HINGTEX HOLDINGS LIMITED
興紡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1968)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Total revenue for the year ended 31 December 2024 increased by approximately 31.8% year-to-year to HK$214.7 million, as compared with total revenue of HK$162.9 million for the year ended 31 December 2023.

Net loss attributable to owners of the Company for the year ended 31 December 2024 was approximately HK$35.0 million, as compared with net loss of HK$37.8 million for the year ended 31 December 2023.

Basic loss per Share for the year ended 31 December 2024 was HK5.46 cents as compared with basic loss per Share of HK5.91 cents for the year ended 31 December 2023.

The board (the "Board") of directors (the "Directors") of Hingtex Holdings Limited (the "Company" or "Hingtex") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	NOTES	***HK$'000***	*HK$'000*
Revenue	*5*	**214,670**	162,884
Cost of sales and services		**(181,249)**	(141,189)
Gross profit		**33,421**	21,695
Other income	*6*	**3,165**	3,789
Other gains and losses, net	*7*	**(1,063)**	(69)
(Impairment loss)/reversal of impairment loss on financial assets at amortised cost, net		**(10)**	64
Selling and distribution expenses		**(13,336)**	(14,471)
Administrative expenses		**(46,093)**	(44,837)
Research and development expenses		**(7,524)**	(8,072)
Fair value (loss)/gain on financial asset at fair value through profit or loss ("FVTPL")		**(2,601)**	651
Share of loss of an associate		**(56)**	(29)
Finance costs		**(2,252)**	(1,989)
Loss before tax	*8*	**(36,349)**	(43,268)
Income tax credit	*9*	**1,399**	5,468
Loss and total comprehensive loss for the year attributable to owners of the Company		**(34,950)**	(37,800)
LOSS PER SHARE			
— Basic and diluted (HK cents)	*10*	**(5.46)**	(5.91)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2024

		At 31 December	
		2024	2023
	NOTES	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**85,776**	93,569
Right-of-use assets		**22,783**	19,220
Other intangible assets		**2,602**	2,969
Goodwill		**1,184**	1,184
Interest in an associate		**349**	405
Financial asset at FVTPL		**19,144**	21,745
Deferred tax assets		**11,699**	13,480
Total non-current assets		**143,537**	152,572
Current assets			
Inventories		**84,222**	85,296
Contract assets		**406**	–
Trade and other receivables	*12*	**56,737**	43,959
Amount due from an associate		**616**	616
Cash and cash equivalents		**46,187**	60,740
Total current assets		**188,168**	190,611
Current liabilities			
Trade and other payables	*13*	**43,676**	23,643
Contract liabilities		**2,276**	891
Tax payables		**1,638**	1,618
Lease liabilities		**4,281**	3,431
Bank borrowings		**26,064**	29,000
Total current liabilities		**77,935**	58,583
Net current assets		**110,233**	132,028
Total assets less current liabilities		**253,770**	284,600

		At 31 December	
		2024	2023
	NOTES	***HK$'000***	*HK$'000*
Non-current liabilities			
Other payables		**1,159**	1,219
Lease liabilities		**3,285**	–
Bank borrowings		**4,772**	–
Deferred tax liabilities		**3,832**	7,709
Total non-current liabilities		**13,048**	8,928
Net assets		**240,722**	275,672
Capital and reserves			
Share capital	*14*	**6,400**	6,400
Reserves		**234,322**	269,272
Equity attributable to owners of the Company and total equity		**240,722**	275,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Hingtex was incorporated in the Cayman Islands on 3 November 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2018.

The Company's immediate and ultimate holding company is Manford Investment Holdings Limited, a company incorporated on 24 October 2017 in the British Virgin Islands ("BVI") under the laws of BVI with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Group are the manufacturing and sales of denim fabrics.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKSAs) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared on the historical cost convention, except for financial asset at FVTPL that is measured at fair value. The financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The functional currency of the Company is United States dollar ("US$"), as the sales activities of the Group are mainly denominated in US$, and the presentation currency of the Group is HK$, as the directors of the Company consider HK$ can provide more meaningful information to the Company's investors.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results and financial positions of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs 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 January 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. The amendments did not have any impact on the Group's consolidated financial statements.

