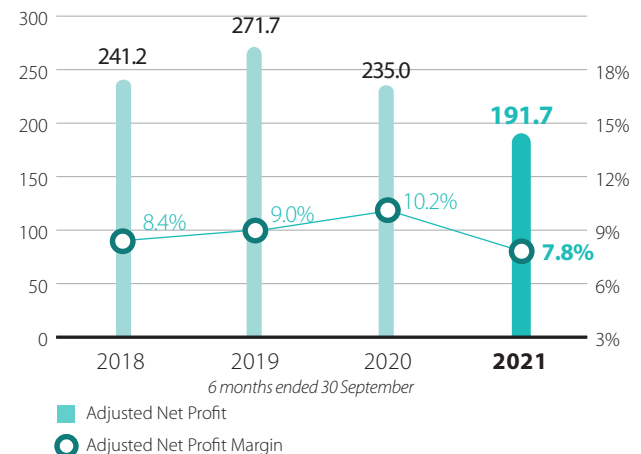
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(HK\$'M)



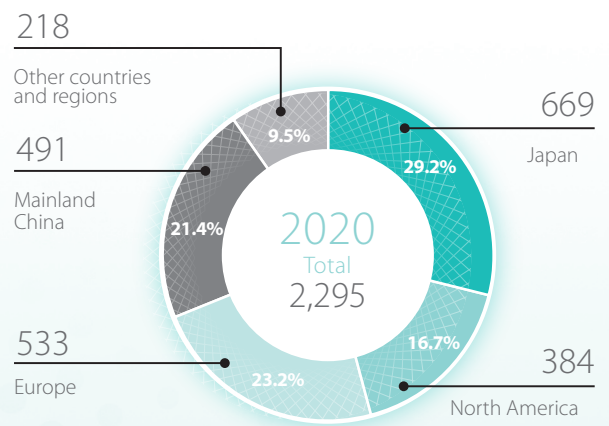
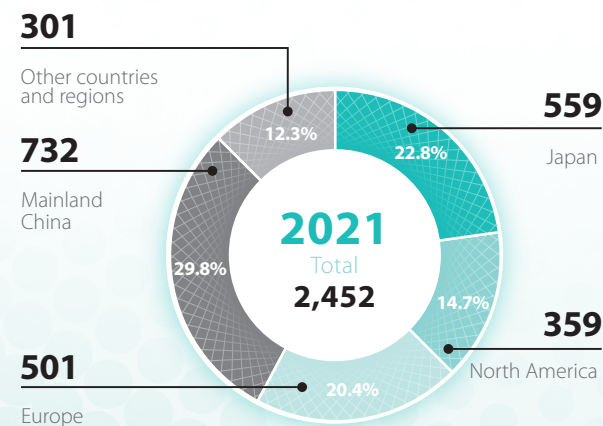
ADJUSTED NET PROFIT (Note)

(HK\$'M)



REVENUE BY GEOGRAPHICAL REGIONS

(HK\$'M)



Note: Adjusted net profit means profit attributable to the owners of the Company 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 2021 ("First Half of Financial Year 2022").

MARKET REVIEW

The global market conditions in the first few months of the First Half of Financial Year 2022 had begun to see improvements when consumption patterns registered notable pick up due to the relaxation of social distancing restrictions in regions such as United States and Europe. However, this positive sentiment did not perpetuate when the Delta variant of the novel coronavirus (COVID-19) brought about an escalation of confirmed cases in Vietnam and other Southeast Asian countries in the later months, which caused a major disruption to the whole supply chain. The rapid spread of the Delta variant has led to a sharp decrease in overall productivity for some manufacturers, while some manufacturers faced mandatory temporary shutdowns of their manufacturing plants in Vietnam since the middle of July 2021, and this also caused port congestion, which affected both imports and exports.

While the trade relations between China and the United States saw no signs of significant improvement, together with the developments of variants of COVID-19 despite increased inoculation rates of vaccines, which results in continued shadows of uncertainty to the worldwide economic recovery.

The short-term recovery in the first three months of the First Half of Financial Year 2022 was evidenced by the strong pick-up in exports in both China and Vietnam, registering a growth of 30.7% and 34.7% respectively. China's total export value of knitwear (including knitted products and crochet products, as well as knitted or crocheted clothing and accessories) recorded a strong growth of 43.6% in the First Half of Financial Year 2022, especially when Vietnam and some other Southeast Asian countries faced a sudden and sharp productivity interruption. Vietnam, hence, on the other hand, faced export values of textile and garments decreasing in August and September 2021, and only recorded a single-digit 7.9% increase for the six months ended 30 September 2021.

During the last three months of the First Half of Financial Year 2022, the whole manufacturing landscape was generally faced with keen customer sentiment, but with a major disruption in supply chain. On the backdrop of solid customer relationships and trust that was built throughout the many years, this phase is another wave of challenge that is clearly to be overcome with the mutual understanding with customers, and that the Group has to conquer the challenges together.

BUSINESS REVIEW

The Group's constant quest for improving Vietnam's production efficiency has begun to bear some fruit since the last financial year, this enhanced efficiency extended into the first three months of the First Half of Financial Year 2022, and hence we were ahead of time in terms of production. Despite such improvement in production efficiency, port congestion also took place during those months which delayed certain shipments.

The better-than-expected efficiency in our Vietnam production base gained in the first three months of the First Half of Financial Year 2022 enabled us to deal with the practical challenges at this production base as a priority when the escalated COVID-19 confirmed cases in Vietnam took off in July 2021. Our management team exercised very strict and effective controls over the factory's operations, diligently observing the local government's "three-on-site" plan, immediately arranged the required precautionary measures to safeguard all our staff's health. Therefore, the Group's Vietnam production base managed to remain in operation despite temporary cut in productivity even during this severe time when some industry players had to stop production on a mandatory basis.

CHAIRMAN'S STATEMENT (CONTINUED)

We then re-focused on working with customers on a realistic and mutually beneficial plan for products delivery under this temporary reduction in productivity and continued port congestion. The prominence of China's position in the manufacturing space is indisputable, evidenced by quality manufacturers who can flexibly make arrangements in shifting certain orders when required. We are able to re-allocate some orders to be produced in China, to serve our customers with greater flexibility. Under the power rationing implemented by the Chinese authorities, the Group made necessary arrangements on re-allocation of work processes, to facilitate on-time delivery to customers according to the mutual understanding with customers.

