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## **TEXWINCA HOLDINGS LIMITED**

**德永佳集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 321)

Website: <http://www.texwinca.com/>

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2026**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 March 2026 amounted to HK\$5,146 million (2025: HK\$5,585 million), representing a decrease of 7.9%, mainly attributable to persistent uncertainty that continued to weigh on global economic activity.
- Profit attributable to the Company's ordinary equity holders for the year ended 31 March 2026 amounted to HK\$161 million (2025: HK\$116 million), representing an increase of 38.8%. The increase was mainly arising from (i) an increase in profit margin in the textile and garment business resulting from the reinforcement of cost-management protocols; and (ii) a turnaround from loss to profit in the retail and distribution business, driven by enhanced operating efficiency through the optimisation of the physical retail network and an increased contribution from e-commerce. Excluding the gain and the corresponding tax effect arising from resumption of the Guangzhou warehouses in the year ended 31 March 2025, the year-on-year growth of the Group's profit attributable to shareholders was 358.2%.
- Basic earnings per share for the year ended 31 March 2026 amounted to HK11.6 cents (2025: HK8.4 cents).
- Proposed to declare a final dividend of HK6.0 cents per ordinary share, together with the interim dividend of HK4.0 cents per ordinary share paid, will make a total dividend of HK10.0 cents per ordinary shares for the year ended 31 March 2026 (2025: HK10.0 cents including final, interim and special dividends), representing the dividend payout ratio of 86.2%.

\* For identification purposes only

## 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 2026, together with the comparative figures for the year ended 31 March 2025. The annual results have been reviewed by the Company’s audit committee.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Year ended 31 March</b>	
		<b>2026</b>	<b>2025</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	2	<b>5,145,950</b>	5,585,488
Cost of sales		<b>(3,772,181)</b>	(4,265,792)
Gross profit		<b>1,373,769</b>	1,319,696
Other income and gains	3	<b>153,788</b>	234,511
Selling and distribution expenses		<b>(582,828)</b>	(695,785)
Administrative expenses		<b>(660,250)</b>	(717,526)
Other operating expenses - net		<b>(2,453)</b>	(5,697)
Finance costs		<b>(39,560)</b>	(78,064)
<b>PROFIT BEFORE TAX, CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES AND GAIN FROM RESUMPTION OF LAND AND BUILDINGS</b>		<b>242,466</b>	57,135
Changes in fair value of investment properties		<b>(44,869)</b>	(33,124)
Gain from resumption of land and buildings		<b>—</b>	88,807
<b>PROFIT BEFORE TAX</b>		<b>197,597</b>	112,818
Income tax	4	<b>(38,559)</b>	4,124
<b>PROFIT FOR THE YEAR</b>		<b>159,038</b>	116,942
Attributable to:			
Ordinary equity holders of the Company		<b>160,689</b>	116,068
Non-controlling interests		<b>(1,651)</b>	874
		<b>159,038</b>	116,942
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted ( <i>HK cents</i> )	5	<b>11.6</b>	8.4

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2026	2025
	HK\$'000	HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>159,038</b>	116,942
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation surplus of properties prior to transferring to investment properties	2,845	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	152,602	(57,436)
	<b>155,447</b>	(57,436)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>314,485</b>	59,506
Attributable to:		
Ordinary equity holders of the Company	316,182	58,856
Non-controlling interests	(1,697)	650
	<b>314,485</b>	59,506

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>31 March</b>	
	<i>Notes</i>	<b>2026</b>	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,407,852</b>	1,452,743
Investment properties		<b>455,280</b>	497,089
Right-of-use assets		<b>477,960</b>	586,792
Construction in progress		<b>24,759</b>	80,266
Intangible assets		<b>68,993</b>	51,761
Prepayments and deposits		<b>32,663</b>	36,094
Financial assets at fair value through profit or loss		<b>24,504</b>	22,155
Financial assets at amortised cost		<b>15,551</b>	—
Deferred tax assets		<b>21,053</b>	32,468
		<b>2,528,615</b>	2,759,368
<b>CURRENT ASSETS</b>			
Inventories		<b>1,300,915</b>	1,242,676
Trade receivables	7	<b>743,080</b>	662,790
Bills receivable		<b>340,822</b>	269,397
Prepayments, deposits and other receivables		<b>305,325</b>	278,220
Financial assets at fair value through profit or loss		—	7,499
Financial assets at amortised cost		<b>1,202</b>	963
Derivative financial instruments		<b>37</b>	6,222
Tax recoverable		<b>16,270</b>	27,109
Cash and bank balances		<b>1,468,098</b>	1,633,407
		<b>4,175,749</b>	4,128,283
<b>CURRENT LIABILITIES</b>			
Trade payables	8	<b>535,789</b>	503,436
Other payables and accrued liabilities		<b>344,074</b>	273,712
Interest-bearing bank borrowings		<b>467,218</b>	539,424
Lease liabilities		<b>84,927</b>	118,519
Derivative financial instruments		—	3,830
Tax payable		<b>13,871</b>	18,813
		<b>1,445,879</b>	1,457,734
<b>NET CURRENT ASSETS</b>		<b>2,729,870</b>	2,670,549
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,258,485</b>	5,429,917