Save as disclosed above, the accounting policies used in preparing the consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023.

4. OPERATING SEGMENTS

Information reported to the executive directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

(a) Denim fabrics segment — manufacturing and sales of denim fabrics

(b) Property renovation services segment — provision of property renovation services

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 results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that other income, other gains and losses, net, fair value (loss)/gain on financial asset at FVTPL and share of loss of an associate are excluded from such measurement.

There were no material intersegment sales and transfers during the year:

	Denim fabrics		Property renovation services		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**203,245**	162,884	**11,425**	–	**214,670**	162,884
Segment results	**(35,582)**	(47,610)	**(212)**	–	**(35,794)**	(47,610)
Reconciliations:						
Other income					**3,165**	3,789
Other gains and losses, net					**(1,063)**	(69)
Fair value (loss)/gain on financial asset at FVTPL					**(2,601)**	651
Share of loss of an associate					**(56)**	(29)
Loss before tax					**(36,349)**	(43,268)

Geographical information

Information about the Group's revenue presented based on the geographical location of the customers is as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Bangladesh	**54,564**	42,128
Chinese Mainland	**53,788**	26,936
Hong Kong	**50,177**	50,579
Egypt	**29,209**	–
Vietnam	**23,041**	18,021
Indonesia	**1,739**	9,773
Taiwan	**936**	4,846
Jordan	**161**	2,715
India	**106**	2,846
Pakistan	**94**	1,711
Macao	**–**	1,412
Other countries and regions	**855**	1,917
Total	**214,670**	162,884

5. REVENUE

An analysis of the Group's revenue from contracts with customers is as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Sales of denim fabrics		
Stretchable blended denim fabrics	**185,840**	139,950
Stretchable cotton denim fabrics	**2,328**	9,677
Non-stretchable denim fabrics	**13,775**	9,180
	201,943	158,807
Property renovation services	**11,425**	–
Others *(note)*	**1,302**	4,077
Total revenue from contracts with customers	**214,670**	162,884

Note: Others mainly include revenue from sales of yarns and provision of sub-contracting services.

6. OTHER INCOME

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interest income from bank deposits	**1,591**	2,438
Government grants (note)	**95**	427
Sample sales	**1,359**	804
Others	**120**	120
	3,165	3,789

Note: Government grants in both years represent unconditional grants from the Chinese government. There are no unfulfilled conditions or other contingencies attaching the government grants recognised.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Net foreign exchange loss	**(820)**	(220)
(Loss)/gain on disposal of items of property, plant and equipment	**(3)**	91
Others	**(240)**	60
	(1,063)	(69)

8. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Directors' remuneration		
— Emoluments, salaries and other allowances	**9,188**	9,241
— Retirement benefit scheme contributions (defined contribution scheme)	**36**	36
	9,224	9,277
Other staff salaries and allowances	**39,668**	35,226
Retirement benefit scheme contributions (defined contribution scheme), excluding those of directors	**3,361**	2,670
Total employee benefits expenses	**52,253**	47,173
Capitalised as cost of inventories manufactured	**(16,303)**	(12,590)
	35,950	34,583
Depreciation of property, plant and equipment	**8,693**	9,613
Depreciation of right-of-use assets	**5,200**	6,264
Amortisation of other intangible assets	**367**	368
	14,260	16,245
Capitalised as cost of inventories manufactured	**(7,191)**	(8,481)
	7,069	7,764
Cost of inventories recognised as an expense including reversal of write-down of inventories of HK$1,531,000 (2023: HK$140,000)	**169,675**	141,189

9. INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax ("EIT")	**697**	(1,658)
Deferred tax	**(2,096)**	(3,810)
Total	**(1,399)**	(5,468)

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

During the year, no provisions for Hong Kong Profits Tax have been made as the relevant entities did not generate assessable profits or have available tax losses to offset assessable profits generated during the year (2023: Nil).