Subsequent to negotiations with all customers, while some customers also faced impacts from COVID-19 in their sales markets, we maintained our sales volume of our men's and women's knitwear products at 17.9 million pieces, 2.2% below that of the corresponding period last year, and the average selling price dropped slightly by 3.3% to HK\$110.5 per piece due to a lower sales volume of cashmere sweater products during the First Half of Financial Year 2022. With an increase in cashmere yarn and fabric business, the Group's total revenue increased by 6.9% to HK\$2,452.5 million in the First Half of Financial Year 2022.

There was inevitably more pressure on costs during the six months ended 30 September 2021. For example, increased labour costs due to offering more incentives to staff who continued to actively work in our Vietnam production base even during lockdowns, more subcontracting charges as we made alternations in allocation on an urgent basis for securing delivery to customers, and the surge in utility costs due to China's power rationing. Coupled with the addition of the cashmere yarn and fabric business that have lower profit margin, the Group's gross profit declined by 2.8% to HK\$422.8 million, and gross profit margin dropped from 19.0% in the same corresponding period last year to 17.2% for the six months ended 30 September 2021.

We also faced cost pressure from added costs for pandemic prevention and control measures at all our production facilities. The Group's operating profit suffered a decrease by 14.7% to HK\$243.7 million. Finance costs were on a downward trend as a result of the decrease in market interest rates and effective financial management strategies.

Despite the many imminent challenges faced in the First Half of Financial Year 2022, the Group's net profit declined prudently by 11.3% to HK\$203.1 million in the First Half of Financial Year 2022. Net profit margin declined from 10.0% in the same corresponding period last year to 8.3% for the six months ended 30 September 2021.

The Group will continue its prudent cash management directives. In view of lower capital expenditure requirements in the near future, and the Group's healthy cash flow, the Board has recommended the payment of an interim dividend of 4.2 HK cents per share to the Company's shareholders, representing an increase in the dividend payout ratio during the First Half of Financial Year 2022, in appreciation for our shareholders' trust and support during these difficult times.

FUTURE STRATEGIES AND PROSPECTS

The First Half of Financial Year 2022 proved to be another challenging period of time for many manufacturers. Having built up important customer relationships during the past years, the tacit understanding enables us to quickly bond and work towards a mutually beneficial solution, and to overcome the challenges together.

As a result of the uncertainties in production seen in August and September 2021, and even though most manufacturers in Vietnam have resumed to full production after October 2021, as a responsible manufacturer, we have come into a unison understanding with some customers that we will be less aggressive in confirming quick orders as some parts of the production are still reeling from the earlier effects of the previous COVID-19 lockdowns. We believe that being more conservative at certain times can be conducive to greater development in the longer term.

CHAIRMAN'S STATEMENT (CONTINUED)

We continue to see positive response from our WHOLEGARMENT products, we are very confident that our dedication through collaboration with customers to originate distinguished designs and product functions will help us further to continue to develop the full potential of this product.

The Group's development progress of the Myanmar production base was decelerated while we continue to examine the situation with priority placed on the safety of our staff. We expect trial production to be further delayed until the unrest and the pandemic in Myanmar becomes less severe. With China's position in trade preference schemes being lessened, we see Myanmar in an advantageous position enjoying tariff concessions exporting to China, Japan and Europe. Our ultimate goal is to further increase production capacity ratio to overseas production in response to the changing customer preferences.

At the same time, having overcome the challenges in the past months, we have gained even more confidence that our Vietnam production base is capable of further enhancing its efficiency when situations normalise.

As the manufacturing landscape in Vietnam further strengthens, we are confident that our devoted resources in the business of weaving, printing and dyeing of fabric will fill in the gap for the demand for Vietnam's domestic supply of raw materials. The production facility started production during the First Half of Financial Year 2022 even in face of the pandemic, we expect this business to take better shape when the pandemic is less severe.

The remaining of the year continues to be full of challenges for the entire garment and apparel industry. The increased tension in political stance, inflation and the surge in utility-related costs, port congestions, etc. all pose threats to all industries. The Group is confident that the track record in being able to perform even under challenges helps us to gain traction for our gradual increase in bargaining power. Moreover, the Group continues to exercise careful assessment to its business risks, while we will strive to improve internally. We are focused on bringing new energy to our manufacturing facilities through the introduction to renewable energy, we will continue our paths to further enhance product design with function, material development ability and embark on digitisation and automation where appropriate, in order to obtain better grip in careful and strategic planning of our business. All these efforts are inductive to our journey for generating greater returns to our 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. We believe there is a rainbow after every storm.

Wong Wai Yue

Chairman and Executive Director

26 November 2021

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 2021. 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

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Revenue	2,452,469	2,295,057
Cost of sales	(2,029,661)	(1,860,019)
Gross profit	422,808	435,038
Other income	13,056	7,224
Other gains, net	980	20,349
Selling and distribution expenses	(23,252)	(19,953)
General and administrative expenses	(169,933)	(158,822)
Reversal of impairment losses on financial assets	–	1,720
Operating profit	243,659	285,556
Share of post-tax profit of a joint venture	630	216
Finance income	769	939
Finance expenses	(11,638)	(21,209)
Finance expenses, net	(10,869)	(20,270)
Profit before income tax	233,420	265,502
Income tax expenses	(30,345)	(36,417)
Profit for the period	203,075	229,085
Profit for the period attributable to:		
— Owners of the Company	192,538	238,486
Less:		
Net realised and unrealised gains from derivative financial instruments	(842)	(3,535)
Adjusted net profit	191,696	234,951

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2021 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.

Although the Group's production capacity in Vietnam was disrupted and impacted by the measures imposed by the Vietnamese government to contain COVID-19 pandemic, the Group's revenue still recorded an increase of 6.9% to HK\$2,452.5 million for the six months ended 30 September 2021 from HK\$2,295.1 million for the six months ended 30 September 2020. The increase was mainly attributable to the increase in sales revenue of cashmere yarns, while there was a slight decrease in total sales revenue of men's and women's knitwear products.

The slight decrease in the total sales revenue of men's and women's knitwear products was due to the slight decreases in sales volume and average selling price. The Group's sales volume of men's and women's knitwear products decreased by 2.2% from 18.3 million pieces for the six months ended 30 September 2020 to 17.9 million pieces for the six months ended 30 September 2021, while the average selling price of the Group's men's and women's knitwear products decreased by 3.3% from HK\$114.3 per piece for the six months ended 30 September 2020 to HK\$110.5 per piece for the six months ended 30 September 2021.

