TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Websites: http://www.texwinca.com/

http://www.irasia.com/listco/hk/texwinca/

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025
AND
RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2025 amounted to HK$5,585 million (2024: HK$5,367 million).
- Profit attributable to the Company's ordinary equity holders for the year ended 31 March 2025 amounted to HK$116 million (2024: HK$132 million).
- Proposed to declare a final dividend of HK1.0 cent per ordinary share, representing the dividend payout ratio (excluding special dividends) of 76.9% for the core profit.
- In celebration of the 50th anniversary of the Group, the Board is pleased to propose a special final dividend of HK5.0 cents per ordinary share. Altogether, total annual dividend per ordinary share for the financial year would amount to HK10.0 cents (2024: HK7.0 cents).

RESULTS

The board of directors (the "Board") of Texwinca Holdings Limited (the "Company") has pleasure in presenting the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 March **2025** ***HK$'000***	 2024 *HK$'000*
REVENUE		**5,585,488**	5,366,540
Cost of sales		**(4,265,792)**	(3,957,563)
Gross profit		**1,319,696**	1,408,977
Other income and gains		**203,208**	201,000
Selling and distribution expenses		**(695,785)**	(725,859)
Administrative expenses		**(686,223)**	(677,512)
Other operating expenses, net		**(5,697)**	(10,005)
Finance costs		**(78,064)**	(51,197)
PROFIT BEFORE TAX, GAIN FROM RESUMPTION OF LAND AND BUILDINGS, NET FAIR VALUE LOSS ON INVESTMENT PROPERTIES AND COMPENSATION FOR THE LOSS OF INVENTORIES DUE TO A FIRE ACCIDENT		**57,135**	145,404
Gain from resumption of land and buildings	*4*	**88,807**	—
Net fair value loss on investment properties	*4*	**(33,124)**	(13,192)
Compensation for the loss of inventories due to a fire accident	*4*	**—**	29,582
PROFIT BEFORE TAX	*4*	**112,818**	161,794
Income tax credit/(expense)	*5*	**4,124**	(22,848)
PROFIT FOR THE YEAR		**116,942**	138,946
Attributable to:			
Ordinary equity holders of the Company		**116,068**	132,334
Non-controlling interests		**874**	6,612
		116,942	138,946
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted *(HK cents)*	*7*	**8.4**	9.6

Details of the dividends for the year are disclosed in note 6 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2025	2024
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**116,942**	138,946
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Release of exchange reserve upon deregistration of a subsidiary	—	(3,387)
Exchange differences on translation of foreign operations	**(57,436)**	(159,056)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(57,436)**	(162,443)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**59,506**	(23,497)
Attributable to:		
Ordinary equity holders of the Company	**58,856**	(30,363)
Non-controlling interests	**650**	6,866
	59,506	(23,497)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March **2025** ***HK$'000***	2024 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,452,743**	1,408,871
Right-of-use assets		**586,792**	611,506
Investment properties		**497,089**	530,213
Construction in progress		**80,266**	88,140
Goodwill		**18,468**	18,576
Trademarks		**33,293**	33,293
Prepayments		**14,260**	21,764
Long term rental deposits		**21,834**	78,280
Financial assets at fair value through profit or loss		**22,155**	22,752
Deferred tax assets		**32,468**	19,845
Total non-current assets		**2,759,368**	2,833,240
CURRENT ASSETS			
Inventories		**1,242,676**	1,541,213
Trade receivables	*8*	**662,790**	680,774
Bills receivable		**269,397**	242,003
Prepayments, deposits and other receivables		**278,220**	214,327
Financial assets at fair value through profit or loss		**7,499**	15,772
Debt instruments at amortised cost		**963**	20,258
Derivative financial assets		**6,222**	444
Tax recoverable		**27,109**	5,025
Cash and cash equivalents		**1,633,407**	1,555,102
Total current assets		**4,128,283**	4,274,918
CURRENT LIABILITIES			
Trade payables	*9*	**503,436**	573,470
Other payables and accrued liabilities		**273,712**	392,727
Lease liabilities		**118,519**	118,374
Derivative financial liabilities		**3,830**	4,839
Interest-bearing bank borrowings		**539,424**	315,100
Tax payable		**18,813**	10,194
Total current liabilities		**1,457,734**	1,414,704
NET CURRENT ASSETS		**2,670,549**	2,860,214
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,429,917**	5,693,454