The People's Republic of China ("PRC")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. As one of the PRC subsidiaries of the Group was qualified as "High-tech Enterprise" in relation to their production activities in 2020 and obtained the renewal of such qualification in 2023, this PRC subsidiary, upon satisfaction of the criteria required, was subject to a preferential PRC EIT rate of 15% up to 2026.

10. LOSS PER SHARE

The Company did not have any dilutive potential ordinary shares outstanding for the years ended 31 December 2024 and 2023. The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purpose of loss per share calculation	**(34,950)**	(37,800)

	Year ended 31 December	
	2024	2023
	'000	*'000*
Number of ordinary shares for the purpose of loss per share calculation	**640,000**	640,000

11. DIVIDEND

No dividends were paid, declared or proposed for ordinary shareholders of the Company during the year, nor have any dividends been proposed since the end of the reporting period (2023: Nil).

12. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Trade and bills receivables *(note i)*	**28,052**	13,520
Less: Allowance for expected credit losses	**(132)**	(122)
	27,920	13,398
Prepayments and other receivables *(note ii)*	**9,554**	9,385
Value-added tax recoverable	**17,757**	19,265
Utility and rental deposits	**1,397**	1,474
Others	**109**	437
	56,737	43,959

Notes:

(i) Included in the Group's trade and bills receivables are bills receivables of approximately HK$11,882,000 (2023: HK$8,432,000). During the year, the Group had entered into certain trade finance arrangement with a bank in which certain bills receivables held by the Group were presented to the bank to draw down export bills payables ("Arrangement"). Under the Arrangement, the export bills payables were settled by these corresponding bills receivables on the maturity date under the same conditions as agreed with the customers. As at the end of the reporting period, bills receivables of HK$2,142,000 (2023: Nil) and export bills payable of HK$2,092,000 (2023: Nil) were outstanding under this Arrangement. The Group continues to recognise these bills receivables and export bills payables as the relevant banks are obliged to make payments only on the due dates of the bills receivables, under the same conditions as agreed with the customers of the Group and make corresponding settlements to its export bills payables accordingly.

(ii) Included in the Group's prepayments and other receivables is an amount due from an investee of HK$7,520,000 (2023: HK$7,520,000) which is unsecured, interest-free and repayable on demand.

The Group generally allows credit periods ranging from 30 days to 120 days regarding different customers. The following is an ageing analysis of gross carrying amounts of trade and bills receivables, presented based on the invoice date, at the end of each reporting period:

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**14,944**	6,174
31 to 60 days	**3,058**	5,124
61 to 120 days	**9,257**	1,867
121 to 180 days	**771**	319
181 to 365 days	**–**	3
More than 365 days	**22**	33
	28,052	13,520

As at 31 December 2024, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$2,949,000 (2023: HK$3,046,000) which are past due as at the reporting date. Out of the past due balances, HK$387,000 (2023: HK$42,000) has been past due 90 days or more and is considered as in default. Except for bills receivables, the Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Trade and bills payables *(note i)*	**34,234**	12,016
Deposits received *(note ii)*	**2,956**	5,920
Payroll payables	**5,109**	4,085
Accrued charges	**2,401**	2,662
Others	**135**	179
	44,835	24,862
Analysed as		
Current	**43,676**	23,643
Non-current	**1,159**	1,219

Notes:

(i) Included in the Group's trade and bills payables are bills payables of HK$28,583,000 (2023: HK$9,646,000) issued by the Group to the relevant suppliers for future settlement. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers and the Group makes corresponding settlements with the relevant banks on due dates without further extension. Accordingly, management of the Group considers these arrangements do not involve financing.

(ii) The balance mainly represents deposits received from an apparel brand owner that the Group serves to secure production of denim fabric based on procurement projections of the brand owner before confirmed purchase.

The ageing analysis of the trade and bills payables payables presented based on the invoice date at the end of each reporting period is as follows:

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**10,105**	10,469
31 to 60 days	**14,816**	1,547
61 to 120 days	**9,313**	–
	34,234	12,016

The average credit period on trade and bills payables is ranging from 30 days to 180 days.