On the other hand, consistent with the Group's geographical market distribution for the six months ended 30 September 2020, Japan, Mainland China and Europe remained as the top three markets of our Group for the six months ended 30 September 2021. The revenue attributable to the Chinese market, Japanese market and European market accounted for 29.8%, 22.8% and 20.4% respectively of the Group's total revenue for the six months ended 30 September 2021.

Cost of Sales

For the six months ended 30 September 2021, the Group incurred cost of sales of HK\$2,029.7 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 2021, the Group recorded gross profit of HK\$422.8 million and gross profit margin of 17.2% as compared to the gross profit of HK\$435.0 million and gross profit margin of 19.0% for the six months ended 30 September 2020.

The slight decrease in gross profit margin for the six months ended 30 September 2021 was mainly due to the increase in total direct labour costs and subcontracting charges as (i) we incurred additional costs to handle the impacts caused by the operational disruption in our Vietnam production base as a result of the COVID-19 pandemic; and (ii) there was an increase in labour wages of our China production base, such impact was partially offset by the improved gross profit margin of cashmere yarn sales.

Other Income

Other income primarily consisted of rental income from investment properties, government subsidies, income from claims settled and miscellaneous other income. The other income increased by HK\$5.9 million from HK\$7.2 million for the six months ended 30 September 2020 to HK\$13.1 million for the six months ended 30 September 2021. Such increase was mainly due to the income from claims settled of HK\$6.3 million and the increase in miscellaneous other income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Gains, Net

Other gains primarily consisted of net 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 decreased by HK\$19.3 million from HK\$20.3 million for the six months ended 30 September 2020 to HK\$1.0 million for the six months ended 30 September 2021. Such decrease was primarily attributable to the turnaround in net foreign exchange gains from HK\$14.1 million for the six months ended 30 September 2020 to net foreign exchange losses of HK\$2.8 million for the six months ended 30 September 2021.

In summary, other gains for the six months ended 30 September 2021 mainly represented net gains on financial assets at fair value through profit or loss of HK\$2.4 million, net realised and unrealised gains from derivative financial instruments of HK\$0.8 million and net foreign exchange losses of HK\$2.8 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 increased by HK\$3.3 million from HK\$20.0 million for the six months ended 30 September 2020 to HK\$23.3 million for the six months ended 30 September 2021. Such increase was largely in line with the increase in the Group's sales volume of cashmere yarns.

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 increased by HK\$11.1 million from HK\$158.8 million for the six months ended 30 September 2020 to HK\$169.9 million for the six months ended 30 September 2021. Such increase was mainly due to (i) the increase in staff costs as a result of the growth in cashmere yarn and fabric businesses; and (ii) the increase in other incidental office expenses (e.g. travelling and entertainment expenses) as our Group has dedicated more marketing efforts to promoting its products in face of the more competitive market conditions.

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\$9.4 million from HK\$20.3 million for the six months ended 30 September 2020 to HK\$10.9 million for the six months ended 30 September 2021. The decrease in net finance expenses was mainly due to the drop in market interest rates and using prudent and effective financial management strategies during the six months ended 30 September 2021.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Hong Kong profits tax as applicable to the Group is 16.5% for the six-month period ended 30 September 2021 and 2020 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 2021 and 2020 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 fourth 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 2021, and hence no BIT is provided.

The effective tax rates of the Group were 13.0% and 13.7% for the six-month period ended 30 September 2021 and 2020 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\$192.5 million and HK\$238.5 million for the six-month period ended 30 September 2021 and 2020 respectively.

The decrease in net profit for the six months ended 30 September 2021 was primarily due to lower profit margin for men's and women's knitwear products resulting from higher direct labour costs and subcontracting charges and this is mainly caused by the impacts from the COVID-19 pandemic in Vietnam and the increase in labour wages in our China production base; while such decrease was partially set off by the improvement in profit margin of cashmere yarn sales as a result of the rise in cashmere market price.

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\$43.3 million from HK\$235.0 million for the six months ended 30 September 2020 to HK\$191.7 million for the six months ended 30 September 2021, and the adjusted net profit margin decreased from 10.2% for the six months ended 30 September 2020 to 7.8% for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Consolidated Cash Flow Statement

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Net cash (used in)/generated from operating activities	(166,915)	269,787
Net cash used in investing activities	(56,569)	(145,981)
Net cash used in financing activities	(719)	(30,435)
Net (decrease)/increase in cash and cash equivalents	(224,203)	93,371
Cash and cash equivalents at beginning of the period	793,201	713,128
Exchange difference on cash and cash equivalents	34	(135)
Cash and cash equivalents at end of the period	569,032	806,364

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the six months ended 30 September 2021 was HK\$166.9 million, primarily due to profit before income tax of HK\$233.4 million, adjusted for depreciation of HK\$113.9 million, increases in inventories of HK\$100.6 million, trade receivables of HK\$456.8 million and prepayments, deposits, other receivables and other assets of HK\$29.4 million, which was partially offset by the increase in accruals and other payables of HK\$81.4 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the six months ended 30 September 2021 was HK\$56.6 million, primarily used on the purchase of property, plant and equipment of HK\$83.1 million, which was partially offset by the proceeds from disposals of property, plant and equipment of HK\$21.6 million.

Net Cash Used in Financing Activities

The Group's net cash used in financing activities for the six months ended 30 September 2021 was HK\$0.7 million, which was attributable to the net increase in the Group's total bank borrowings and lease liabilities of HK\$26.6 million and dividend payments of HK\$27.4 million.

Cash and Cash Equivalents

For the six months ended 30 September 2021, the Group's cash and cash equivalents decreased by HK\$224.2 million. The net decrease in the Group's cash and cash equivalents was from HK\$793.2 million as at 31 March 2021 to HK\$569.0 million as at 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the six months ended 30 September 2021, 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 increased from 23.1% as at 31 March 2021 to 27.6% as at 30 September 2021. 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 2021, the Group's cash and cash equivalents, amounting to HK\$569.0 million, were denominated in US dollars ("US\$") (42.9%), HK\$ (28.6%), Renminbi ("RMB") (27.2%), Vietnamese Dong (0.9%) and other currencies (0.4%).