	31 March	
	2025	2024
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables and accrued liabilities	**13,927**	7,691
Lease liabilities	**298,783**	306,439
Interest-bearing bank borrowings	**306,818**	504,837
Deferred tax liabilities	**41,220**	81,922
Total non-current liabilities	**660,748**	900,889
Net assets	**4,769,169**	4,792,565
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	**69,085**	69,085
Reserves	**4,612,160**	4,691,474
Proposed final and special final dividends	**82,902**	27,634
	4,764,147	4,788,193
Non-controlling interests	**5,022**	4,372
Total equity	**4,769,169**	4,792,565

Notes:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements have been prepared under the historical cost convention, except for investment properties, certain buildings included in property, plant and equipment, financial assets at fair value through profit or loss and derivative financial assets and liabilities which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the production, dyeing and sale of knitted fabric, yarn and garments segment;

(b) the retailing and distribution of casual apparel and accessories segment; and

(c) the "others" segment comprises, principally, the provision of franchise services and property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except interest income, compensation for the loss of inventories due to a fire accident, gain from resumption of land and buildings, net fair value loss on investment properties and non-lease related finance costs, are excluded from such measurement.

Segment assets exclude time deposits, tax recoverable and deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

(a) The following tables present revenue, profit and certain assets, liabilities and expenditures information of the Group for the years ended 31 March 2025 and 31 March 2024:

	Production, dyeing and sale of knitted fabric, yarn and garments		**Retailing and distribution of casual apparel and accessories**		**Others**		**Eliminations**		**Consolidated**	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**4,376,418**	3,920,887	**1,207,085**	1,443,408	**1,985**	2,245	**—**	—	**5,585,488**	5,366,540
Intersegment sales	**74,087**	68,877	**—**	13,423	**—**	—	**(74,087)**	(82,300)	**—**	—
Other revenue	**84,484**	65,999	**21,171**	43,971	**21,846**	8,313	**(13,443)**	(2,799)	**114,058**	115,484
Total segment revenue	**4,534,989**	4,055,763	**1,228,256**	1,500,802	**23,831**	10,558	**(87,530)**	(85,099)	**5,699,546**	5,482,024
Segment results	**168,402**	193,265	**(168,174)**	(113,928)	**21,727**	15,070	**4,942**	(3,664)	**26,897**	90,743
Reconciliation:										
Interest income									**89,150**	85,516
Gain from resumption of land and buildings									**88,807**	—
Net fair value loss on investment properties									**(33,124)**	(13,192)
Compensation for the loss of inventories due to a fire accident									**—**	29,582
Finance costs (excluding interest on lease liabilities)									**(58,912)**	(30,855)
Profit before tax									**112,818**	161,794
Income tax credit/(expense)									**4,124**	(22,848)
Profit for the year									**116,942**	138,946

(a) The following tables present revenue, profit and certain assets, liabilities and expenditures information of the Group for the years ended 31 March 2025 and 31 March 2024 *(continued)*:

	Production, dyeing and sale of knitted fabric, yarn and garments		**Retailing and distribution of casual apparel and accessories**		**Others**		**Eliminations**		**Consolidated**	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**4,856,739**	5,616,282	**1,840,123**	1,597,425	**534,925**	561,673	**(1,411,898)**	(1,791,112)	**5,819,889**	5,984,268
Reconciliation :										
Unallocated assets									**1,067,762**	1,123,890
Total assets									**6,887,651**	7,108,158
Segment liabilities	**699,062**	874,575	**1,882,908**	1,947,544	**37,265**	35,180	**(1,407,028)**	(1,453,759)	**1,212,207**	1,403,540
Reconciliation :										
Unallocated liabilities									**906,275**	912,053
Total liabilities									**2,118,482**	2,315,593
Other segment information:										
Depreciation of property, plant and equipment and right-of-use assets	**237,116**	207,621	**165,327**	168,312	—	—	—	—	**402,443**	375,933
Capital expenditure*	**289,652**	165,473	**15,397**	31,275	—	—	—	—	**305,049**	196,748
Write-down/(reversal of write-down) of inventories	**(17,151)**	3,639	**(7,310)**	(13,608)	—	—	—	—	**(24,461)**	(9,969)
Impairment/(reversal of impairment) of trade receivables	—	—	**2,429**	(1,567)	—	—	—	—	**2,429**	(1,567)
Impairment of right-of-use assets	—	—	**1,890**	—	—	—	—	—	**1,890**	—
Impairment of items of property, plant and equipment	—	—	**3,125**	—	—	—	—	—	**3,125**	—
Impairment/(reversal of impairment) of debt instruments at amortised cost	—	—	**(3,870)**	3,751	—	—	—	—	**(3,870)**	3,751

* Capital expenditure consists of additions to property, plant and equipment and construction in progress.

(b) Geographical information

The following table presents geographical revenue and non-current assets information of the Group for the years ended 31 March 2025 and 31 March 2024:

	USA		**Mainland China**		**Japan**		**Hong Kong**		**Others**		**Eliminations**		**Consolidated**	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,710,734**	1,564,037	**2,253,290**	2,411,446	**818,370**	527,785	**588,702**	720,482	**214,392**	142,790	**—**	—	**5,585,488**	5,366,540
Non-current assets	**—**	—	**1,108,251**	1,240,114	**—**	—	**798,349**	849,535	**776,311**	622,714	**—**	—	**2,682,911**	2,712,363

The Group's geographical revenue and non-current assets information, excluding long term rental deposits, financial assets at fair value through profit or loss, long term debt instruments at amortised cost and deferred tax assets, are based on the origin of the brand and the locations of the assets, respectively.

(c) Information about major customers

No sales to a single external customer (2024: Nil) contributed to more than 10% of the Group's revenue during the year.

4. Profit before tax

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

	Year ended 31 March	
	2025	2024
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**239,408**	218,145
Depreciation of right-of-use assets	**163,035**	157,788
Net gains on disposal of items of property, plant and equipment	**(2,754)**	(10,518)
Compensation for the loss of inventories due to a fire accident	—	(29,582)
Gain from resumption of land and buildings	**(88,807)**	—
Net fair value loss on investment properties	**33,124**	13,192

5. Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2024: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

Pursuant to the People's Republic of China Income Tax Law and the respective regulations, companies of the Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at the rate of 25% (2024: 25%) on the taxable profit for the years ended 31 March 2025 and 2024.

Certain companies of the Group which operate in Mainland China were subject to CIT at the rate of 15% (2024: 15%) as a qualified high and new technology enterprise and entitled to deduct qualifying research and development expense from taxable profit during the years ended 31 March 2025 and 2024.

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

	Year ended 31 March	
	2025	2024
	HK$'000	*HK$'000*
Current - Hong Kong and Mainland China:		
Charge for the year	**18,066**	12,469
Overprovision in prior years	**(8,183)**	(232)
Withholding tax	**40,787**	—
Deferred	**(54,794)**	10,611
	(4,124)	22,848

6. Dividends

	Year ended 31 March	
	2025	2024
	HK$'000	*HK$'000*
Interim dividend – HK1.0 cent (2024: HK5.0 cents) per ordinary share	**13,817**	69,085
Special interim dividend – HK3.0 cents (2024: Nil) per ordinary share	**41,451**	—
Proposed final dividend – HK1.0 cent (2024: HK2.0 cents) per ordinary share	**13,817**	27,634
Proposed special final dividend – HK5.0 cents (2024: Nil) per ordinary share	**69,085**	—
	138,170	96,719
Interim dividend per ordinary share (HK cents)	**1.0**	5.0
Special interim dividend per ordinary share (HK cents)	**3.0**	—
Proposed final dividend per ordinary share (HK cents)	**1.0**	2.0
Proposed special final dividend per ordinary share (HK cents)	**5.0**	—
	10.0	7.0

7. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,381,696,104 (2024: 1,381,696,104) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2025 and 31 March 2024.

