TUNGTEX (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00518)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED MARCH 31, 2009

FINANCIAL HIGHLIGHTS

1. Group turnover decreased by 10.6% to HK$2,013 million

2. Profit before tax, excluding the change in fair value of investment properties, decreased by 38.6% to HK$71 million

3. Profit attributable to equity holders of the Company dropped by 48.0% to HK$42 million

4. Net cash increased by 17.8% to HK$252 million

5. The Board of Directors has proposed a final dividend of HK7.75 cents per share

RESULTS

The Board of Directors is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended March 31, 2009 (the "year") are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended March 31, 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	2	**2,012,529**	2,252,055
Cost of sales		**(1,561,690)**	(1,746,727)
Gross profit		**450,839**	505,328
Other income		**3,943**	10,679
(Decrease) increase in fair value of investment properties		**(5,493)**	17,099
Selling and distribution costs		**(105,602)**	(109,779)
Administrative expenses		**(273,483)**	(283,542)
Finance costs		**(2,669)**	(4,503)
Share of losses of associates		**(1,792)**	(2,244)
Profit before tax	3	**65,743**	133,038
Income tax expense	4	**(16,785)**	(35,834)
Profit for the year		**48,958**	97,204
Attributable to:			
Equity holders of the Company		**42,232**	81,233
Minority interests		**6,726**	15,971
		48,958	97,204
Dividends	5	**50,162**	66,026
		HK cents	*HK cents*
Earnings per share	6		
– Basic		**12.0**	23.1
– Diluted		**N/A**	22.9

CONSOLIDATED BALANCE SHEET
At March 31, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**62,998**	68,491
Property, plant and equipment		**115,136**	132,240
Prepaid lease payments		**23,576**	24,828
Intangible assets		**252**	325
Interests in associates		**1,465**	3,224
Deferred tax assets		**430**	68
		203,857	229,176
Current assets			
Inventories		**145,248**	190,698
Trade and other receivables	7	**254,616**	379,788
Prepaid lease payments		**673**	687
Amount due from an associate		**8,708**	4,644
Tax recoverable		**7,726**	1,445
Derivative financial instruments		**–**	3,167
Bank balances and cash		**269,585**	259,761
		686,556	840,190
Asset classified as held for sale		**1,906**	–
		688,462	840,190
Current liabilities			
Trade and other payables	8	**234,093**	373,750
Amount due to a minority shareholder of a subsidiary		**5,000**	4,000
Tax liabilities		**37,188**	38,344
Obligations under finance leases – due within one year		**275**	437
Derivative financial instruments		**338**	–
Bank borrowings		**17,188**	45,484
		294,082	462,015
Net current assets		**394,380**	378,175
Total assets less current liabilities		**598,237**	607,351
Non-current liabilities			
Obligations under finance leases – due after one year		**165**	88
Deferred tax liabilities		**11,564**	13,837
		11,729	13,925
		586,508	593,426
Capital and reserves			
Share capital		**70,346**	70,428
Reserves		**458,253**	460,620
Equity attributable to equity holders of the Company		**528,599**	531,048
Minority interests		**57,909**	62,378
		586,508	593,426

Notes:

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new, revised or amended standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendment)	Improvements to HKFRSs[1]
HKFRSs (Amendment)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after January 1, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after July 1, 2009

[2] Effective for annual periods beginning on or after January 1, 2009, July 1, 2009 and January 1, 2010, as appropriate

[3] Effective for annual periods beginning on or after January 1, 2009

[4] Effective for annual periods beginning on or after July 1, 2009

[5] Effective for annual periods ending on or after June 30, 2009

[6] Effective for annual periods beginning on or after July 1, 2008

[7] Effective for annual periods beginning on or after October 1, 2008

[8] Effective for transfers on or after July 1, 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

2. Segment information

Business segments

The Group is principally engaged in the manufacture and sale of garments. Accordingly, no business segments analysis of financial information is provided.