14. SHARE CAPITAL OF THE COMPANY

	Number of Shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	10,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	640,000,000	6,400

CHAIRLADY'S STATEMENT

During the year ended 31 December 2024 (the "Year"), the global denim industry remained clouded by uncertainties, including tariff adjustments by the United States (the "U.S.") administration, which is a major denim market. In response, Hingtex Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") took deliberate steps to capitalise on the post-COVID-19 pandemic recovery. This included actively engaging with customers and enhancing its operational efficiency. Moreover, as part of the Group's China Plus One strategy, it partnered with a Vietnamese subcontractor to establish a new production line to better serve customers with diverse procurement needs. These initiatives contributed to a notable improvement in the Group's performance when compared with 2023, achieving significant increases in both revenue and gross profit. However, foreign exchange losses driven by the depreciation of the RMB negatively impacted on the Group's financial results, partially offsetting the gains achieved during the Year.

As at the year ended 31 December 2024, the Group's total revenue amounted to approximately HK$214.7 million (2023: HK$162.9 million), representing a year-on-year increase of approximately 31.8%. Gross profit totalled approximately HK$33.4 million (2023: HK$21.7 million) and gross profit margin was approximately 15.6% (2023: 13.3%). Loss attributable to owners of the Company amounted to approximately HK$35.0 million (2023: loss of HK$37.8 million) with loss per share of approximately 5.46 HK cents (2023: loss per share of 5.91 HK cents).

The Group's debt-to-equity ratio has increased from 11.76% in 2023 to 15.95% for the Year, primarily due to the securing of certain borrowings from a bank in the People's Republic of China (the "PRC" or the "Chinese Mainland") with lower interest rates to replace those from banks in Hong Kong. Additionally, the renewal of certain leases led to an increase in lease liabilities under the applicable accounting method, which contributed to an overall increase in total liabilities. The bank balances and cash level have decreased from HK$60.7 million in 2023 to HK$46.2 million for the Year.

BUSINESS REVIEW

For the year ended 31 December 2024, the Group commenced a "seeding" period, hence it focused on seizing opportunities to restore sales momentum and lay the groundwork for future growth. With the global economy gradually recovering from the impacts of the COVID-19 pandemic, the Group actively engaged with brand owner customers ("BOCs") in the U.S., its principal market. It also participated in key denim exhibitions in the U.S., the PRC and Europe to secure additional sales orders. Consequently, orders from the Group's regular U.S.-based BOCs remained stable throughout the Year, while even more encouragingly, orders from several smaller premium U.S.-based brands experienced significant growth. Such outcomes testify to the effectiveness of the Group's proactive approach to expanding its customer base and strengthening its market presence.

Also a part of seeding efforts, and in line with the Group's China Plus One strategy, the Group reached an agreement in April 2024 with its Vietnamese subcontractor to work together on a new production line. This partnership has jump-started the Group's business with BOCs whose internal policies restrict procurement from mills based solely in the PRC. The initial mass-production orders placed with the Vietnam subcontractor have delivered satisfactory results, enhancing the Group's operational flexibility and strengthening its ability to meet the evolving needs of customers.

Additionally, the Group is at the stage of finalising the calibration of the two large pieces of equipment for finishing and dyeing, imported from Germany and Italy, respectively, at its production facilities in Zhongshan, Guangdong, the PRC. These state-of-the-art equipment, while in their final installation phase, have facilitated the early launch of new products during the Year, surpassing the Group's initial timelines. Exclusively available to the Group within the PRC, these machines offer a distinct advantage in terms of production capability and product development. The management strategically leverages these resources to bolster the Group's market position, and to enhance its competitive edge in the industry.