As at 30 September 2021, the Group's total bank borrowings and lease liabilities were due for repayment as follows:

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
Within one year	669,238	1,061,464
Between one and two years	274,978	218,144
Between two and five years	614,033	239,731
Over five years	379	–
	1,558,628	1,519,339

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 2021, the Group's total bank borrowings and lease liabilities were denominated in HK\$(80.7%), US\$(18.5%) and RMB(0.8%). 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 2021 was 1.48%.
- (c) As at 30 September 2021, 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\$6.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital Expenditures and Commitments

The Group incurred capital expenditures of approximately HK\$111.0 million for the six months ended 30 September 2021, which were mainly related to the purchase of machinery for our factories and the construction of a new production base in Myanmar. These capital expenditures were fully financed by internal resources and bank borrowings.

The Group's capital commitments as at 30 September 2021 amounted to approximately HK\$50.7 million which were mainly related to the purchase of machinery for our factories as well as the construction of a new production base in Myanmar.

Charge on Assets

As at 30 September 2021, the Group's right-of-use assets with a total carrying amount of HK\$14.2 million, buildings and leasehold improvements with a total carrying amount of HK\$168.7 million and financial assets at fair value through profit or loss with a total carrying amount of HK\$6.4 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 2021.

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 2021 is set out below as follows:

Items	Approximate utilised amount up to 30 September 2021 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	22.8
Enhancing existing enterprise resource planning system	18.4
General corporate purposes	54.7
Total	567.2

Significant Investments, Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals during the six months ended 30 September 2021.

Events after Balance Sheet Date

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Instruments

The Group did not have any outstanding hedging contracts or financial derivatives as at 30 September 2021 (31 March 2021: 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 2021, 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 2021 but the Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

(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 2021, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Human Resources and Emolument Policy

As at 30 September 2021, the Group had a total of approximately 9,200 full-time employees in Mainland China, Vietnam and Hong Kong. For the six months ended 30 September 2021, the total staff costs, including the directors' emoluments, amounted to HK\$487.7 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 4.2 HK cents per share for the six months ended 30 September 2021 (2020: 3.8 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 Thursday, 9 December 2021. The interim dividend is expected to be payable on or about Wednesday, 22 December 2021.

The Company's register of members will be closed from Tuesday, 7 December 2021 to Thursday, 9 December 2021 (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 Monday, 6 December 2021.

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, the Company has complied with all the mandatory code provisions set out in the CG Code for the six months ended 30 September 2021.

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 2021.

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 26 November 2021 to meet with the external auditors of the Company and review the Company's interim financial report for the six months ended 30 September 2021.

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

During the six months ended 30 September 2021, 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 2021, 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 ⁽⁸⁾
Mr. Man Yu Hin ⁽¹⁾	Interest of spouse	700,000	0.03%
Mr. Wong Ting Chun ⁽²⁾⁽³⁾	Beneficiary of a trust Beneficial owner	1,500,000,000 1,500,000	65.81% 0.07%
Mr. Li Po Sing ⁽⁴⁾	Beneficial owner	3,500,000	0.15%
Mr. Tam Wai Hung, David ⁽⁵⁾	Beneficial owner	2,500,000	0.11%
Ms. Fan Chiu Fun, Fanny ⁽⁶⁾	Beneficial owner	1,500,000	0.07%
Mr. Kan Chung Nin, Tony ⁽⁶⁾	Beneficial owner	1,500,000	0.07%
Mr. Ong Chor Wei ⁽⁶⁾	Beneficial owner	1,500,000	0.07%
Mr. Fan Chun Wah, Andrew ⁽⁶⁾	Beneficial owner	1,500,000	0.07%
Ms. Lee Bik Kee, Betty ⁽⁶⁾	Beneficial owner	1,500,000	0.07%
Mr. Ip Shu Kwan, Stephen ⁽⁷⁾	Beneficial owner	1,500,000	0.07%

OTHER INFORMATION (CONTINUED)

Note 1: Mr. Man Yu Hin is deemed to be interested in 700,000 shares held by his spouse as his spouse has a beneficial interest in the share options granted to her on 29 August 2016 and 28 August 2017 under the Share Option Scheme (as defined below) and which, if exercised in full, would result in the issue of 700,000 shares to her.

Note 2: Mr. Wong Ting Chun 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.

Note 3: 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 4: 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 5: 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 6: 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 7: 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 8: The calculation is based on the total number of issued ordinary shares of 2,279,392,000 shares as at 30 September 2021.

Details of the above individuals' interests in the underlying shares of the Company are set out in the section headed "Share Option Scheme" below. Other than the Share Option Scheme (as defined below), at no time during the six months ended 30 September 2021 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 2021, 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 ⁽⁸⁾
Nameson Investment Limited ⁽¹⁾	Beneficial owner	1,500,000,000	65.81%
Happy Family Assets Limited ⁽¹⁾	Interest in a controlled corporation	1,500,000,000	65.81%
East Asia International Trustees Limited ⁽¹⁾	Trustee of a trust	1,500,000,000	65.81%
Mr. Wong Ting Chung ⁽²⁾⁽³⁾	Beneficiary of a trust Beneficial owner	1,500,000,000 200,000,000	65.81% 8.77%
Ms. Wang Kam Chu ⁽⁴⁾	Interest of spouse	1,700,000,000	74.58%
Mr. Wong Ting Kau ⁽⁵⁾	Beneficiary of a trust	1,500,000,000	65.81%
Ms. Tsoi Suet Ngai ⁽⁶⁾	Interest of spouse	1,501,500,000	65.87%
Ms. Chan Ka Wai ⁽⁷⁾	Interest of spouse	1,500,000,000	65.81%

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) 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.
- (3) 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.
- (4) 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.
- (5) Mr. Wong Ting Kau 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.
- (6) 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.
- (7) 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.
- (8) The calculation is based on the total number of issued ordinary shares of 2,279,392,000 shares as at 30 September 2021.

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 2021, no share options was granted under the Share Option Scheme. As at 30 September 2021, 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 2021.

OTHER INFORMATION (CONTINUED)

Details of the movements of the share options granted under the Share Option Scheme during the six months ended 30 September 2021 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 2021
				Balance as at 1 April 2021	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	14,504,000	-	-	(1,900,000)	-	12,604,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	35,300,000	-	-	(800,000)	-	34,500,000
Total				67,804,000	-	-	(4,200,000)	-	63,604,000

[#] Resigned as chairman, chief executive officer and executive director with effect from 1 April 2021.

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
Granted on 29 August 2016		
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
Granted on 28 August 2017		
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
Granted on 20 April 2018		
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 21 to the condensed consolidated interim financial information.