8. Trade receivables

Payment terms of the Group's customers mainly range from "cash before delivery" to "90 days from the date of invoice". A significant portion of the customers trades with the Group under documentary credit terms. The Group seeks to maintain strict credit control on its outstanding receivables and has a policy to manage its credit risk. Since the Group's trade receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral over its trade receivable balances. Certain trade receivable balances are covered by trade insurance policy arranged by the Group for minimising the credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance of HK$27,569,000 (2024: HK$25,140,000), is as follows:

	31 March	
	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**573,419**	591,657
Over 90 days	**89,371**	89,117
Total	**662,790**	680,774

9. Trade payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 March	
	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**461,516**	545,165
Over 90 days	**41,920**	28,305
Total	**503,436**	573,470

At the end of the reporting period, the trade payables are non-interest-bearing and are normally settled on 90-day terms.

10. Contingent liabilities

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

	31 March	
	2025	2024
	HK$'000	*HK$'000*
Bank guarantees given in lieu of property rental deposits	**5,128**	7,345

FINAL AND SPECIAL FINAL DIVIDENDS

The Board has resolved to propose a final dividend of HK1.0 cent (2024: HK2.0 cents) per ordinary share for the year ended 31 March 2025. In celebration of the 50th anniversary of the Group, the Board has also resolved to propose a special final dividend of HK5.0 cents per ordinary share, together with the interim dividend of HK1.0 cent (2024: HK5.0 cents) per ordinary share and a special interim dividend of HK3.0 cents per ordinary share (2024: Nil) paid on 8 January 2025, will make a total dividend of HK10.0 cents (2024: HK7.0 cents) per ordinary share.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 21 August 2025 ("2025 AGM"), the proposed final and special final dividends for the year ended 31 March 2025 will be payable on Thursday, 9 October 2025 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 3 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(i) for the purpose of determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Monday, 18 August 2025 to Thursday, 21 August 2025 (both days inclusive). During such period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 August 2025.

(ii) for the purpose of determining the entitlement to the proposed final and special final dividends for the year ended 31 March 2025, the register of members of the Company will be closed from Monday, 1 September 2025 to Wednesday, 3 September 2025 (both days inclusive). During such period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to qualify for entitlement to the proposed final and special final dividends for the year ended 31 March 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 August 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

For this fiscal year ended 31 March 2025, the Group's total revenue increased by 4.1% to HK$5,585 million (2024: HK$5,367 million). Owing to the scale-up of the Vietnam facility and changes in our product mix, the Group's gross profit margin was 23.6% (2024: 26.3%), a decrease of 2.7 percentage points from last year. Impacted by a number of non-operating factors, including a HK$20 million increase in finance costs due to acquisition and expansion of the Vietnam facility, HK$22 million in carbon emission charge, a HK$15 million increase in freight costs arising from the Red Sea crisis, as well as a HK$89 million gain from resumption of the Guangzhou warehouses, the profit attributable to the Company's ordinary equity holders for the year totaled HK$116 million (2024: HK$132 million), reflecting a year-on-year decrease of 12.1%.

In line with its commitment to creating value to shareholders, the Board has resolved to propose a final dividend of HK1.0 cent per ordinary share (2024: HK2.0 cents) and a special final dividend of HK5.0 cents per ordinary share. Combined with an interim dividend of HK1.0 cent (2024: HK5.0 cents) and a special interim dividend of HK3.0 cents, the total annual dividend for the year amounts to HK10.0 cents per ordinary share (2024: HK7.0 cents). Based on the core profit attributable to the Company's ordinary equity holders, excluding gain from resumption of land and buildings of HK$89 million, the dividend payout ratio (excluding special dividends) is 76.9% for the core profit.

Textile business

During the reporting year, the textile business achieved significant progress despite challenging market conditions. The commencement of mass production in Vietnam has established a new revenue stream for the Group, driving growth primarily through new export orders to overseas, while the business in China remained stable. Yet, escalating concerns over trade tensions prompted retailers to adopt a more cautious approach in the second half of the year, moderating this segment's growth momentum.

