

What's Hot Today:

► Texwinca (321 HK, HK\$1.15, HK\$1.59bn) – Retail business turned profitable

Strong profit growth despite revenue pressure – Texwinca has spent over 50 years focusing on manufacturing knitted fabrics for international brands, while also operating its own retail brand, Baleno, in Mainland China and Hong Kong. The company recently released its FY3/26 results. Despite a 7.9% YoY revenue decline to HK\$5.15bn, net profit grew 38.8% to HK\$161mn, and GPM expanded by 310bps to 26.7%. This improvement was driven by effective expense control and a higher mix of online retail business. Excluding a one-off profit from the prior period, net profit surged 3.58x YoY. The company proposed a final dividend of 6 HK cents and keeping the full-year total dividend at 10 HK cents, bringing an attractive yield of 8.7%.

Baleno turned around on successful e-commerce transformation – Although the retail business reported an 18% YoY drop in revenue, the segment turned around to a profit of HK\$16mn. The strategy to shift from traditional retail shops to e-commerce paid off as GPM jumped 10x to 64.2%. As a result, GMV from order intake surged 132% YoY to HK\$2.68bn, while GMV from completed orders rose 51.3% YoY to HK\$997mn. Meanwhile, Baleno continued to close underperforming stores, the number of points of sale (POS) nearly halved to 265 after shutting 234 stores, with most remaining stores now concentrated in Guangdong province. On a positive note, Hong Kong market achieved positive same-store sales growth (SSSG).

Textile business robust under dual-location factories – Revenue from the textile and garment business declined 5% YoY to HK\$4.16bn, accounting for 80.8% of total revenue (up from 78.4% in the prior period). More importantly, GPM improved by 250bps YoY to 17.8% (from 15.3%), and segment profit rose 11.9% YoY to HK\$188mn. Despite a weak macro economy, the textile business remained resilient, supported by its “China + Vietnam” dual-location manufacturing footprint, which helps mitigate regional risks and attract new overseas clients. The second phase of the Vietnam factory is under construction and expected to come onstream by the end of FY3/27, adding 14% to the company’s production capacity.

China & HK Indices	CLOSE	1D	YTD
HSI	24,249	-0.7%	-5.4%
HSCEI	8,217	-1.2%	-7.8%
HSCCI	4,260	-0.8%	6.1%
CSI300	4,722	-0.6%	2.0%
Shanghai A	4,181	-0.2%	3.6%
Shanghai B	262	-1.6%	3.6%
Shenzhen A	2,794	-0.7%	5.5%
Shenzhen B	1,121	-0.2%	-11.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	50,848	1.9%	5.8%
S&P500	7,394	1.8%	8.0%
Nasdaq	25,809	2.5%	11.0%
NIKKEI Index	66,872	4.1%	32.8%
FTSE Index	10,303	0.5%	3.8%
CAC Index	8,200	0.5%	0.6%
DAX Index	24,209	0.1%	-1.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,212	3.4%	-2.7%
STEEL (US\$/oz.)	3,421	3.1%	34.5%
SILVER (US\$/oz.)	67	6.2%	-6.2%
CRUDE OIL (US\$/bbl)	87	-2.6%	50.5%
COPPER (US\$/oz.)	13,482	-1.0%	8.5%
ALUMINIUM (US\$/oz.)	3,502	-1.3%	16.9%
PLATINUM (US\$/oz)	1,721	3.4%	-16.3%
ZINC (US\$/oz.)	3,496	-1.7%	12.1%
WHEAT (US\$/bu)	586	-0.1%	16.1%
CORN (US\$/bu)	439	-1.6%	-4.4%
SUGAR (US\$/lb)	124	2.7%	
SOYBEAN (US\$/bu)	1,134	-0.4%	6.5%
PVC (US\$/t)	4,697	0.1%	49.2%
CRB	369	-0.7%	3.0%
BDI		-1.7%	47.6%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.836	0.864	159.930	0.795	6.775
HKD	0.128		0.110	20.411	10.144	0.864
EUR	1.158	9.073		185.140	1.087	7.832
JPY	0.006	4.899	0.540		0.497	0.042
CHF	1.258	9.859	1.087	201.191		8.520
RMB	0.148	1.157	0.128	23.627	0.117	