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

		<b>31 March</b>	
	<i>Notes</i>	<b>2026</b>	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accrued liabilities		<b>9,410</b>	13,927
Interest-bearing bank borrowings		<b>50,000</b>	306,818
Lease liabilities		<b>244,116</b>	298,783
Deferred tax liabilities		<b>9,475</b>	41,220
		<hr/> <b>313,001</b>	660,748
<b>NET ASSETS</b>		<hr/> <b>4,945,484</b>	4,769,169
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital		<b>69,085</b>	69,085
Reserves		<b>4,790,172</b>	4,612,160
Proposed dividends	6	<b>82,902</b>	82,902
		<hr/> <b>4,942,159</b>	4,764,147
<b>Non-controlling interests</b>		<b>3,325</b>	5,022
		<hr/> <b>4,945,484</b>	4,769,169
<b>TOTAL EQUITY</b>		<hr/> <b>4,945,484</b>	4,769,169

## Notes:

### 1. BASIS OF PREPARATION

The financial information included in this preliminary announcement of annual results for the year ended 31 March 2026 does not constitute the Group's annual consolidated financial statements but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), 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. This announcement also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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 instruments which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. Certain comparative figures have been reclassified to conform current period's presentation.

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that became applicable for the current reporting period. None of the amendments to HKFRS Accounting Standards have had a material effect on the Group's results and financial position for the current and prior periods.

The Group has not applied any amendments to or new HKFRS Accounting Standards that is not yet effective for the current accounting period. It is noted that HKFRS 18 "*Presentation and Disclosure in Financial Statements*" will replace HKAS 1 "*Presentation of Financial Statements*", introducing new requirements that will help to achieve comparability of financial performance of similar entities and provide more relevant information and transparency to users. Initial assessment shows that even though the adoption of HKFRS 18 would not have any impact on the Group's profit attributable to shareholders, its impacts on presentation and disclosure are expected to be pervasive, particularly with respect to the categorisation of income and expenses in the Group's consolidated statement of profit or loss, the structure of the Group's consolidated statement of profit or loss and consolidated statement of cash flows, and the additional disclosure required for management-defined performance measures. There are no other amendments to or new HKFRS Accounting Standards not yet effective that are expected to have any material impact on the Group.

## 2. REVENUE AND SEGMENT INFORMATION

	Year ended 31 March	
	2026 HK\$'000	2025 HK\$'000
<b>Revenue from contracts with customers</b>		
<i>Disaggregation of revenue by products or service lines is as follows:</i>		
Sales of goods	5,142,287	5,575,066
Rendering of yarn dyeing services and garment processing services	2,938	8,437
Franchise and royalty income	725	1,985
	<b>5,145,950</b>	<b>5,585,488</b>
<i>Timing of revenue recognition:</i>		
At a point in time	5,145,225	5,583,503
Over time	725	1,985
	<b>5,145,950</b>	<b>5,585,488</b>

For the year ended 31 March 2026, revenue of approximately HK\$616,132,000, representing 12% of the Group's total revenue, was derived from a single group of external customer and was attributable to the textile and garment segment. For the year ended 31 March 2025, no revenue was generated from a single external customer that exceeded 10% of the Group's total revenue.

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

- Textile and garment segment represents the production and sale of knitted fabric, yarn and garments;
- Retailing and distribution segment represents the retailing and distribution of casual apparel and accessories; and
- Other segment mainly represents 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 result 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, changes in fair value of investment properties, gain from resumption of land and buildings and non-lease related finance costs, are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices. Segment assets exclude time deposits, deferred tax assets and tax recoverable, while segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these items are managed on a group basis.