The textile business recorded revenue of HK$4,376 million for the fiscal year, a 11.6% increase from HK$3,921 million in 2024, contributing 78.4% (2024: 73.1%) to the Group's total revenue. This growth was primarily driven by the commencement of production in Vietnam, which enabled the Group to secure additional orders from Japanese and North American retailers seeking suppliers with diversified production footprints.

The establishment of the strategic China-Vietnam dual-location model has enabled the Group to provide flexible and tailored solutions that meet customer needs and geographic preferences, helping us capture orders from overseas clients. However, since the Vietnam facility was still in its initial phase, margins were not yet optimized during the reporting year, resulting in a gross profit margin of the textile business of the Group decline of 1.0 percentage points to 15.3% (2024: 16.3%).

In recent months, the Group further optimized the production process at the Vietnam facility. More advanced machines were deployed, and the workforce has undergone comprehensive training programs to enable the production of higher-value products. It is expected that the product-mix of the Vietnam facility will align more closely with that of the Dongguan facility in the foreseeable future, driving up margins and profitability.

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

(Amounts expressed in HK$'million, unless specified)	**2025**	2024	2023	2022	2021
Net sales	**4,376**	3,921	4,297	5,544	4,644
Gross profit margin *(%)*	**15.3**	16.3	18.1	21.3	23.8
Operating profit *(note 1)*	**168**	193	171	564	567
EBITDA *(note 2)*	**490**	476	408	790	771
Return on total assets *(%) (note 3)*	**3.0**	3.5	3.0	7.5	6.1
Return on sales *(%) (note 3)*	**4.0**	5.7	4.3	10.1	9.2
Capital expenditure	**290**	166	246	251	126

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

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

(3) Exclude rental income.

Retail and distribution business

The revenue of the retail and distribution business decreased by 16.4% to HK$1,207 million (2024: HK$1,443 million), accounting for 21.6% (2024: 26.9%) of the Group's total turnover. The gross profit margin of retail and distribution business was 53.9%, representing an increase of 0.6 percentage points from last year's 53.3%. The revenue from Mainland China, Hong Kong and Indonesia accounted for 50.0%, 46.6% and 3.4% of the segment revenue, respectively.

In the Mainland China market, the Group successfully transitioned from a traditional offline retailer to an e-commerce-focused leisure wear brand through strategic adjustments, broadening its coverage nationwide and achieving impressive e-commerce sales growth. By prioritizing "functionality" and "value for money," the Group expanded its reach across China via leading e-commerce platforms, achieving a gross merchandise value (GMV) of HK$ 659 million, a remarkable year-on-year increase of 170.1%.

Concurrently, the Group further optimized its physical sales network in Mainland China by closing underperforming self-operated stores, resulting in a net closure of 94 self-operated shops during the reporting year, representing 29.8% of its self-operated shops in the market. The remaining stores are more profitable and located mainly in Guangdong Province, where Baleno has a strong presence and brand influence. Attributing to a combination of factors, including the closure of stores as part of the optimization plan, as well as external challenges such as abnormal weather conditions and weakened consumer sentiment, the sales from the Mainland China market for the reporting year decreased by 26.0% to HK$604 million. However, amidst this sales drop, the Group achieved a positive outcome in its loss reduction. This improvement was supported by two key developments: the rapid growth of e-commerce business, and significant cost savings from optimization of the physical store network and integration of warehouse, administration, and marketing resources at the Dongguan base.

The Group's operations in Hong Kong experienced a challenging year, with sales declined to HK$562 million (2024: HK$594 million), primarily due to the combined impact of "northbound consumption", "outbound tourism", reduced spending by travelers, and the increasing influence of online shopping platforms. In response to these formidable challenges, the Group swiftly adjusted its marketing strategy. Building on the success of products valued for functionality and comfort, the Group pivoted to emphasize "value for money" offerings, launching targeted promotional campaigns designed to appeal to price-sensitive consumers. This strategic shift mitigated the sales downturn in the second half of the fiscal year. To further strengthen its operational resilience, the Group will continue to optimize and integrate its sales network in Hong Kong to enhance profitability. These measures underscored the Group's disciplined approach to cost management and its commitment to optimizing its retail presence in a challenging market.