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	26.2%

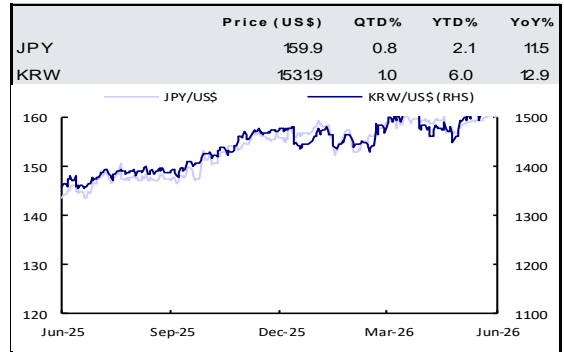
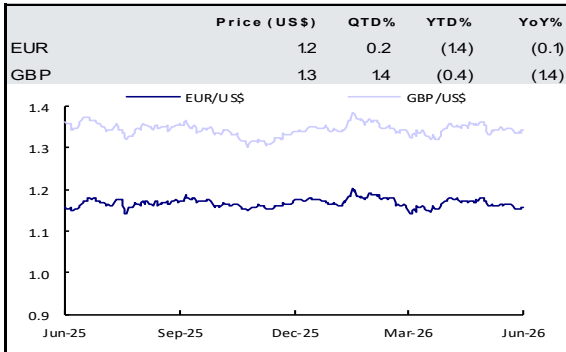
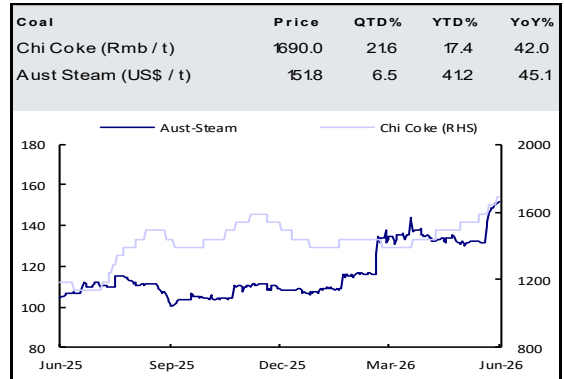
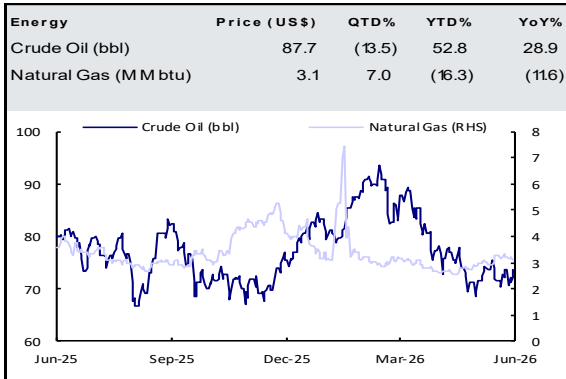
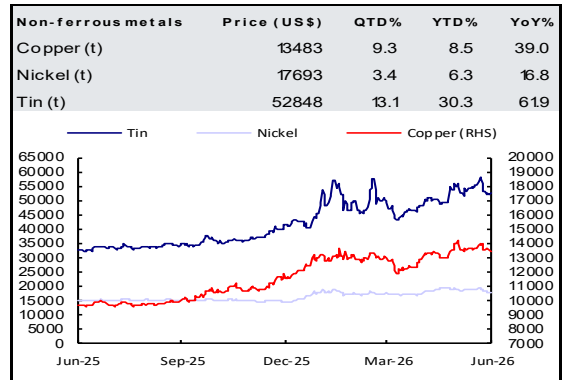
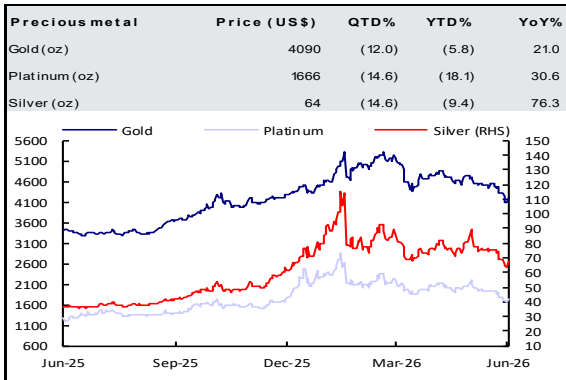
Source: Bloomberg

Our view:

Looking ahead to FY3/27, we expect the retail business to see robust topline growth, with further profit upside as the online GMV mix is projected to rise to 90% (from 80.6% in FY3/26). Meanwhile, although the textile business is likely to maintain its GPM, the overall GPM still has room for improvement, driven by Baleno's e-commerce initiative. Additionally, continued offline store closures should contribute to margin expansion.

That said, the textile business faces challenges, including raw material cost pressure amid ongoing geopolitical tensions and high oil prices, as well as unstable and discontinuous client orders. According to Mgt, orders for the winter season are in line with expectations. The company is exploring further business models, such as providing one-stop garment solutions, expanding overseas e-commerce, and pursuing cooperation in non-garment production. The counter is trading at an FY3/27E PE of 9.9x. (Amelia Deng)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PPI	MoM		11-Jun-26
Housing Starts / Building Permits	MoM		16-Jun-26
Business Inventories	MoM		17-Jun-26
Retail Sales	MoM		17-Jun-26
New home Sales	MoM		24-Jun-26
GDP	QoQ		25-Jun-26
Personal Income & Spending	MoM		25-Jun-26
Durable Goods Orders	MoM		25-Jun-26
Consumer Confidence	MoM		30-Jun-26
ISM Manufacturing PMI	MoM		1-Jul-26
Employment Report	MoM		2-Jul-26
Trade Balance	MoM		7-Jul-26
CPI	MoM		14-Jul-26
Initial Jobless Claims	WoW		11-Jun-26
Wholesale Inventories	MoM		26-Jun-26
Factory Orders	MoM		2-Jul-26
Existing Home Sales	MoM		9-Jul-26
Industrial Production	MoM		15-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		12-Jun-26
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
PMI Manufacturing	MoM		30-Jun-26
Foreign Exchange Reserves	QoQ		7-Jul-26
PPI	MoM		9-Jul-26
CPI	MoM		9-Jul-26
Trade Balance	MoM		14-Jul-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Unemployment Rate	MoM		16-Jun-26
CPI	MoM		23-Jun-26
Trade Balance	MoM		25-Jun-26
Money Supply - M2	MoM		30-Jun-26
Retail Sales	MoM		2-Jul-26
PMI	MoM		6-Jul-26
Foreign Currency Reserve	MoM		7-Jul-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

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