(a) The segment results for the years ended 31 March 2026 and 2025 are as follows:

	Textile and garment		Retailing and distribution		Others		Consolidated	
	2026	2025	2026	2025	2026	2025	2026	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	<b>4,157,398</b>	4,376,418	<b>987,827</b>	1,207,085	<b>725</b>	1,985	<b>5,145,950</b>	5,585,488
Other revenue	<b>46,147</b>	106,850	<b>37,697</b>	16,665	<b>18,080</b>	21,846	<b>101,924</b>	145,361
Intersegment sales	<b>41,549</b>	74,087	—	—	—	—	<b>41,549</b>	74,087
	<b>4,245,094</b>	4,557,355	<b>1,025,524</b>	1,223,750	<b>18,805</b>	23,831	<b>5,289,423</b>	5,804,936
<b>Segment results</b>	<b>187,520</b>	168,402	<b>15,912</b>	(168,174)	<b>6,267</b>	21,727	<b>209,699</b>	21,955
Intersegment adjustment							<b>5,030</b>	4,942
							<b>214,729</b>	26,897
<i>Reconciliation:</i>								
Interest income							<b>51,864</b>	89,150
Changes in fair value of investment properties							<b>(44,869)</b>	(33,124)
Gain from resumption of land and buildings							—	88,807
Finance costs (excluding interest on lease liabilities)							<b>(24,127)</b>	(58,912)
Profit before tax							<b>197,597</b>	112,818
Income tax							<b>(38,559)</b>	4,124
Profit for the year							<b>159,038</b>	116,942

(b) The segment assets / liabilities as at 31 March 2026 and 2025 and other segment information for the years ended 31 March 2026 and 2025 are as follows:

	Textile and garment		Retailing and distribution		Others		Consolidated	
	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000
<b>Segment assets</b>	<b>4,375,082</b>	4,255,568	<b>995,658</b>	1,029,395	<b>487,934</b>	534,926	<b>5,858,674</b>	5,819,889
Unallocated							<b>845,690</b>	1,067,762
							<b>6,704,364</b>	6,887,651
<b>Segment liabilities</b>	<b>849,566</b>	712,285	<b>368,750</b>	496,254	—	3,668	<b>1,218,316</b>	1,212,207
Unallocated							<b>540,564</b>	906,275
							<b>1,758,880</b>	2,118,482
<b>Other segment information:</b>								
Depreciation of property, plant and equipment	<b>225,295</b>	216,798	<b>18,481</b>	22,610	—	—	<b>243,776</b>	239,408
Depreciation of right-of-use assets	<b>17,675</b>	20,318	<b>107,079</b>	142,717	—	—	<b>124,754</b>	163,035
Impairment of items of property, plant and equipment	—	—	<b>3,688</b>	3,125	—	—	<b>3,688</b>	3,125
Impairment of right-of-use assets	—	—	<b>4,986</b>	1,890	—	—	<b>4,986</b>	1,890
Write-down/(reversal of write-down) of inventories	<b>4,980</b>	(17,151)	<b>(8,700)</b>	(7,310)	—	—	<b>(3,720)</b>	(24,461)
Impairment of trade receivables	—	—	<b>13,485</b>	2,429	—	—	<b>13,485</b>	2,429
Impairment/(reversal of impairment) of financial assets at amortised cost	—	—	<b>699</b>	(3,870)	—	—	<b>699</b>	(3,870)
Capital expenditure*	<b>108,390</b>	289,652	<b>6,093</b>	15,397	—	—	<b>114,483</b>	305,049

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

(c) Geographical information

The geographical revenue for the years ended 31 March 2026 and 2025 and geographical non-current assets information as at 31 March 2026 and 2025 are as follows:

	Revenue from external customers		Non-current assets	
	Year ended 31 March		31 March	
	2026	2025	2026	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	<b>1,998,682</b>	2,253,290	<b>1,018,213</b>	1,108,251
United States	<b>1,661,010</b>	1,710,734	—	—
Japan	<b>802,481</b>	818,370	—	—
Hong Kong	<b>497,310</b>	588,702	<b>648,863</b>	798,349
Vietnam	<b>3,378</b>	—	<b>759,187</b>	759,253
Others	<b>183,089</b>	214,392	<b>23,960</b>	17,058
	<b>5,145,950</b>	5,585,488	<b>2,450,223</b>	2,682,911

