

TARGET

Intelligence Report

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T U E S D A Y

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**HINGTEX HOLDINGS LTD:
IT'S ALL IN THE FAMILY,
THANK YOU, FRIENDS AND NEIGHBOURS !**

With regard to the Financial Year, ended December 31, 2023, Management of Hingtex Holdings Ltd (興紡控股有限公司) (Stock Code: 1968, Main Board, The Stock Exchange of Hongkong Ltd), in terms of the Company's Revenue, only, suffered its worst Financial Year of the past five Financial Years.

In respect of the past four Financial Years, Management had to admit that it had logged in, in aggregate, Net Losses of \$HK140,701,000.00.

At Page 46 of the 2023 Annual Report of the Company, under the heading, '**GENERAL**,' Management of Hingtex Holdings Ltd apprised extant shareholders and, perchance, prospective investors, the following intelligence:

*'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 (萬豐投資控股有限公司), 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 fabric.

*'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 Hong Kong dollar ("**HK\$**"), as the directors of the Company consider HK\$ can provide more meaningful information to the Company's investors.'*

Ms Lau Chung Chau (劉中秋) is the Chairlady of the Board of Directors, a Non-Executive Director of the Company, as well as being one of the Controlling Shareholders of Hingtex Holdings Ltd, took the trouble to pen the following 11 paragraphs, under the nomenclature: the ‘*Chairlady’s Statement*:’

‘For much of the year ended 31 December 2023 (the “Year”), the business development of Hingtex Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) remained lacklustre. This can principally be attributed to the lockdown measures implemented in Shanghai, the People’s Republic of China (the “PRC”), in the second quarter of 2022 arising from the 2019 Novel Coronavirus (“COVID-19”) outbreak. The subsequent absence of orders during the spring and summer seasons led to reduced overall sales volume. On the other hand, the management restarted to travel to the United States (the “U.S.”) to meet with brand owner customers. During these frequent trips, the Group was able to increase business exposure, strengthen ties with existing customers and develop a new customer base. In particular, the Group has secured orders from its long-term customer that its products were sold in the largest U.S. retail chain at the end of the Year. The order represents an excellent opportunity for the Group to further bolster its presence in the U.S. market, as well as increase its overall margin. While seizing business opportunities, the Group has also sought to control expenses, hence the implementation of stringent cost control measures, and on the operations front, the introduction of various cost-saving practices.

‘Despite having lower sales turnover in 2023, operating losses were kept to a minimum. During the Year, revenue of the Group amounted to HK\$162.9 million (2022: HK\$245.2 million) and gross profit increased by 15% to reach HK\$21.7 million (2022: HK\$18.9 million). Gross profit margin was 13.3% (2022: 7.7%), with loss attributable to owners of the Company narrowed to approximately HK\$37.8 million (2022: Loss of HK\$50.0 million).

‘As at 31 December 2023, the Group’s debt-to-equity ratio has decreased from 12.88% in 2022 to 11.76% in 2023. This was primarily due to the further reduction in bank borrowings by the Group in view of the general increase in interest rates. The Group remains in a healthy financial position with bank balances and cash level of approximately HK\$60.7 million for the Year.

‘BUSINESS REVIEW

‘The lockdown in Shanghai in the second quarter of 2022 will require some time for the Group to recover such business. In light of the inevitable decrease in business back then, the Group has been consolidating production orders to reduce operating costs. Machines were operated only when necessary, and only in bulk. The concentration of orders and careful scheduling ensured lot sizes were sufficiently large to justify the production scale. As adhering to shipment schedules is paramount, this

approach facilitated a more effective control of water, electricity and coal consumption by the Group.

'On the materials front, the Group has continued to prioritise stretchable blended denim fabrics as its main products. This is due to its ability to integrate sustainable materials such as certified recycled materials and synthetic fibres as well as provide various functionalities. Stretchable blended denim fabrics consequently accounted for 85.9% of revenue in 2023 (2022: 86.0%). Though certified recycled materials usually command higher prices, they nonetheless are in line with the expectations of brand owner customers and end users, and align with global market trends. It is worth noting that ... [CLICK TO ORDER FULL ARTICLE](#)

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