(a) the performance and key financial ratios of the business were as follows:

(Amounts expressed in HK$'million, unless specified)	**2025**	2024	2023	2022	2021
Net sales	**1,207**	1,443	1,761	2,496	2,705
Gross profit margin *(%)*	**53.9**	53.3	44.9	45.3	44.1
Sales growth of comparable shops *(%)* *(note 1)*	**(7.1)**	(5.5)	(17.7)	(4.8)	(8.4)
Operating loss *(note 2)*	**(168)**	(114)	(267)	(289)	(199)
EBITDA *(note 3)*	**18**	74	(126)	(26)	108
Return on total assets *(%) (note 4)*	**(8.0)**	(6.0)	(12.8)	(10.4)	(6.9)
Return on sales *(%) (note 4)*	**(12.3)**	(8.2)	(15.4)	(10.9)	(6.8)
Capital expenditure	**15**	31	18	49	57

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

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

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

(4) *Exclude rental income.*

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

(HK$'million)	**2025**	2024	2023	2022	2021
Baleno	**1,188**	1,395	1,711	2,380	2,525
Others	**19**	48	50	116	180
Total	**1,207**	1,443	1,761	2,496	2,705

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

Mainland China

	2025	2024	2023	2022	2021
Net sales *(HK$'million)*	**604**	816	1,105	1,936	2,184
Increase/(decrease) in net sales *(%)*	**(26)**	(26)	(43)	(11)	5
Retail gross floor area *(sq. ft.)**#	**456,162**	681,420	1,611,886	1,554,031	1,867,355
Number of sales associates*#	**781**	1,243	2,895	3,319	3,919
Number of outlets*△	**601**	1,034	1,687	1,666	2,026

Hong Kong

	2025	2024	2023	2022	2021
Net sales *(HK$'million)*	**562**	594	629	552	521
Increase/(decrease) in net sales *(%)*	**(5)**	(6)	14	6	(17)
Retail gross floor area *(sq. ft.)**#	**98,139**	103,622	93,274	91,597	96,516
Number of sales associates *#	**398**	464	504	407	377
Number of outlets *#	**76**	88	85	85	88

Indonesia

	2025	2024	2023	2022	2021
Net sales *(HK$'million)*	**41**	33	27	8	—
Increase in net sales *(%)*	**24**	22	238	N/A	—
Retail gross floor area *(sq. ft.)**#	**34,746**	35,787	23,636	11,679	—
Number of sales associates *#	**148**	146	110	62	—
Number of outlets *#	**13**	14	8	4	—

* *As at the end of the reporting period*
\# *For self-managed stores*
△ *Including self-managed stores, consignment stores and franchise stores*

Other income and gains
Other income and gains increased by HK$2 million to HK$203 million (2024: HK$201 million).

Compensation for the loss of inventories due to a fire accident
The insurance company paid remaining compensation for the loss of inventories due to a fire accident to the Group in the prior year, amounting to approximately HK$30 million.

Gain from resumption of land and buildings
The warehouses located at Guangzhou were resumed by the local government and net gain from resumption of land and buildings of HK$89 million was recognized during the year.

Finance costs
Finance costs increased by HK$27 million to HK$78 million (2024: HK$51 million) mainly due to the increase in interest-bearing bank borrowings in the second half of the prior year.

FINANCIAL CONDITION

Liquidity and financial resources

The Group continued to maintain a sound financial position. The current ratio, the total interest-bearing bank borrowings and the gearing ratio as at the year end were 2.8, HK$846 million and -0.2 (2024: 3.0, HK$820 million and -0.2) respectively. Interest-bearing bank borrowings were maintained during the year due to acquisition a subsidiary in Vietnam in 2024. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to the total equity.