As for the other business interests, the Group expanded its property investment portfolio by launching its property renovation business in Shanghai, the PRC, in June 2024. Leveraging its experience gained in property renovation in Hong Kong, the latest investment underscores the Group's commitment to diversification and long-term growth. While the PRC property market is presently experiencing a downturn, and the renovation business generated modest revenue of approximately HK$11.4 million during the year, the initiative is expected to provide steady contributions to the Group's financial performance over time. Meanwhile, the Group's investment in the Tsuen Wan property has continued to support its diversification strategy and risk mitigation efforts. Monthly rental income has remained stable throughout the Year, offering a dependable source of recurring revenue.

PROSPECTS

Looking ahead to the new financial year, the management remains cautiously optimistic about the Group's performance, despite uncertainties surrounding the macroeconomic environment. With ongoing inquiries from BOCs, the Group expects notable growth in the U.S. market from 2025 onwards, driven by its efforts to strengthen customer relations and seize emerging opportunities.

To ensure that the Group is well equipped to capitalise on the opportunities that arise, the management will continue to expand production capacity in Vietnam. This will involve further collaboration with its subcontractor to establish a "total vertical production line" in the Southeast Asia country. This initiative will allow the Group to strategically centralise the entire denim fabric manufacturing process, encompassing all stages, from the sourcing of raw materials to the production of finished denim garment products. By consolidating production in Vietnam, the Group can specifically address the needs of certain BOCs that have adopted or are contemplating the adoption of a China Plus One strategy, thereby ensuring that they can place their confidence in the Group.

In addition to expanding production capacity in Vietnam, the Group is enhancing productivity at the Zhongshan plant now that the two advanced pieces of equipment for finishing and dyeing have been installed and are fully operational. These important assets are expected to significantly bolster the Group's ability to meet higher volume orders of sophisticated denim fabrics that customers are increasingly preferring. By leveraging cutting-edge technologies, production processes are also streamlined, efficiency is improved, and consistently high-quality output is assured. Furthermore, the Group can transfer the production of less complex denim fabrics to its Vietnam sub-contractor. All of these advantages place the Group in a decidedly favourable position to effectively respond to the constantly evolving market demand, all the while maintaining its competitive edge in delivering high-quality denim products. The management is therefore confident that the production upgrades will contribute meaningfully to the Group's productivity and overall business performance in the years to come.

The management is also fully aware of the importance of nurturing and strengthening ties with its existing brand owner customers while actively pursuing partnerships with new brands. The Group will therefore double its efforts to engage in face-to-face meetings, participate in industry exhibitions, and leverage its strong research and development capabilities and flexible production processes to meet the diverse needs of customers. In addition to its efforts, the Group will also work with a newly appointed agent to expand its footprint in Europe, targeting opportunities in this strategically important region. By diversifying its customer base and reducing reliance on a single market, the Group intends to reduce its risk exposure while at the same time unlocking new revenue streams. These efforts underscore the Group's proactiveness in driving sustainable growth and fortifying its position as a trusted partner in the global denim industry.

Drawing on its technical expertise and production prowess, the Group also plans to develop high-quality, functional denim products that incorporate sustainable practices. This includes the use of certified recycled materials and synthetic fibres and the greater application of certified and organic cotton yarns. By enhancing its product offerings in this manner, the Group aims to remain competitive and responsive to market trends, as well as deliver value to its customers in a responsible manner.

Overall, the Group is committed to building on the progress made over the past year by executing strategies that are focused on production expansion, efficiency enhancement, business development, and product refinement. By aligning its operations with market trends and customer preferences, embracing sustainable practices, and maintaining strong bonds with key stakeholders, the Group is well-positioned to achieve further growth, ensure its success in an increasingly competitive market and deliver long-term value.

LAU Chung Chau
Chairlady and Non-executive Director

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

As at 31 December 2024, cash and cash equivalents decreased by HK$14.5 million to HK$46.2 million (2023: HK$60.7 million), primarily due to the operating and marketing needs during the year. Inventories remained at a similar level when compared with last year at HK$84.2 million (2023: HK$85.3 million). Trade and bills receivables increased by HK$14.5 million to HK$27.9 million (2023: HK$13.4 million) as a result of more denim fabrics sold and delivered in the fourth quarter of 2024 against the comparable period in 2023. Current liabilities also increased by HK$19.3 million to HK$77.9 million (2023: HK$58.6 million) due to the increase in raw material purchases close to 2024 year-end and therefore the corresponding increase in trade and bills payables by HK$22.2 million to HK$34.2 million (2023: HK$12.0 million) in response to the anticipated manufacturing and delivery of goods in early 2025.