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

### 3. OTHER INCOME AND GAINS

	Year ended 31 March	
	2026	2025
	HK\$'000	HK\$'000
Interest income	<b>51,864</b>	89,150
Sales of scrap materials	<b>22,990</b>	29,549
Sales of steam	<b>18,352</b>	14,251
Gross rental income from investment property operating leases	<b>15,231</b>	16,110
Technical service income	<b>9,139</b>	7,199
Foreign exchange differences, net	<b>8,943</b>	31,303
Storage and service income from e-commerce	<b>8,097</b>	5,503
Government subsidies	<b>5,699</b>	8,922
Gain on disposal of items of property, plant and equipment	<b>5,404</b>	2,754
Rental income from suppliers and others	<b>2,827</b>	1,882
Compensation from suppliers for defective goods	<b>2,793</b>	9,444
Waiver of trade and other payables	—	4,596
Gain on revision of lease terms arising from changes in the non-cancellable period of leases	—	4,405
Fair value gains on foreign exchange derivative financial instruments	—	3,854
Sundry income	<b>2,449</b>	5,589
	<b>153,788</b>	234,511

#### 4. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 March	
	2026	2025
	HK\$'000	HK\$'000
Current tax:		
- Provision for the year	22,477	18,066
- Under/(over-provision) in prior years	3,264	(8,183)
Withholding tax	31,394	40,787
Deferred tax	(18,576)	(54,794)
	<b>38,559</b>	<b>(4,124)</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 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 (2025: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%).

Pursuant to the Income Tax Law of the People's Republic of China 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% (2025: 25%) on the taxable profit for the year. Certain companies of the Group which operate in Mainland China were subject to CIT at the rate of 15% (2025: 15%) as qualified high and new technology enterprises and entitled to deduct qualifying research and development expense from taxable profit.

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

#### 5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of 1,381,696,104 ordinary shares (2025: 1,381,696,104 ordinary shares) outstanding during the year.

The diluted earnings per share is the same as the basic earnings per share as the Company had no potentially dilutive ordinary shares outstanding during the years ended 31 March 2026 and 2025.

## 6. DIVIDENDS

	Year ended 31 March	
	2026	2025
	HK\$'000	HK\$'000
Declared and paid per ordinary share:		
Interim dividend – HK4.0 cents (2025: HK1.0 cent)	55,268	13,817
Special interim dividend – Nil (2025: HK3.0 cents)	—	41,451
	<hr/>	<hr/>
	55,268	55,268
	<hr/>	<hr/>
Proposed after the end of the reporting period per ordinary share:		
Final dividend – HK6.0 cents (2025: HK1.0 cent, approved and paid)	82,902	13,817
Special final dividend – Nil (2025: HK5.0 cents, approved and paid)	—	69,085
	<hr/>	<hr/>
	82,902	82,902
	<hr/>	<hr/>
	138,170	138,170
	<hr/>	<hr/>

## 7. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	31 March	
	2026	2025
	HK\$'000	HK\$'000
Within 90 days	524,700	573,419
Over 90 days	218,380	89,371
	<hr/>	<hr/>
	743,080	662,790
	<hr/>	<hr/>

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.

## 8. 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	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	501,289	461,516
Over 90 days	34,500	41,920
	<u>535,789</u>	<u>503,436</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

## 9. CONTINGENT LIABILITIES

Contingent liabilities at the end of the reporting period not provided for, are as follows:

	31 March	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank guarantees given in lieu of property rental deposits	<u>2,982</u>	<u>5,128</u>

## 10. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet provided for, is as follows:

	31 March	
	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	<u>139,443</u>	<u>32,823</u>

## **FINAL DIVIDEND**

The Board has resolved to propose a final dividend of HK6.0 cents (2025: HK1.0 cent) per ordinary share for the year ended 31 March 2026, together with the interim dividend of HK4.0 cents (2025: HK1.0 cent) per ordinary share paid on 7 January 2026, will make a total dividend of HK10.0 cents (2025: HK10.0 cents including final, interim and special dividends) per ordinary share.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 20 August 2026 (the “2026 AGM”), the proposed final dividend for the year ended 31 March 2026 will be payable on Thursday, 8 October 2026 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 2 September 2026.