During the year, the interest cover, the trade and bills receivables to turnover and the inventories to turnover were 2.4 times, 61 days and 81 days (2024: 5 times, 63 days and 105 days) respectively. During the reporting year, driven by active destocking strategies the inventories decreased as at the reporting date, compared with that of last year. As a result, the inventories to turnover decreased accordingly. The Group mainly satisfied its funding requirements with cash inflow from its operating activities and interest-bearing bank borrowings. At the year end, the cash and cash equivalents, the equity attributable to ordinary equity holders of the Company and the unutilized banking facilities were HK$1,633 million, HK$4,764 million and HK$6,020 million (2024: HK$1,555 million, HK$4,788 million and HK$6,399 million), respectively.

Capital expenditure

The capital expenditure incurred by the Group during the year was HK$305 million (2024: HK$197 million). The capital expenditure incurred by the textile and garment business for the year was HK$290 million (2024: HK$166 million), of which HK$268 million (2024: HK$123 million) was for the addition of plant and machinery for the dyeing, knitting and garment factories and HK$22 million (2024: HK$43 million) was for "Coal to Gas" conversion project. For the retail and distribution business, our capital expenditure incurred for the year amounted to HK$15 million (2024: HK$31 million), mainly for the addition of leasehold improvements of the retail outlets.

Pledge of assets

No significant assets were pledged as at 31 March 2025 and 31 March 2024.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2025 and 31 March 2024 have been set out in note 10 to the announcement.

Foreign exchange and interest rate risks

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest bearing bank borrowings of the Group were HKD, USD, RMB and VND fixed or floating rate borrowings with maturity due within two years (2024: within three year). At the year end, the cash and cash equivalents, debt instruments at amortised cost and financial assets at fair value through profit or loss were mainly denominated in HKD, RMB, USD and VND. The cash and cash equivalents were placed as fixed deposits with well established financial institutions at fixed interest rate with maturity due within one year (2024: within one year). And, the debt instruments at amortised cost and financial assets at fair value through profit or loss were mainly fixed interest rate investments with maturity due at perpetuity (2024: with maturity due at perpetuity). The Group will continue to monitor the interest rate risk and arrange appropriate financial instruments to reduce its risk whenever appropriate.

During the year, the major assets, liabilities, revenue, expenses and procurements of the Group were denominated in HKD, USD, RMB, VND and IDR (2024: HKD, USD and RMB) and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, neither the Company nor any of its subsidiaries had material acquisition or disposal during the year ended 31 March 2025.

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

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

HUMAN RESOURCES

At the year end, the Group had about 9,799 (2024: 9,849) employees in the Greater China, Vietnam and Indonesia. The remuneration of the employees was largely based on industry practice and the performance of individual employee.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group has been active in participating in charitable donation, caring for the needy people and supporting and sponsoring educational and environmental protection activities. In addition, we also encourage our employees, customers and business partners to partake in the aforesaid activities with a view to developing a better future for our community.

During the financial year, some of the activities/organisations the Group participated in / donated or sponsored to were:

(1) Educational Fund in Dongguan City of Guangdong Province;
(2) Sponsorship for Dongguan Dragon Boat Competition;
(3) Scholarship for Hunan Institute of Engineering;
(4) Scholarship for Hanoi University of Science and Technology in Vietnam;
(5) Funding for typhoon relief in Hai Ha District, Vietnam;
(6) The Community Chest of Hong Kong "Green Low Carbon Day";
(7) Evangelical Lutheran Church Social Service – Hong Kong;
(8) St. James' Settlement;
(9) Chung Shak Hei (Cheung Chau) Home for the Aged;
(10) The Hong Kong Council of Social Service "Caring Company"; and
(11) WWF-Hong Kong.

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

OUTLOOK

Looking forward, the Group remains cautiously optimistic about both the textile and retail markets. Despite challenges posed by persistently high U.S. interest rates and intensifying global trade frictions, the strategic realignments executed in recent years have significantly strengthened our resilience against potential economic downturns. These initiatives equip the Group with greater buffers, enabling us to navigate uncertainties.