CAPITAL COMMITMENT

As at 31 December 2024, the Group had no capital commitment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily with internally generated funds from operating activities and banking facilities currently available. It is anticipated that the Group has sufficient working capital to meet its present funding requirements.

As at 31 December 2024, net current assets were approximately HK$110.2 million (2023: HK$132.0 million). Cash and cash equivalents as at 31 December 2024 were approximately HK$46.2 million (2023: HK$60.7 million).

As at 31 December 2024, there were bank borrowings of approximately HK$30.8 million (2023: HK$29.0 million), and the Group has HK$71.7 million in available banking facilities as at 31 December 2024 (2023: HK$72.3 million).

GEARING RATIO

As at 31 December 2024, the gearing ratio of the Group, based on total borrowings (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Group, was 16.0% (2023: 11.8%).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 346 employees (2023: 317 employees). The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. Remuneration packages offered to the Group's employees are consistent with prevailing levels and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and that of the individual employee. The Group provides training to employees. In the year ended 31 December 2024, the Group had not encountered any significant problems with its employees, nor had there been any dispute between the Group and its employees that might have caused any disruption to the Group's business or operation. The Group has had no difficulty in recruiting and retaining experienced staff.

A share option scheme was adopted on 19 June 2018 by the Company. As at 31 December 2024 and up to the date of this announcement, no share options were granted.

CAPITAL EXPENDITURE

The Group's capital expenditure was HK$0.9 million during the Year (2023: HK$3.5 million), which was mainly due to the capital investments in the Group's property, plant and equipment.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign currency risk primarily through sales, purchases, cash and cash equivalents and bank borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Renminbi. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations.

As at 31 December 2024, the Group's bank borrowings carried variable rates from 3.0% to 7.1% per annum (2023: 6.7% to 6.9%).

The Group is not engaged in the use of any financial instruments for hedging purposes. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liability.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no pledged assets.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the year ended 31 December 2024 and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standard as set out in the Model Code and its code of conduct regarding directors’ securities transactions for the year ended 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance (the “CG Code”) as set out in Part 2 of Appendix C1 of the Listing Rules since the Listing Date. The Company confirms it has met the required standards as set out in the CG Code for the year ended 31 December 2024 and up to the date of this announcement.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company’s auditor, Messrs. Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

AUDIT COMMITTEE

Our Company has established an audit committee (the "Audit Committee") in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group's financial reporting process. The Audit Committee currently has three Independent Non-executive Directors, Mr. Tsang Ling Biu Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David. Mr. Tsang Ling Biu Gilbert is the chairman of the Audit Committee. Disclosure of financial information in this announcement complies with Appendix D2 to the Listing Rules. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024 in conjunction with the external auditor.

EVENTS AFTER THE REPORTING PERIOD

There were no material events undertaken by the Group subsequent to 31 December 2024 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 10:00 a.m. on Friday, 30 May 2025 (the "2024 Annual General Meeting"). For determining the entitlement to attend and vote at the 2024 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 Annual General Meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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 Monday, 26 May 2025.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2024.

PUBLICATION OF ANNUAL REPORT

The annual report of our Company for the year ended 31 December 2024 containing all the relevant information required by the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and our Company in due course.

By order of the Board
HINGTEX HOLDINGS LIMITED
LAU Chung Chau
Chairlady and non-executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Tung Wai Ting Stephen and Mr. Tung Cheuk Ming Stanley, the chairlady and non-executive Director is Ms. Lau Chung Chau, and the independent non-executive Directors are Mr. Tsang Ling Biu Gilbert, Mr. Cheung Che Kit Richard and Mr. Wong Ming Bun David.