Geographical segments

The Group's manufacturing plants are located in Asia while its manufacture and sale of garments business is principally located in the United States of America ("USA"), Canada, Asia and Europe and others.

The Group reports its primary segment information on geographical location of its customers and the segment information about these geographical markets is presented below:

For the year ended March 31, 2009:

	USA	Canada	Asia	Europe and others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
Sales of goods – external	**1,686,468**	**35,420**	**159,765**	**130,876**	**2,012,529**
SEGMENT RESULTS	**124,426**	**2,824**	**6,104**	**15,178**	**148,532**
Unallocated corporate income					**3,943**
Unallocated corporate expense					**(82,271)**
Finance costs					**(2,669)**
Share of losses of associates					**(1,792)**
Profit before tax					**65,743**
Income tax expense					**(16,785)**
Profit for the year					**48,958**

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of the Group's customers, as at March 31, 2009:

	USA	Canada	Asia	Europe and others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Allocated segment assets	**267,098**	**6,284**	**29,505**	**20,355**	**323,242**
Unallocated segment assets					**107,456**
Interests in associates					**1,465**
Unallocated corporate assets					**460,156**
Consolidated total assets					**892,319**
LIABILITIES					
Segment liabilities	**115,859**	**2,259**	**10,938**	**8,276**	**137,332**
Unallocated corporate liabilities					**168,479**
Consolidated total liabilities					**305,811**

For the year ended March 31, 2008:

	USA *HK$'000*	Canada *HK$'000*	Asia *HK$'000*	Europe and others *HK$'000*	Consolidated *HK$'000*
REVENUE					
Sales of goods – external	1,905,459	41,465	169,065	136,066	2,252,055
SEGMENT RESULTS	161,132	3,025	8,136	13,217	185,510
Unallocated corporate income					27,778
Unallocated corporate expense					(73,503)
Finance costs					(4,503)
Share of losses of associates					(2,244)
Profit before tax					133,038
Income tax expense					(35,834)
Profit for the year					97,204
OTHER INFORMATION					
Write-down of inventories	3,654	–	–	–	3,654

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of the Group's customers, as at March 31, 2008:

	USA *HK$'000*	Canada *HK$'000*	Asia *HK$'000*	Europe and others *HK$'000*	Consolidated *HK$'000*
ASSETS					
Allocated segment assets	398,529	10,705	48,742	32,269	490,245
Unallocated segment assets					124,081
Interests in associates					3,224
Unallocated corporate assets					451,816
Consolidated total assets					1,069,366
LIABILITIES					
Segment liabilities	206,389	4,805	23,444	16,753	251,391
Unallocated corporate liabilities					224,549
Consolidated total liabilities					475,940

3. Profit before tax

	2009	2008
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Employee benefits expenses, including those of directors:		
Salaries, allowances and bonus	**352,399**	376,775
Contributions to retirement benefit schemes	**9,889**	9,806
Share-based payment expense	**211**	270
Total employee benefits expenses	**362,499**	386,851
Amortisation of intangible assets (included in cost of sales)	**73**	73
Amortisation of prepaid lease payments	**673**	724
Auditor's remuneration	**2,082**	2,030
Cost of inventories recognised as an expense	**1,561,690**	1,746,727
Depreciation of property, plant and equipment	**27,418**	24,991
Impairment loss on asset classified as held for sale	**892**	–
Loss on disposal of property, plant and equipment	**394**	277
Loss on fair value change of derivative financial instruments	**338**	–
Write-down of inventories (included in cost of sales)	**–**	3,654

4. Income tax expense

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**17,669**	13,747
People's Republic of China, other than Hong Kong (the "PRC")	**154**	1,654
Other jurisdictions	**3,133**	17,546
	20,956	32,947
(Over)underprovision in prior years	**(1,609)**	3,652
	19,347	36,599
Deferred taxation:		
Current year	**(1,848)**	(765)
Attributable to a change in tax rate	**(714)**	–
	16,785	35,834

On June 26, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008/09. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended March 31, 2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "Tax Law") by Order No. 63 of the President of the PRC. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the Tax Law. The Tax Law and Implementation Regulations changed the tax rates of certain PRC subsidiaries of the Group progressively from 15% to 25% before January 1, 2013. The tax rate of the other PRC subsidiaries was reduced from 33% to 25%.

