

What’s Hot Today:

► **Texwinca (321 HK, HK\$0.70, HK\$967mn) topline outlook uncertain , a good yield play**

GPM pressure remained yet with high yield. Texwinca has been focusing on manufacturing knitted fabrics for over 50 years supplying to international brands and operates a retail brand Baleno in Hong Kong and China. The company released its March ending 2025 (FY3/25) results last week, with revenue up 4% YoY to HK\$5.6bn. GPM remained under pressure, down 2.7ppts YoY to 23.6%, mainly due to lower efficiency of Vietnam plant. Net profit fell by 12% YoY to HK\$116mn. The company proposed a final dividend of 1 HK cents, and special dividend of 5 HK cents. Full-year total dividend amounted to 10 HK cents, bringing an attractive yield of 15%.Q-Tech (1478.HK, HK\$7.50, HK\$8.92bn) May handset camera module shipment decreased 17.5% YoY

Textile business: potential growth driven by Vietnam plant. Downstream customers are seeking diversified supply chains due to uncertain tariff policy. Thanks to the Vietnam factory, Texwinca has been able to seize market opportunities and gain more orders from Japan and the US market. During the year, the division’s revenue increased by 12% YoY to HK\$4.4bn, accounting for 78% of total. While GPM dropped 1ppts to 15%. With increased higher-margin overseas orders and the capacity utilization improvement in the Vietnam factory, which the Mgt expects to reach 80% in FY26, the profitability is likely to recover.

Retail business: prioritize on narrowing losses and to develop e-commerce. In FY3/25, the revenue of retail business declined by 16% YoY to HK\$1.2bn, with a stable GPM of 54%. For the mainland market, the company plans to gradually shift from the traditional offline retail to e-commerce focused. Thanks to value for money strategy, GMV of online business surged by 170% YoY to HK\$659mn. Meanwhile, Baleno continued to close underperforming stores and focused on markets with higher brand equity, such as Guangdong province. During the reporting period, the company had a net closure of 94 self-operating stores, accounting for 30% of total in the mainland market. For HK market, benefiting from more promotions in 2H25, revenue dropped slightly by 5% YoY to HK\$562mn despite fierce competition.

China & HK Indices		CLOSE	1D	YTD		
HSI		24,060	0.7%	19.9%		
HSCEI		8,729	0.9%	19.8%		
HSCQI		4,137	0.5%	9.4%		
CSI300		3,873	0.2%	-1.6%		
Shanghai A		3,552	0.3%	-4.3%		
Shanghai B		255	0.1%	-4.3%		
Shenzhen A		2,105	0.6%	2.8%		
Shenzhen B		1,157	-0.3%	-4.6%		
Key Int'l Indices		CLOSE	1D	YTD		
Dow Jones		42,515	0.8%	-0.1%		
S&P 500		6,033	0.9%	2.6%		
Nasdaq		19,701	1.5%	2.0%		
Nikkei Index		38,440	0.3%	-3.6%		
FTSE Index		8,875	0.3%	8.6%		
CAC Index		7,742	0.7%	4.9%		
DAX Index		23,699	0.8%	19.0%		
Commodities		CLOSE	1D	YTD		
GOLD	(US\$/oz.)	3,385	-1.4%	29.5%		
STEEL	(US\$/oz.)	1,969	0.7%	10.3%		
SILVER	(US\$/oz.)	36	0.0%	25.8%		
CRUDE OIL	(US\$/bbl)	71	-1.7%	2.0%		
COPPER	(US\$/oz.)	9,703	0.0%	10.7%		
ALUMINIUM	(US\$/oz.)	2,513	-0.2%	-1.5%		
PLATINUM	(US\$/oz)	1,249	1.7%	37.2%		
ZINC	(US\$/oz.)	2,658	0.6%	-10.8%		
WHEAT	(US\$/bu)	536	-1.3%	-2.2%		
CORN	(US\$/bu)	435	-1.8%	-1.5%		
SUGAR	(US\$/lb)	N/A	N/A			
SOY BEAN	(US\$/bu)	1,060	0.5%	3.3%		
PVC	(US\$/t.)	N/A	N/A	-6.8%		
CRB		310	2.4%	3.0%		
BDI				97.4%		
Exchange Rates						
	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.865	144.750	0.814	7.180
HKD	0.127		0.110	18.441	10.369	0.915
EUR	1.156	9.075		167.350	1.063	8.315
JPY	0.007	5.423	0.598		0.562	0.050
CHF	1.229	9.645	1.063	177.847		8.824
RMB	0.139	1.093	0.120	20.138	0.113	
Market Sentiment			CURRENT		5D	
CDS Monitor - USD SR 5Y						
Greece				N/A		N/A
Ireland				83		-2.4%
Italy				139		-0.6%
Portugal				207		-0.0%
Spain				108		0.3%
VIX				19		11.4%
Source: Bloomberg						