Echoing its “China+1” strategy, the Group will further optimize its productions in Dongguan and Vietnam facilities. By streamlining workflows and providing ongoing training for our production teams, the Vietnam facility is poised to manufacture products with more complex processes and higher average selling prices. Alongside upgrades to production equipment, the Group will advance our digital transformation initiatives to boost efficiency and realize cost savings. The Vietnam facility not only strengthens our ability to secure orders from North American and European retailers but also facilitates a strategic division of orders between facilities, creating greater synergy for the Group.

To support its commitment to sustainable development, the Group will implement additional energy-saving measures in daily production processes while increasing the adoption of renewable energy sources, striving to achieve greener manufacturing practices. At the same time, the Group will continue to enhance its product R&D efforts, focusing on developing innovative fabrics that meet consumers’ needs while adhering to environmental protection principles, thereby strengthening our overall competitiveness.

In recent months, the Trump administration of the U.S. has imposed reciprocal tariffs on key trading partners, including China and Vietnam, where our production facilities are located. The Group is actively monitoring these developments and, as a prudent measure, we continuously evaluate the timeline for the second phase of our Vietnam facility expansion to address the current global economic uncertainty.

For the retail and distribution business, the Group is confident that it is on track to steadily restore profitability following a series of strategic realignments. The e-commerce initiatives have delivered promising results during the reporting year, and with the optimization of the physical store network in Mainland China and Hong Kong markets, the Group anticipates stronger synergies in the coming years. In addition, the Group will strive to expand its supplier network to secure more cost-effective production solutions, while shortening the production period to fulfill the evolving market demand.

In addition to our established retail markets in Mainland China and Hong Kong, the Group will pursue further expansion into new regions. Building on prior success, overseas markets will serve as the cornerstone of our next growth phase, offering diversified opportunities across global territories, diversifying our market presence to mitigate over-concentration risks and capitalize on emerging opportunities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company (including sale of treasury shares) during the financial year.

As at 31 March 2025, there were no treasury shares held by the Company.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in compliance with Rule 3.21 of the Listing Rules. The members of the Audit Committee comprise the four independent non-executive directors of the Company, namely Mr. Law Brian Chung Nin, Mr. Cheng Shu Wing, Ms. Lin Kit Yee Anna and Dr. Chan Yuk Mau Eddie (appointed on 15 May 2025). The Audit Committee is chaired by Mr. Law Brian Chung Nin, a qualified accounting professional.

The terms of reference and duties have been laid down as guidelines for the Audit Committee. The principal duties of the Audit Committee include the review and supervision of the financial reporting processes and internal controls of the Group. During the financial year, the Audit Committee held five meetings to review the internal controls and financial reporting matters and make recommendations to the Board. For this financial year, the Audit Committee has reviewed and discussed with the management the consolidated financial statements of the Group.

The Audit Committee has also met with the external auditor of the Company and reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the financial year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules throughout the financial year, except for the following:

> Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.
>
> The chairman of the Board has delegated the duty of attending the annual general meeting held on 22 August 2024 to one of the executive directors of the Company. The chairman considers the executive director a suitable person for taking up such duty as the executive director has good knowledge in each operating segment of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, they have all complied with the required standard set out in the Model Code throughout the financial year.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2025, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2025 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

RESUMPTION OF TRADING

The Board of the Company was aware of an inadvertent dissemination of certain non-public financial information of the Group to unauthorised persons prior to release and publication of its formal announcement of the annual results of the Group for the year ended 31 March 2025 (the "2025 Annual Results") on 9 June 2025.

In order to ensure information equality among the investing public, the Board of the Company suspended the trading of its securities voluntarily on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 June 2025 until release and publication of the 2025 Annual Results.

After the incident, the Company has strengthened its internal control procedures so as to avoid similar incidents from happening in the future.

At the request of the Company, trading in the shares of the Company was halted with effect from 9:06 a.m. on 10 June 2025. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 1:00 p.m. on 12 June 2025.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2025 annual report will be despatched to the shareholders of the Company upon request and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at (www.hkexnews.hk) under "Latest Listed Company Information" and on the website of the Company at (www.texwinca.com) under "Investor Relations" in due course.

On behalf of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 12 June 2025

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