According to the Tax Law, the profits of the PRC subsidiaries and associates of the Group derived since January 1, 2008 will be subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors incorporated in Hong Kong, or at a rate of 10% for other foreign investors. The Group determined that no deferred tax on withholding tax liabilities shall be recognised since no significant distributable profit was derived by the PRC subsidiaries and associates from January 1, 2008.

Two subsidiaries of the Company, which have been incorporated in Hong Kong, received protective/additional profits tax assessment from Inland Revenue Department (the "IRD") of approximately HK$5.9 million and HK$25.8 million, respectively, relating to the years of assessment 1998/99 to 2007/08, that is, for the financial years ended March 31, 1999 to 2008. The protective/additional profits tax assessment relates mainly to the subsidiaries' income derived from their manufacturing operations in the PRC. The subsidiaries lodged objections with the IRD and the IRD agreed to holdover the tax claimed subject to tax reserve certificates in the amount of HK$5.4 million and HK$24.5 million being purchased by the subsidiaries, respectively. Those tax reserve certificates were purchased by the relevant subsidiaries and the remaining amount of HK$1.8 million represents the overpayment of provisional tax to the IRD. As at March 31, 2009, in respect of the protective/additional profits tax assessment for the years of assessment 1998/99 to 2007/08, a provision of HK$31.7 million (2008: provision of HK$31.3 million for the years of assessment 1998/99 to 2006/07) has been provided.

In the opinion of the directors and the advice from the Group's tax advisors, these subsidiaries' income derived from their manufacturing activities in the PRC is not arising in or derived from Hong Kong, and that sufficient tax provision has been made in the consolidated financial statements in this regard.

5. Dividends

	2009	2008
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2009 interim of HK4.25 cents (2008: HK6.25 cents) per share	**14,948**	22,009
2008 final of HK10 cents (2008: 2007 final of HK12.5 cents) per share	**35,214**	44,017
	50,162	66,026

The final dividend of HK7.75 cents (2008: HK10 cents) per share for the year ended March 31, 2009 has been proposed by the board of directors and is subject to approval by the shareholders in general meeting.

6. Earnings per share

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company	**42,232**	81,233

	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	**351,964,295**	352,137,298
Effect of dilutive potential ordinary shares in respect of share options	**–**	1,921,593
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**351,964,295**	354,058,891

The computation of diluted earnings per share for the year ended March 31, 2009 does not assume the exercise of the Group's outstanding share options as the exercise prices of those options are higher than the average market price.

7. Trade and other receivables

The Group allows an average credit period ranging from 30 days to 90 days to its trade customers, with a significant portion of 30 days. Included in trade and other receivables are trade receivables, mainly denominated in United States Dollars, with the following aged analysis:

	2009	2008
	HK$'000	*HK$'000*
Up to 30 days	**116,583**	220,541
31 – 60 days	**36,657**	58,482
61 – 90 days	**15,818**	15,880
More than 90 days	**228**	–
	169,286	294,903

8. Trade and other payables

Included in trade and other payables are trade payables with the following aged analysis:

	2009	2008
	HK$'000	*HK$'000*
Up to 30 days	**85,936**	118,936
31 – 60 days	**40,590**	88,010
61 – 90 days	**6,506**	18,527
More than 90 days	**3,860**	25,393
	136,892	250,866

9. Capital commitments

At the balance sheet date, the Group had capital expenditure committed as follows:

	2009	2008
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**227**	–

10. Pledge of assets

At the balance sheet date, the following assets have been pledged to banks to secure general banking facilities granted to the Group:

	2009	2008
	HK$'000	*HK$'000*
Prepaid lease payments	**10,042**	10,295
Investment properties	**26,895**	28,723
Buildings	**2,951**	3,048

FINAL DIVIDEND

As a token of gratitude for shareholders' long-term support and in view of the downturn of profitability, the Board of Directors has resolved to recommend a full distribution of the total net profit for the year ending March 31, 2009 to our shareholders at the forthcoming Annual General Meeting, with a final dividend of HK7.75 cents per share (2008: HK10.0 cents per share), payable on September 2, 2009 to shareholders whose names appear on the Register of Members on August 26, 2009. Together with an interim dividend of HK4.25 cents per share (2008: interim dividend HK6.25 cents per share), the total dividends for the year will be HK12.0 cents per share (2008: HK16.25 cents per share).