OTHER INFORMATION (CONTINUED)

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:

Date of the facility agreement/letter	Banking facilities	Specific performance obligations
21 September 2021	Three-year term loan facility of up to HK\$250,000,000	(i) Mr. Wong Ting Chung and his family collectively owns more than 60% share interests in the Company; and (ii) Mr. Wong Ting Chung and his family maintain the majority of the management control of the Company
11 August 2021	Three-year term loan facility of up to HK\$300,000,000	Mr. Wong Ting Chung and/or his family members shall maintain not less than 50% shareholdings in the Company
11 August 2021	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
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\$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

OTHER INFORMATION (CONTINUED)

Date of the facility agreement/letter	Banking facilities	Specific performance obligations
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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited) Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	2,452,469	2,295,057
Cost of sales	7	(2,029,661)	(1,860,019)
Gross profit		422,808	435,038
Other income	6	13,056	7,224
Other gains, net	8	980	20,349
Selling and distribution expenses	7	(23,252)	(19,953)
General and administrative expenses	7	(169,933)	(158,822)
Reversal of impairment losses on financial assets	7	–	1,720
Operating profit		243,659	285,556
Share of post-tax profit of a joint venture	14	630	216
Finance income	9	769	939
Finance expenses	9	(11,638)	(21,209)
Finance expenses, net		(10,869)	(20,270)
Profit before income tax		233,420	265,502
Income tax expenses	10	(30,345)	(36,417)
Profit for the period		203,075	229,085
Profit for the period attributable to:			
— Owners of the Company		192,538	238,486
— Non-controlling interests		10,537	(9,401)
		203,075	229,085
Earnings per share attributable to the owners of the Company during the period			
— Basic and diluted (HK cents per share)	11	8.4	10.5

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	
	2021 HK\$'000	2020 HK\$'000
Profit for the period	203,075	229,085
Other comprehensive income/(loss), net of tax:		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
— Currency translation differences	195	(26,954)
— Share of other comprehensive income of a joint venture	31	–
Other comprehensive income/(loss) for the period, net of tax	226	(26,954)
Total comprehensive income for the period	203,301	202,131
Total comprehensive income for the period attributable to:		
— Owners of the Company	192,293	211,532
— Non-controlling interests	11,008	(9,401)
	203,301	202,131

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 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,938,751	1,770,817
Right-of-use assets	13	649,755	830,109
Investment properties		1,795	1,836
Intangible assets		–	–
Interest in a joint venture	14	4,787	8,297
Financial assets at fair value through profit or loss	15	175,528	173,113
Prepayments, deposits, other receivables and other assets		68,005	84,499
Deferred income tax assets		680	691
		2,839,301	2,869,362
Current assets			
Inventories		822,032	721,606
Trade receivables	16	600,666	143,866
Prepayments, deposits, other receivables and other assets		148,981	124,605
Tax recoverable		59	2,970
Cash and cash equivalents		569,032	793,201
		2,140,770	1,786,248
Total assets		4,980,071	4,655,610
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	20	22,794	22,794
Reserves	22	2,383,341	2,218,397
		2,406,135	2,241,191
Non-controlling interests		185,952	174,944
Total equity		2,592,087	2,416,135

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

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	800,130	342,967
Lease liabilities	19	87,626	112,757
Provision for reinstatement costs		405	381
Deferred income tax liabilities		1,900	2,355
		890,061	458,460
Current liabilities			
Trade and bills payables	17	318,508	314,378
Accruals and other payables		258,638	183,798
Current income tax liabilities		249,905	219,224
Bank borrowings	18	519,660	881,317
Lease liabilities	19	151,212	182,298
		1,497,923	1,781,015
Total liabilities		2,387,984	2,239,475
Total equity and liabilities		4,980,071	4,655,610
Net current assets		642,847	5,233

Wong Wai Yue
Chairman and Executive Director

Man Yu Hin
Chief Executive Officer 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)				
	Attributable to the owners of the Company			Non-controlling Interests	Total equity
	Share capital (Note 20) HK\$'000	Reserves (Note 22) HK\$'000	Total HK\$'000		
As at 1 April 2021	22,794	2,218,397	2,241,191	174,944	2,416,135
Profit for the period	–	192,538	192,538	10,537	203,075
Other comprehensive (loss)/income:					
Currency translation difference	–	(276)	(276)	471	195
Share of other comprehensive income of a joint venture	–	31	31	–	31
Total comprehensive income	–	192,293	192,293	11,008	203,301
Transactions with owners:					
Share option scheme					
— Equity-settled share-based compensation	–	4	4	–	4
Dividends (Note 12)	–	(27,353)	(27,353)	–	(27,353)
As at 30 September 2021	22,794	2,383,341	2,406,135	185,952	2,592,087
As at 1 April 2020	22,794	1,951,166	1,973,960	122,654	2,096,614
Profit/(loss) for the period	–	238,486	238,486	(9,401)	229,085
Other comprehensive loss:					
Currency translation difference	–	(26,954)	(26,954)	–	(26,954)
Total comprehensive income/(loss)	–	211,532	211,532	(9,401)	202,131
Transactions with owners:					
Capital contribution from non-controlling interests	–	–	–	57,500	57,500
Share option scheme					
— Equity-settled share-based compensation	–	175	175	–	175
As at 30 September 2020	22,794	2,162,873	2,185,667	170,753	2,356,420

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(158,024)	274,279
Interest paid	(11,802)	(23,330)
Income tax refunded, net	2,911	18,838
Net cash (used in)/generated from operating activities	(166,915)	269,787
Cash flows from investing activities		
Purchases of property, plant and equipment	(83,086)	(147,162)
Proceeds from disposals of property, plant and equipment	21,577	242
Interest received	769	939
Repayment of loan from a joint venture	4,171	–
Net cash used in investing activities	(56,569)	(145,981)
Cash flows from financing activities		
Proceeds from new bank borrowings	549,846	181,146
Repayments of bank borrowings	(454,340)	(190,546)
Payments for lease liabilities	(68,872)	(78,535)
Capital contribution from non-controlling interests	–	57,500
Dividend paid	(27,353)	–
Net cash used in financing activities	(719)	(30,435)
Net (decrease)/increase in cash and cash equivalents	(224,203)	93,371
Cash and cash equivalents at beginning of the period	793,201	713,128
Exchange difference on cash and cash equivalents	34	(135)
Cash and cash equivalents at end of the period	569,032	806,364

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 26 November 2021.