## **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 2026 AGM, the register of members of the Company will be closed from Monday, 17 August 2026 to Thursday, 20 August 2026 (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 2026 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, 14 August 2026.
- (ii) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2026, the register of members of the Company will be closed from Monday, 31 August 2026 to Wednesday, 2 September 2026 (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 dividend for the year ended 31 March 2026, 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, 28 August 2026.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

For this fiscal year ended 31 March 2026, the Group's business operations in manufacturing and retail navigated a volatile global landscape. Significant macroeconomic headwinds, primarily driven by heightened geopolitical tensions and evolving trade policies, created a challenging environment for our integrated business model. Despite the easing of trade tensions in the late fiscal year, persistent uncertainty pressured global economic activity, resulting in a 7.9% decrease in the Group's total revenue to HK\$5,146 million (2025: HK\$5,585 million).

In response to this volatile operating environment, the Group prioritised proactive operational optimisation and cost management. These initiatives significantly enhanced efficiency and profitability across both the textile and garment as well as the retail and distribution business segments. Consequently, the Group's gross profit margin rose to 26.7% (2025: 23.6%), with profit attributable to ordinary equity holders reaching HK\$161 million (2025: HK\$116 million), representing a 38.8% increase. Excluding the non-operating gain of HK\$89 million and the corresponding tax effect arising from the resumption of the Guangzhou warehouses in the fiscal year ended 31 March 2025, the year-on-year growth of the Group's profit attributable to shareholders was 358.2%.

Reflecting its commitment to sustainable shareholder value, the Board has resolved to propose a final dividend of HK6.0 cents per ordinary share. Together with an interim dividend of HK4.0 cents per ordinary share, the total annual dividend for this year amounts to HK10.0 cents per ordinary share (2025: HK10.0 cents, including final, interim and special dividends), resulting in a dividend payout ratio of 86.2% for the core profit (2025: 78.8%).

#### **Textile and garment business**

Revenue from the textile and garment business decreased by 5.0% to HK\$4,157 million (2025: HK\$4,376 million), accounting for 80.8% (2025: 78.4%) of the Group's total revenue. Notably, the gross profit margin improved by 2.5 percentage points to 17.8% (2025: 15.3%), while segment profit rose by 11.9% to HK\$188 million (2025: HK\$168 million).

During the reporting year, the global textile and garment industry experienced heightened volatility, driven by shifting reciprocal and unilateral tariff measures. These measures intensified pricing pressures across the supply chain, while recessionary fears led buyers to adopt a more conservative procurement stance. Consequently, retailers prioritised inventory de-stocking and smaller order volumes, softening overall market demand.

In response, the Group reinforced its stringent cost-management protocols to navigate trade-related fluctuations. Management remained committed to stringent oversight of procurement, labor, and energy costs to optimise operational margins. Furthermore, the ongoing ramp up and production upgrades at the Group's Vietnam facility contributed to a more efficient operation and an enhanced product mix. These initiatives strengthened the Group's performance and positively impacted profitability.

The Group's "China + Vietnam" dual-location model proved instrumental in helping customers mitigate regional risks and reduce dependency on single-source production. This flexible framework attracted a steady influx of new overseas clients, largely offsetting reduced volumes and pricing pressures from the existing customer base. By effectively executing cross-regional order allocation, the Group strengthened its order-taking flexibility.

Driven by a growing pipeline of new customers with secured orders, the Group initiated investment in its Vietnam Phase II expansion. Following a successful groundbreaking ceremony in August 2025, construction is progressing on schedule. This project expansion is strategically designed to gradually scale knitted fabric production capacity, with facilities expected to commence operations by the end of fiscal year 2026/27.

The business performance and key financial ratios were as follows:

	2026	2025	2024	2023	2022
<i>(HK\$'million, unless specified)</i>					
Net sales	<b>4,157</b>	4,376	3,921	4,297	5,544
Gross profit margin (%)	<b>17.8</b>	15.3	16.3	18.1	21.3
Business segment profit	<b>188</b>	168	193	171	564
EBITDA	<b>494</b>	490	476	408	790
Capital expenditure	<b>108</b>	290	166	246	251

### Retail and distribution business

Revenue from the retail and distribution business decreased by 18.1% to HK\$988 million (2025: HK\$1,207 million), accounting for 19.2% (2025: 21.6%) of the Group's total revenue. Segment revenue was mainly derived from Mainland China and Hong Kong, contributing 49.2% and 47.1%, respectively.

Remarkably, the retail and distribution business achieved an encouraging turnaround to profit of HK\$16 million (2025: loss of HK\$168 million), with gross profit margin expanding by 10.3 percentage points to 64.2% (2025: 53.9%). This revitalisation was driven by the continuous optimisation of physical retail networks in Mainland China and Hong Kong, alongside the robust growth in e-commerce.