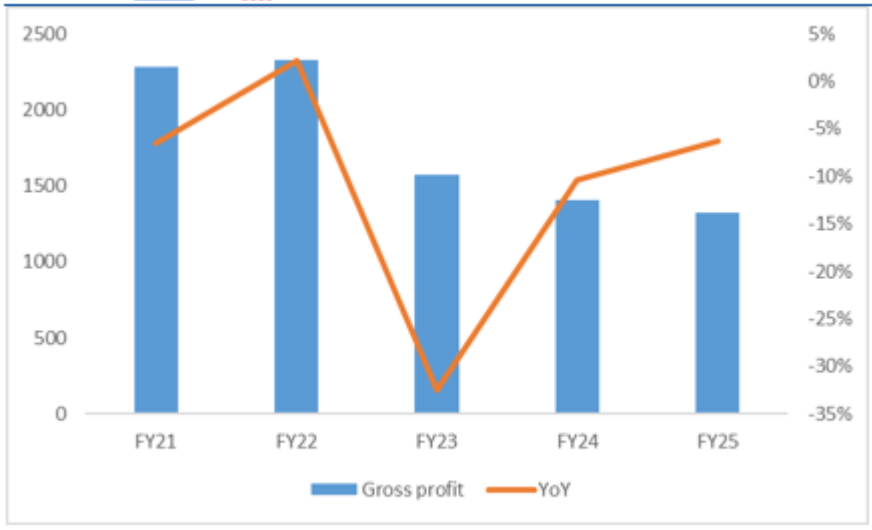
Our view: Its topline outlook may see uncertainties due to tariff talks, as its clients become more prudent on the long-term orders. However, efficiency improvement at the Vietnam plant and likely less losses from the mainland retail business should support the overall margins. Meanwhile, Texwinca offers sustainable and attractive yield support of above 8% in 10 years. Given a net cash position of HK\$787mn as at the end of March 2025, the company expects to maintain its payout ratio of above 70% in the coming years. The counter is currently trading at around 8.3x FY3/26 PE. (Ensley Liu)

Fig 1: Revenue(HKS mn) and YoY



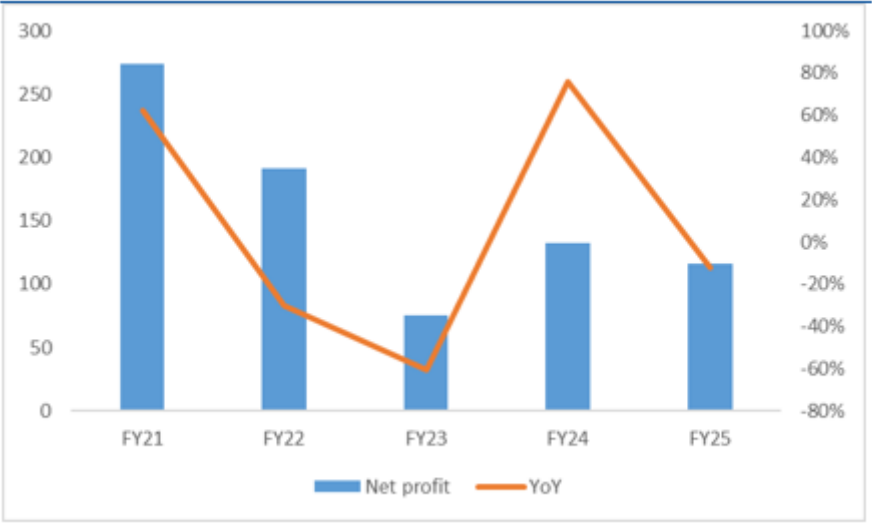
Source: Company Data, Sunwah Kingsway Research