The Register of Members will be closed from August 21, 2009 to August 26, 2009, both days inclusive, during which no share transfer will be effected. To qualify for the final dividend, transfers must be lodged with the Company's Registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on August 20, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

The 2008/2009 financial year covered the extremely volatile period after the outbreak of the global financial tsunami, and it witnessed some of the most challenging operating conditions.

The speed of deterioration of financial markets was accelerating which has deeply shocked the world economy. Market confidence was running thin and people were holding back economic activities, ranging from major investments to daily consumptions. As a result, there was a sharp contraction in demand and most of the major fashion brands in the U.S. generally suffered significant drop in comparable store sales. Impaired confidence and demand translated into very conservative buying behaviour of buyers, which has a direct impact on our order volume despite our leading position in the industry.

The period under review was also very challenging for the Group's Mainland China retail business. The natural disasters happened in the first half of 2008/2009 and the subsequent worldwide financial crisis added tremendous pressure to China consumption market. The impact was reflected in the rapidly cooled down consumer price index and other economic indicators.

Our business performance was therefore negatively impacted. Furthermore, amid the slipping property market, we recorded a decrease in the fair value of investment properties. The decrease in value of HK$5 million contrasted remarkably with the increase of HK$17 million recorded in the last financial year.

As a whole, the Group's profit before tax dropped by 50.6% to HK$65.7 million for the fiscal year ended March 31, 2009 while annual sales dropped by 10.6% to HK$2,013 million. Should the effect of the change in fair value of investment properties be excluded, the Group's profit before tax would have dropped by 38.6% to HK$71.2 million. Both profit attributable to equity holders of the Company and earnings per share came down by 48% to HK$42.2 million and 12.0 cents respectively. Return on average equity decreased from 15.6% to 8.0%.

Business review

Manufacture and export business

The Group's manufacture and export business was facing extraordinary challenges. The negative income effect resulted from the deep correction of investment and property markets in the U.S. has caused a severe contraction in consumer demand. In response to the sluggish consumption sentiment and market uncertainties, our customers became highly cautious and actively cut down their stock level and buying budget. While more risk-conscious customers were eager to place orders to reliable manufacturers like ourselves, the adverse impact on business volume was still prominent. To lower the overall operating costs, we have scaled down the production capacity of certain factories, with offshore setup in particular.

At times of recession and uncertainty, our risk management practice has become highly stringent. While it would inevitably limit our pace of business development in the short term, we considered it an appropriate strategy to contain our business risks and to keep our business healthy for long-term prosperity. Meanwhile, we spent a great deal of effort to further strengthen our core competence in order to better serve our customers. We fully implemented lean management across all areas, particularly merchandizing and production functions. We could now be speedier in turning customer's ideas into production, and be even more flexible in meeting delivery schedules. Coupled with our established niche of fine quality and reliability, we earned strong confidence of our customers in the tough times.

In terms of geographical distribution, we continued to treat the North America market as our primary focus, but it was also our strategy to achieve higher penetration into the Europe markets. It helped increase our sources of business and balance the contribution from geographical perspective.

During the year, sales to North America dropped by 11.6% to HK$1,722 million, accounting for 85.6% of the Group's turnover. Export sales to Europe and other markets saw a relatively moderate decrease by 3.8% to HK$131 million, representing about 6.5% of the turnover of the Group.