The Group continued to pivot Baleno toward an “online-first” leisurewear model in Mainland China, emphasising “functionality” and “value-for-money” products. Through a combination of direct-to-consumer channels and strategic platform alliances, the Group realised a substantial year-on-year increase in Gross Merchandise Value (“GMV”). These results reflect the brand's agility in navigating evolving market trends and its successful integration into the digital retail ecosystem.

	2026	2025
<i>(HK\$'million)</i>		
E-commerce performance, GMV on orders intake*	<b>2,676</b>	1,155

\* *GMV on orders intake represents the total gross sales dollar value for merchandise sold, inclusive of value-added tax, before deduction of any discounts offered by the online platforms, rebate used, cancellation and returns of merchandise sold. Excluding value-added tax, discounts offered by the online platforms, rebate used, cancellation and returns of merchandise, the GMV on completed orders and corresponding revenue recognised according to the prevailing accounting standards were HK\$997 million and HK\$240 million (2025: HK\$659 million and HK\$210 million), respectively.*

In Hong Kong, while the local retail environment faced pressure from “northbound consumption” and outbound tourism, the Group remained resilient. Beyond network optimisation, the Group's targeted promotional campaigns for its functional, “value-for-money” products continued to capture market share. Notably, the Group achieved positive same-store sales growth this year, validating the effectiveness of its refined retail strategy.

Driven by its “online-first” strategic pivot, the Group successfully transitioned its sales channel mix toward high-growth e-commerce. During the year, the Group consolidated its physical retail network to maintain strategic locations while rapidly scaling its digital footprint through e-commerce stores. This coordinated shift allowed the Group to maintain a robust, omni-channel ecosystem of 502 total touchpoints (2025: 538) with significantly lower capital intensity.

The business performance and key financial ratios were as follows:

	2026	2025	2024	2023	2022
<i>(HK\$'million, unless specified)</i>					
Net sales, comprising					
- Mainland China	486	604	816	1,105	1,936
- Hong Kong	465	562	594	629	552
- Indonesia	37	41	33	27	8
	<b>988</b>	1,207	1,443	1,761	2,496
Gross profit margin (%)	64.2	53.9	53.3	44.9	45.3
Sales growth of comparable store <sup>#</sup> (%)	(5.4)	(7.1)	(5.5)	(17.7)	(4.8)
Business segment profit/(loss)	16	(168)	(114)	(267)	(289)
EBITDA	143	18	74	(126)	(26)
Capital expenditure	6	15	31	18	49

<sup>#</sup> Include only physical stores with full year operation during the year and the preceding year.

The analysis of turnover by major brands was as follows:

	2026	2025	2024	2023	2022
<i>(HK\$'million)</i>					
Baleno	931	1,188	1,395	1,711	2,380
Others	57	19	48	50	116
	<b>988</b>	1,207	1,443	1,761	2,496

### Other income and gains

Other income and gains decreased by HK\$81 million to HK\$154 million (2025: HK\$235 million), mainly attributable to reduction in interest income of HK\$37 million and foreign exchange gains of HK\$22 million.

### Selling and distribution expenses and administrative expenses

Selling and distribution expenses decreased by HK\$113 million to HK\$583 million (2025: HK\$696 million), while administrative expenses decreased by HK\$58 million to HK\$660 million (2025: HK\$718 million), primarily reflecting the Group’s cost optimisation measures, including decrease in rental and operating costs as well as strengthened cost control.

### Finance costs

Finance costs decreased by HK\$38 million to HK\$40 million (2025: HK\$78 million) mainly attributable to the decrease in interest-bearing bank borrowings during the year.

### 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 recognised last year.

## **FINANCIAL CONDITION**

### **Liquidity and financial resources**

The Group continued to maintain a sound financial position. As at 31 March 2026, the Group was in a net cash position, with a current ratio amounted to 2.9 times (2025: 2.8 times). Total interest-bearing bank borrowings of HK\$517 million (2025: HK\$846 million), and the ratio of total interest-bearing debts to total equity was 0.1 times (2025: 0.2 times). The reduction of total bank borrowings was primarily attributable to the repayment of short-term and long-term bank borrowings during the year. This repayment strategy reflects the Group's ongoing efforts to strengthen its financial position, reduce leverage, and lower finance costs.