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 2021 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 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31 March 2021, 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 2021:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform (Phase 2)
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use

The Group has early adopted HKAS 16 (Amendments) "Property, Plant and Equipment — Proceeds before Intended Use" retrospectively from 1 April 2021. The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment and require the entity to recognise the proceeds before intended use and related cost in the statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

Proceeds of approximately HK\$14,661,000 and costs of approximately HK\$13,825,000 relating to the items produced before that asset is available for use have been recognised in revenue and cost in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2021. There is no impact on the opening balance of equity at 1 April 2021.

A number of amended standards became applicable for the current reporting period. Except for the HKAS 16 (Amendments) set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) Impact of new and amended standards, interpretation and accounting guideline issued but not yet applied by the Group

The following new and amended standards, interpretation and accounting guideline that are not effective for periods commencing on or after 1 April 2021 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 (Amendments)	Annual Improvements to HKFRS Standards 2018 to 2020	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

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 expense. 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 2021.

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 2021.

There have been no changes in the risk management policies since 31 March 2021.

4.2 Liquidity risk

The Group adopts a prudent liquidity risk management by maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements are mainly for additions of property, plant and equipment, and payments for purchases, operating expenses and dividends. The Group mainly finances its working capital requirements through internal resources and bank borrowings.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the utilisation of bank borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table represent the contractual undiscounted cash flows.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 30 September 2021					
Trade and bills payables	318,508	-	-	-	318,508
Accruals and other payables	155,049	-	-	-	155,049
Bank borrowings	533,957	218,604	600,516	-	1,353,077
Lease liabilities	153,817	67,073	21,600	380	242,870
	1,161,331	285,677	622,116	380	2,069,504

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 March 2021					
Trade and bills payables	314,378	-	-	-	314,378
Accruals and other payables	100,741	-	-	-	100,741
Bank borrowings	896,440	150,138	198,476	-	1,245,054
Lease liabilities	186,118	72,708	42,348	-	301,174
	1,497,677	222,846	240,824	-	1,961,347

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2021 and 31 March 2021.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2021				
Assets				
Financial assets at fair value through profit or loss				
— Unlisted investments	–	–	175,528	175,528
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2021				
Assets				
Financial assets at fair value through profit or loss				
— Unlisted investments	–	–	173,113	173,113

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

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.

During the six months ended 30 September 2021, the Group has principally engaged in the manufacturing of knitwear products.

The Group has been operating in a single operating segment, i.e. manufacturing of knitwear products.

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

(a) Revenue by location of goods delivery

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Japan	559,359	669,493
North America	359,302	383,647
Europe	501,183	532,497
Mainland China	731,688	491,333
Other countries	300,937	218,087
	2,452,469	2,295,057

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 SEGMENT INFORMATION (CONTINUED)

(b) Non-current assets

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Hong Kong	40,226	32,797
Mainland China	646,597	703,166
Vietnam	1,605,673	1,635,424
Myanmar	365,810	315,874
	2,658,306	2,687,261

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.

(c) Major customers

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

	(Unaudited) Six months ended 30 September 2021 HK\$'000	2020 HK\$'000
Customer A	992,862	1,157,418
Customer B	N/A	253,405

The five largest customers accounted for approximately 68.8% (2020: 75.7%) of revenue for the six months ended 30 September 2021.

(d) Disaggregation of revenue from contracts with customers

For the six months ended 30 September 2021 and 2020, the revenue of the Group was recognised at a point in time.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6 OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Rental income from investment properties	360	420
Rental income from properties occupied by employees	437	244
Government subsidies	383	3,393
Income from claims settled (Note)	6,297	–
Others	5,579	3,167
	13,056	7,224

Note:

During the six months ended 30 September 2021, the Group received an income of HKD6,297,000 from a customer on claims settled for the termination of purchase orders.

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:

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Advertising and promotion expenses	3,889	3,623
Auditor's remuneration		
— audit services	1,219	1,890
— non-audit services	531	326
Depreciation (Note 13)		
— owned property, plant and equipment	73,213	60,266
— right-of-use assets	40,600	44,260
Depreciation of investment properties	41	41
Employment benefit expenses (including directors' emoluments)	487,602	451,188
Raw materials used	1,353,367	1,065,420
Changes in inventories of finished goods and work in progress	(86,499)	142,686
Reversal of impairment of inventories	(7,376)	(2,848)
Consumables	60,341	40,882
Reversal of impairment losses on financial assets	–	(1,720)
Subcontracting charges	130,577	103,665
Agency and commission expenses	1,187	279
Transportation charges	20,661	16,517
Donations	882	2,856
Short-term lease payments	265	957
Utilities expenses	66,408	47,155
Sample charges	5,903	4,258
Others	70,035	55,373
Total cost of sales, selling and distribution expenses, general and administrative expenses and reversal of impairment losses on financial assets	2,222,846	2,037,074

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8 OTHER GAINS, NET

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Net foreign exchange (losses)/gains	(2,779)	14,056
Net gains on financial assets at FVTPL	2,415	2,529
Net gains on disposals of property, plant and equipment	495	19
Net realised and unrealised gains from derivative financial instruments	842	3,535
Others	7	210
	980	20,349

9 FINANCE EXPENSES, NET

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Finance income		
Interest income from:		
— Bank deposits	769	939
Finance expenses		
Interest expenses on:		
— Bank borrowings	(9,089)	(17,139)
— Lease liabilities	(2,549)	(4,070)
	(11,638)	(21,209)
Finance expenses, net	(10,869)	(20,270)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10 INCOME TAX EXPENSES

For the six months ended 30 September 2021, Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 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% (2020: 25%) on estimated assessable profits. However, two (2020: 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 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 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 fourth 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 2021, and hence no BIT is provided.

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Hong Kong profits tax	12,547	19,609
China corporate income tax	18,242	16,584
Deferred taxation	(444)	224
	30,345	36,417

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 2021 and 2020 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.

	(Unaudited) Six months ended 30 September	
	2021	2020
Profit attributable to the owners of the Company (HK\$'000)	192,538	238,486
Weighted average number of ordinary shares in issue ('000)	2,279,392	2,279,392
Basic earnings per share (HK cents)	8.4	10.5

(b) Diluted

Diluted earnings per share for the six-month period ended 30 September 2021 and 2020 respectively equals basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

12 DIVIDENDS

At the board meeting held on 26 November 2021, the Board of Directors declared an interim dividend of 4.2 HK cents per share. The interim dividend amounting to approximately HK\$95,734,000 has not been recognised as a liability in this interim financial information. It will be recognised as a distribution of shareholder's equity for the year ending 31 March 2022.