Fig 2: Gross profit(HKS mn) and YoY



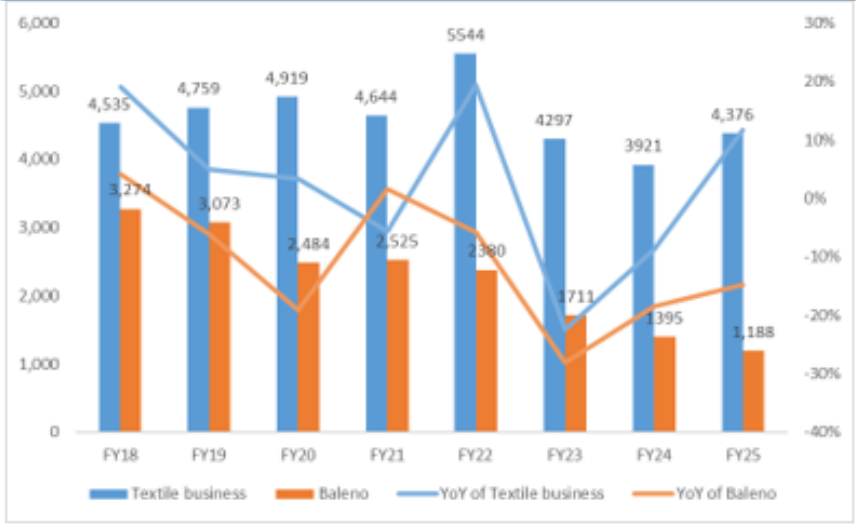
Source: Company Data, Sunwah Kingsway Research

Fig 3: Net profit(HKS mn) and YoY



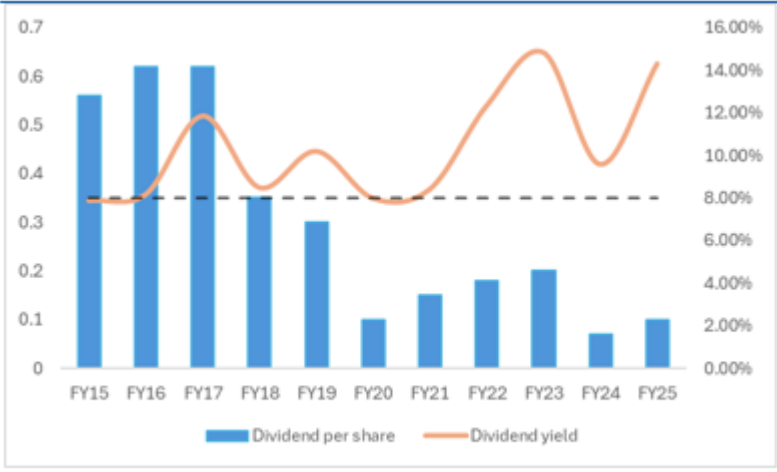
Source: Company Data, Sunwah Kingsway Research