During the year, the interest cover, the trade and bills receivables to turnover and the inventories to turnover were 6.0 times, 77 days and 92 days (2025: 2.4 times, 61 days and 81 days) respectively. 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 bank balances, the equity attributable to ordinary equity holders of the Company and the unutilised banking facilities were HK\$1,468 million, HK\$4,942 million and HK\$6,363 million (2025: HK\$1,633 million, HK\$4,764 million and HK\$6,020 million), respectively.

### **Capital expenditure**

The capital expenditure incurred by the Group during the year was HK\$114 million (2025: HK\$305 million), of which HK\$108 million (2025: HK\$290 million) was primarily invested in addition of plant and machinery for the knitting, dyeing and finishing and factories of garment business as well as environmental protection related projects, and HK\$6 million (2025: HK\$15 million), mainly incurred for the addition of leasehold improvements of the retail stores. In the coming year, the Group expects to fund its capital expenditure and commitments through its existing cash resources and by utilising its available banking facilities.

### **Pledge of assets**

No significant assets were pledged as at 31 March 2026 (2025: Nil).

### **Contingent liabilities**

Details of the contingent liabilities as at 31 March 2026 and 2025 have been set out in note 9 to this announcement.

### **Interest rate and foreign exchange 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 Hong Kong Dollar ("HKD") floating rate borrowings with maturity due within two years (2025: HKD and Vietnamese Dong ("VND") floating rate borrowings within two years). As at 31 March 2026, the cash and bank balances, financial assets at amortised cost and financial assets at fair value through profit or loss were mainly denominated in HKD, Renminbi ("RMB"), United States Dollar ("USD") and VND (2025: HKD, RMB, USD and VND). Time deposits were placed as fixed deposits with well-established financial institutions at fixed interest rate with maturity due within one year (2025: within one year). The financial assets at amortised cost and financial assets at fair value through profit or loss were mainly fixed interest rate investments with maturity due within two years or at perpetuity (2025: with maturity due at perpetuity). The Group will continue to monitor the interest rate risk and arrange appropriate financial instruments to reduce that 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 Indonesian Rupiah ("IDR") (2025: HKD, USD, RMB, VND and IDR) and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2026.

## **HUMAN RESOURCES**

As at 31 March 2026, the Group had about 9,042 (31 March 2025: 9,799) 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 long been committed to serving the community and advancing social well-being. We actively participate in charitable initiatives, caring for vulnerable groups, and support educational and environmental protection activities. We also encourage employees, customers and business partners to engage in these endeavours, with the shared vision of building a brighter and more sustainable future for our community.

In response to the tragic fire at Wang Fuk Court in Tai Po last November, the Group donated HK\$1 million to “The Community Chest Tai Po Fire Relief Fund”. In addition, we donated winter and homewear clothing supplies from our Baleno brand, valued at approximately HK\$2.8 million, to support the affected residents and help ease their urgent living needs.

During the financial year, the Group also contributed to and sponsored a wide range of activities and organisations, including:

- 1 The Community Chest of Hong Kong “Green Low Carbon Day”;
- 2 The Community Chest of Hong Kong “Walks for Millions”;
- 3 Educational Fund in Dongguan City of Guangdong Province;
- 4 Sponsorship for Dragon Boat Competition in Dongguan City of Guangdong Province;
- 5 Sponsorship for elderly visit(s) in Dongguan City of Guangdong Province;
- 6 Scholarship for Hunan Institute of Engineering;
- 7 Scholarship for Hanoi University of Science and Technology in Vietnam;
- 8 Evangelical Lutheran Church Social Service - Hong Kong;
- 9 Red Cross Society of Songtao Miao Autonomous County, Tongren City, Guizhou Province;
- 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 collective participation of citizens, corporations and the government. We will continue to devote resources and attention to social welfare, education and environmental protection initiatives to foster compassion, harmony and progress of the society and thrive with the community.

## OUTLOOK

Entering the upcoming fiscal year, the global economy faces renewed challenges stemming from geopolitical instability in the Middle East, following a period of heightened trade barriers and market uncertainty last year. While there is currently no significant direct impact on the Group's operations, management anticipates that potential inflationary pressures and a global economic slowdown may dampen consumer sentiment. Having strengthened its organisational agility and resilience over recent years, the Group is well-prepared for these dynamics. Management will maintain a prudent approach, prioritising operational efficiency to protect and support profitability amid these headwinds.