At the board meeting held on 25 June 2021, the Board of Directors declared a final dividend for the year ended 31 March 2021 of 1.2 HK cents per share amounting to a total of HK\$27,353,000 and paid on 21 September 2021.

At the board meeting held on 20 November 2020, the Board of Directors declared an interim dividend for the year ended 31 March 2021 of 3.8 HK cents per share amounting to a total of HK\$86,617,000 and paid on 22 December 2020.

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
Six months ended 30 September 2021		
Opening net book amount at 1 April 2021	1,770,817	830,109
Additions	97,965	12,991
Disposals	(22,072)	–
Lease modification	–	(157)
Reclassification	155,650	(155,650)
Depreciation	(73,213)	(40,600)
Exchange differences	9,604	3,062
Closing net book amount at 30 September 2021	1,938,751	649,755
Six months ended 30 September 2020		
Opening net book amount at 1 April 2020	1,515,721	996,899
Additions	153,874	2,591
Disposals	(223)	–
Lease modification	–	(1,356)
Depreciation	(60,266)	(44,260)
Exchange differences	(6,638)	(13,382)
Closing net book amount at 30 September 2020	1,602,468	940,492

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14 INTEREST IN A JOINT VENTURE

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Beginning of the period	8,297	8,064
Repayment of loan from a joint venture (Note)	(4,171)	–
Share of post-tax profit of a joint venture	630	216
Share of other comprehensive income of a joint venture	31	–
End of the period	4,787	8,280

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.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Financial assets at FVTPL		
— Unlisted investments (Note)	175,528	173,113

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16 TRADE RECEIVABLES

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Trade receivables	600,666	143,866

The credit periods granted by the Group to its customers generally ranging from 0 to 90 days. As at 30 September 2021 and 31 March 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Up to three months	577,406	109,788
Three to six months	16,962	23,799
Over six months	6,298	10,279
	600,666	143,866

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

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
As at 1 April	-	1,737
Reversal of impairment of trade receivables	-	(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 TRADE AND BILLS PAYABLES

As at 30 September 2021 and 31 March 2021, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Within one month	103,721	151,750
One to two months	71,769	55,594
Two to three months	96,774	65,374
Over three months	46,244	41,660
	318,508	314,378

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

Note: As at 30 September 2021, trade and bills payables includes trade payables to related companies of approximately HK\$7,703,000 (31 March 2021: HK\$7,640,000) (Note 24(b)).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 BANK BORROWINGS

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Current		
Short-term bank borrowings, unsecured	117,090	–
Portion of long-term bank borrowings, secured, due for repayment within one year which contain a repayment on demand clause	1,033	1,033
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	1,634	2,151
Portion of long-term bank borrowings, unsecured, due for repayment within one year	399,903	878,133
	519,660	881,317
Non-current		
Bank borrowings, unsecured	800,130	342,967
Total bank borrowings	1,319,790	1,224,284

The weighted average effective interest rate as at 30 September 2021 is 1.48% (31 March 2021: 1.57%).

The bank borrowings are due for repayment as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Within one year	518,026	879,166
Between one and two years	209,128	147,333
Between two and five years	592,636	197,785
	1,319,790	1,224,284

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 2021, the Group's certain bank borrowings are secured by financial assets at FVTPL with a total carrying amount of HK\$6,436,000 (31 March 2021: HK\$6,318,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 LEASE LIABILITIES

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Current		
Lease liabilities due for repayment within one year	151,212	182,298
Non-current		
Lease liabilities due for repayment after one year:		
Between one and two years	65,850	70,811
Between two and five years	21,397	41,946
Over five years	379	–
	87,626	112,757
Total lease liabilities	238,838	295,055

The lease liabilities were due for repayment as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Gross lease liabilities — minimum lease payments:		
Within one year	153,817	186,118
Between one and two years	67,073	72,708
Between two and five years	21,600	42,348
Over five years	380	–
	242,870	301,174
Future finance charges on leases	(4,032)	(6,119)
Present value of lease liabilities	238,838	295,055

The carrying amounts of lease liabilities are denominated in US dollars, Renminbi and HK\$.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 SHARE CAPITAL

	(Unaudited) As at 30 September 2021		(Audited) As at 31 March 2021	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
Authorised:				
Ordinary shares at HK\$0.01 each	5,000,000,000	50,000,000	5,000,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	2,279,392,000	22,793,920	2,279,392,000	22,793,920

21 SHARE-BASED PAYMENTS

Movements of the share options under the share option scheme during the six months ended 30 September 2021 are as follows:

Date of Grant	Exercise Price HK\$	Exercise Period	Number of share options				As at 30 September 2021
			As at 1 April 2021	Granted during the period	Exercised during the period	Cancelled during the period	
Directors							
29 August 2016	1.394	29 August 2017 to 28 August 2026	5,500,000	-	-	(1,500,000)	4,000,000
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
Other employees of the Group							
29 August 2016	1.394	29 August 2017 to 28 August 2026	14,504,000	-	-	(1,900,000)	12,604,000
28 August 2017	1.462	28 August 2018 to 27 August 2027	35,300,000	-	-	(800,000)	34,500,000
Total			67,804,000	-	-	(4,200,000)	63,604,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 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)

21 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:

	29 August 2016	Date of grant 28 August 2017	20 April 2018
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\$4,000 (2020: HK\$175,000) 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 2021.

22 RESERVES

	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
As at 1 April 2021	1,586,311	94,795	19,512	517,779	2,218,397
Profit for the period	-	-	-	192,538	192,538
Other comprehensive (loss)/income:					
— Currency translation difference	-	(276)	-	-	(276)
— Share of other comprehensive income of a joint venture	-	31	-	-	31
Total comprehensive (loss)/income for the period	-	(245)	-	192,538	192,293
Transactions with owners:					
Share option scheme					
— Equity-settled share-based compensation	-	-	4	-	4
— Transfer of reserve upon the forfeiture	-	-	(1,268)	1,268	-
Dividends (Note 12)	-	-	-	(27,353)	(27,353)
As at 30 September 2021	1,586,311	94,550	18,248	684,232	2,383,341

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22 RESERVES (CONTINUED)

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

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)

23 COMMITMENTS

(a) Operating lease arrangements

As at 30 September 2021 and 31 March 2021, the aggregate future lease payments receivable under non-cancellable operating leases in respect of the Group's investment properties are as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Within one year	240	120