Fig 4: Revenue breakdown(HKS mn) and YoY



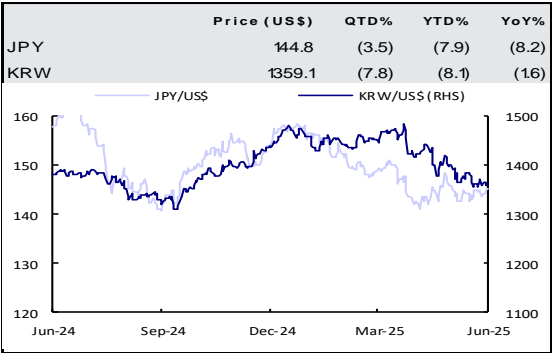
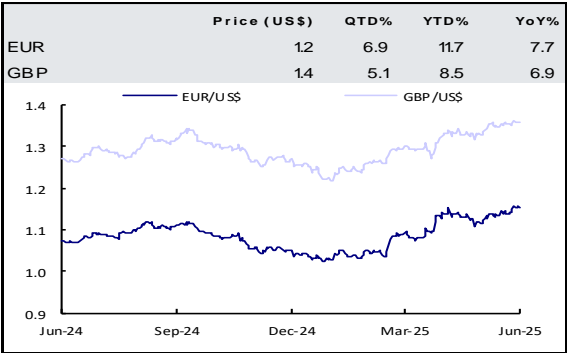
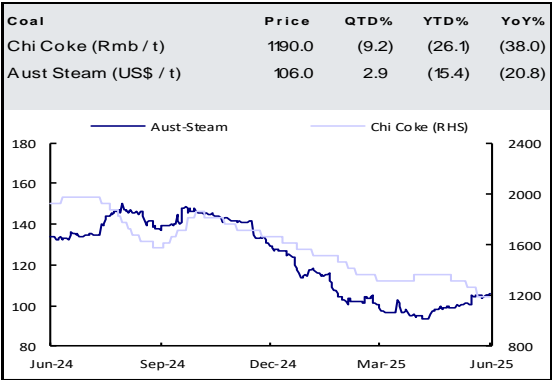
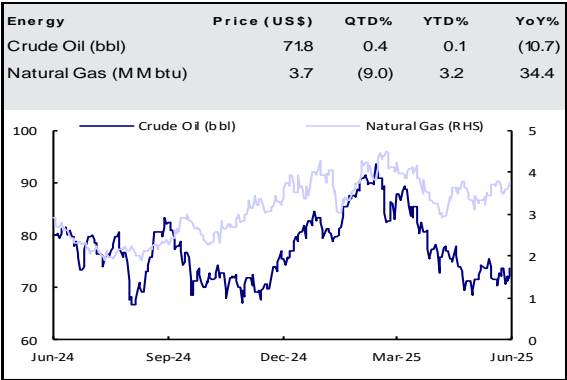
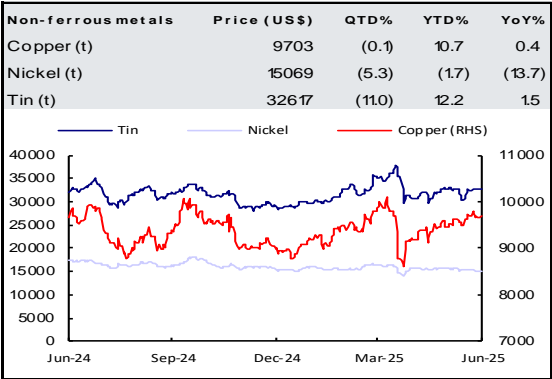
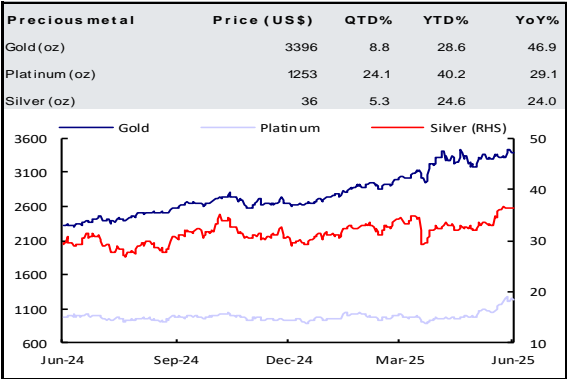
Source: Company Data, Sunwah Kingsway Research

Fig 5: Dividend per share(HKS) and yield



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Initial Jobless Claims	WoW		18-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		17-Jun-25
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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