The Group's "China + Vietnam" dual-location model remains a key competitive advantage in securing new customers and expanding its order book. In order to mitigate regional concentration risks, we are actively strengthening our domestic sales in Mainland China while diversifying our customer base across international markets. Concurrently, we adopt a multi-dimensional approach to provide integrated fabric-to-garment solutions to both our existing and new overseas customers. With operations in Vietnam providing increasing scale benefits, the facility is expected to achieve greater operating leverage, further enhancing overall margins. From a strategic perspective, the Group has adopted a prudent investment approach in Vietnam Phase II project, ensuring that capital deployment is carefully aligned with market conditions and industry dynamics. Management remains mindful of the volatile global economic landscape and will pursue a disciplined, gradual approach, maintaining prudent capital allocation and safeguarding the long-term sustainability of the Group.

As for the retail and distribution business, the Group will maintain its light-asset operating model, prioritising agility and cost-efficiency. While the physical retail networks in Mainland China and Hong Kong have largely reached an optimal scale, management will continue to monitor individual store performance closely. The Group remains committed to timely optimisations to ensure that every retail store contributes positively to the segment's overall profitability.

The Group remains confident in the vast potential of the nationwide leisurewear market. In the short to medium term, e-commerce in Mainland China will serve as the primary growth driver. By deepening its presence on major online platforms and strengthening partnerships with KOLs and key influencers, the Group expects order volume from e-commerce to sustain its upward momentum and deliver progressively larger profit contribution to the Group. The Hong Kong market remains vital as Baleno's home market and the origin of the brand identity. The Group will continue to leverage its core strengths in fabric technology to offer the local market high-quality, functional, and "value-for-money" products.

To ensure financial flexibility in this fast-changing environment, the Group will continue to enforce stringent internal controls over procurement, labor, and energy costs. These measures are designed to optimise its cost structure while maintaining the operational agility required to capture emerging market opportunities.

## SUSTAINABLE DEVELOPMENT

The Group places strong emphasis on sustainability as a core element of its long-term strategy and has established clear environmental targets for 2030/31. Under this framework, the Group aims to progressively reduce its absolute Scope 1 and 2 (direct and indirect) greenhouse gas emissions by 42.0% from the 2020/21 baseline. This target will be supported by a range of initiatives, including energy-saving technological upgrades, process optimisations, equipment replacement, and municipal electricity procurement. The Group also plans to expand renewable energy adoption through accelerated photovoltaic projects and the procurement of green electricity certificates. In addition, wastewater treatment capabilities will be enhanced through the application of advanced technologies, with the aim of reducing the annual average chemical oxygen demand concentration in wastewater effluent to below 35mg/L. In the current year, a steady and consistent improvement has been noted across our operations, having successfully narrowed the gap toward these targets. This positive momentum underscores our commitment to sustainable growth as, by embedding sustainability into operational planning, the Group seeks to reinforce resilience and create long-term value.

In parallel, the Group's research and development team remains committed to advancing environmentally sustainable products. Efforts are focused on developing bio-based and low-carbon textile solutions that reduce reliance on fossil fuel derived materials and support customers' sustainability objectives. These innovations not only contribute to lowering the overall environmental footprint of the Group's product portfolio, but also enhance competitiveness by aligning with growing global demand for sustainable materials.

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

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

As at 31 March 2026, 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 three independent non-executive directors of the Company, namely Mr. Law Brian Chung Nin, Ms. Lin Kit Yee Anna and Mr. Lee Wai Yip Alvin (appointed on 29 January 2026). 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 as set out in Appendix C1 to the Listing Rules throughout the financial year, except for the derivation from code provision F.1.3 (which has been renumbered from code provision F.2.2 with effect from 1 July 2025) as explained below:

### Code provision F.1.3

The chairman of the Board should attend the Annual General Meeting of the Company.

Mr. Poon Bun Chak, the chairman of the Board, has delegated the duty of attending the annual general meeting held on 21 August 2025 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 2026, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2026 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.

## **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The Company's annual report for the year ended 31 March 2026 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](http://www.hkexnews.hk)) under "Latest Listed Company Information" and on the website of the Company at ([www.texwinca.com](http://www.texwinca.com)) under "Investor Relations" in due course.

On behalf of the Board  
**Poon Bun Chak**  
*Executive Chairman*

Hong Kong, 10 June 2026

*As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Poon Ho Tak, Mr. Ho Lai Hong, Mr. Ng Mo Ping and Mr. Wu Chi Hang; the independent non-executive directors of the Company are Mr. Law Brian Chung Nin, Ms. Lin Kit Yee Anna and Mr. Lee Wai Yip Alvin.*