(b) Capital commitments

As at 30 September 2021 and 31 March 2021, the capital expenditure contracted but not yet incurred is as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Property, plant and equipment and right-of-use assets contracted but not provided for	50,651	95,528

24 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

24 RELATED PARTY TRANSACTIONS (CONTINUED)

Name of related parties	Relationship with the Group
Hanyi Investments Limited	Controlled by Mr. Wong Ting Chung [#] (Chairman, Chief Executive Officer and Executive Director, resigned with effect from 1 April 2021), Mr. Wong Ting Chun [#] (Executive Director) and Mr. Wong Ting Kau [#] (Non-executive Director, resigned with effect from 1 April 2021)
Huizhou Lijia Clothing Company Limited	Controlled by Mr. Wong Ting Chung [#] (Chairman, Chief Executive Officer and Executive Director, resigned with effect from 1 April 2021), Mr. Wong Ting Chun [#] (Executive Director) and Mr. Wong Ting Kau [#] (Non-executive Director, resigned with effect from 1 April 2021)
Huizhou Chuang Ye Xing Property Management Co., Ltd.	Controlled by Mr. Wong Ting Chung [#] (Chairman, Chief Executive Officer and Executive Director, resigned with effect from 1 April 2021)
Huizhou Gangsheng Property Co., Ltd.	Controlled by Mr. Wong Ting Chung [#] (Chairman, Chief Executive Officer and Executive Director, resigned with effect from 1 April 2021), Mr. Wong Wai Yue (Chairman and Executive Director), Mr. Wong Ting Chun [#] (Executive Director), Mr. Wong Ting Kau [#] (Non-executive Director, resigned with effect from 1 April 2021) and Mr. Lin Xiugao, the cousin of Mr. Wong Ting Chung [#] (Chairman, Chief Executive Officer and Executive Director, resigned with effect from 1 April 2021)
Huizhou Huaerkang Technology Co., Ltd.	Controlled by Mr. Wong Wai Yue (Chairman and Executive Director)
Hebei Yuteng Cashmere Products Co., Ltd.	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

As Mr. Wong Ting Chung is the settlor, the protector and one of the beneficiaries of the Happy Family Trust (which is a substantial shareholder of the Company), and Mr. Wong Ting Chun and Mr. Wong Ting Kau are beneficiaries of the Happy Family Trust, Mr. Wong Ting Chung, Mr. Wong Ting Chun and Mr. Wong Ting Kau are therefore substantial shareholders of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions

	Note	(Unaudited) Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
Hotel services fee charged by Huizhou Gangsheng Property Co., Ltd.	(i),(vii)	705	833
Rental charged by Huizhou Lijia Clothing Company Limited	(ii),(vii)	–	2,247
Rental charged by Hanyi Investments Limited	(iii),(vii)	1,494	1,494
Rental charged by Hebei Yuteng Cashmere Products Co., Ltd.	(iv),(vii)	5,381	4,603
Rental charged by Tongxiang Yuteng Cashmere Clothing Co., Ltd.	(v),(vii)	446	200
Rental charged by Huizhou Chuang Ye Xing Property Management Co., Ltd.	(vi),(vii)	205	–
Purchase of cashmere from Hebei Yuteng Cashmere Products Co., Ltd.	(i),(vii)	441,284	230,243
Purchase of mask from Huizhou Huaerkang Technology Co., Ltd.	(i),(vii)	510	2,665
Purchase of labels and hang tags from SML & FT (Vietnam) Limited	(i)	6,230	6,001

Notes:

- (i) Terms of the above transactions are mutually agreed between the relevant parties.
- (ii) The Group entered into an operating lease agreement with Huizhou Lijia Clothing Company Limited on terms mutually agreed by both parties. No right-of-use asset was recognised at 30 September 2021 and 31 March 2021 as the right-of-use asset was 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.
- (iii) The Group has renewed its 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\$7,270,000 at 30 September 2021 (31 March 2021: Nil). The lease payments to this related company under this agreement for the six months ended 30 September 2021 was HK\$1,494,000 (2020: HK\$1,494,000).
- (iv) The Group entered into operating lease agreements with Hebei Yuteng Cashmere Products Co., Ltd. in respect of properties on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$5,179,000 and HK\$10,358,000 at 30 September 2021 and 31 March 2021 respectively. The lease payments to this related company under these agreements for the six months ended 30 September 2021 was HK\$5,381,000 (2020: HK\$4,603,000).
- (v) The Group has entered into an operating 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\$1,523,000 and HK\$1,959,000 at 30 September 2021 and 31 March 2021 respectively. The lease payments to this related company under this agreement for the six months ended 30 September 2021 was HK\$446,000 (2020: HK\$200,000).
- (vi) The Group has entered into an operating lease agreement with Huizhou Chuang Ye Xing Property Management Co., Ltd. on terms mutually agreed by both parties. The Group has recognised a right-of-use asset of HK\$895,000 and HK\$1,094,000 at 30 September 2021 and 31 March 2021 respectively. The lease payments to this related company under this agreement for the six months ended 30 September 2021 was HK\$205,000 (2020: Nil).
- (vii) 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)

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Period/year end balances

	Note	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Prepayment to Hebei Yuteng Cashmere Products Co., Ltd.	(i)	26,361	36,330
Deposit to Tongxiang Yuteng Cashmere Clothing Co., Ltd.	(i)	118	118
Trade payable to SML & FT (Vietnam) Limited	(ii)	1,872	1,809
Trade payable to Hebei Meixian Cashmere Textile Technology Co., Ltd.	(ii)	5,831	5,831
Other payable to Hebei Yuteng Cashmere Products Co., Ltd.	(iii)	52,941	–
Other payable to Huizhou Huaerkang Technology Co., Ltd.	(iii)	510	–
Lease liability due to Hanyi Investments Limited		7,304	–
Lease liability due to Hebei Yuteng Cashmere Products Co., Ltd.		5,340	10,612
Lease liability due to Tongxiang Yuteng Cashmere Clothing Co., Ltd.		1,603	2,019
Lease liabilities due to Huizhou Chuang Ye Xing Property Management Co., Ltd		901	1,096

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".
- (iii) Payables were presented in the condensed consolidated balance sheet within "Accruals and other 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:

	(Unaudited) Six months ended 30 September 2021 HK\$'000	2020 HK\$'000
Salaries, pension costs and other short-term employee benefits	6,356	7,127
Equity-settled share-based compensation	4	46
	6,360	7,173