Mainland China retail business

Mainland China's consumption market was affected by a number of major events during the year. As the ripple effect of the snowstorm and Sichuan earthquake happened in the first half of 2008 was passing over, the occurrence of global financial crisis in September hard hit the market again. Consumers in the Mainland have become very cautious in spending. Substantial mark-down was prevailing among retailers which aggressively managed down their inventory level. As a result, both sales and margins were under severe downward pressure. To cope with these untoward events, in addition to tightening of inventory control, the management of Betu has quickly adjusted the marketing and expansion strategy. Products turned to be more value-for-money in order to suit the slack market. Expansion plan was toned down to a less aggressive manner while we took the opportunity to bargain for better shop locations and lower rent. Effectiveness of those measures was emerging.

The number of own shop decreased from 103 to 91 after the elimination of underperformed locations in the midst of slowing economy. The development of franchisee business was however growing steadily according to our strategy. Total retail sales amount in Mainland China decreased slightly by 1.3% and accounted for 5.5% of the Group's turnover.

USA wholesale label business

In the hub of the financial crisis, our USA wholesale label business was inevitably hard hit. We have therefore scaled down the business of Zelda to a more effective state that required minimal operating expenses.

Prospects

The world economy is still undergoing extensive correction. Although the rebound of the stock markets in the recent months and the improvement of some economic indicators suggest that the trough might have passed, the road of recovery will be long and the economic momentum is still far from being robust. The remedial measures rolled out by the global governments will help iron out acute volatility to a certain extent, but the negative income effect resulted from the sharp economic downturn will continue to emerge and cause persistent impact on consumption sentiment. The high and growing unemployment rate and bankruptcy filings in the U.S. are in evidence. In this regard, the year ahead will continue to be very difficult for our core manufacture and export business. Our performance in the first half of the fiscal year 2009/2010 will likely see a double-digit decrease in turnover, causing a significantly negative impact on profitability for that period.

In Mainland China, the effectiveness of the government's substantial fiscal measures started to emerge as evidenced by the stabilized consumer price index and consumer confidence index released recently. Although the market will still take some time to recover, its pace of recovery seems to be ahead of most of the other economies. Betu's management will continue to work hard in regaining the momentum by revamping products and shops design, enhancing the efficiency of internal systems, and stringent control over inventories. The Group remains confident and committed in this line of business. As at the report date, there are 127 "Betu" shops across Mainland China, of which 43 are operated by franchisees.

At times of stress in the markets, however, opportunities will come along. Following the internal improvement programs implemented in the recent years, such as lean management initiatives, technological advancement, and marketing revamp, we are now more resilient and better positioned for long-term growth. Meanwhile, Tungtex will continue to stay competitive in the process of market consolidation where customers put high emphasis on vendor quality in today's environment. Our belief in business ethics and reliability, operational excellence, and financial prudence will remain to be our cornerstones, helping us stand the economic cycles at all times.

CAPITAL EXPENDITURE

During the year, the Group has incurred HK$15.2 million capital expenditure (2008: HK$19.6 million). It mainly represented regular replacement and upgrading of production facilities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position continued to be prudently managed and strong. As at the balance sheet date, the Group's cash level went higher to HK$270 million as compared to HK$260 million of last year. Most of the cash balance was placed in USD, HKD and RMB short-term deposits with major banks earning preferential deposit interest. Total bank borrowings reduced significantly from last year's HK$45 million to HK$17 million, comprising bank overdraft and short-term loans. The borrowings were denominated in USD and RMB and the bank borrowings represented 3.3% of the shareholders' funds at the year end date. With the net cash balance of HK$252 million and abundant banking facilities available, the Group has well-sufficient liquidity and financial resources to meet the operational and investment needs.

Working capital cycle was closely monitored. Inventory turnover shortened from last year's 31 days to 26 days, largely due to the quickened production cycle and weaker order position for the first quarter of fiscal year 2009/2010. Trade receivables turnover of this year was 31 days, 17 days shorter than last year. The much faster turnover was the result of using more factoring services during the year and the lower level of receivables toward the end of the fiscal year. Current ratio and quick ratio were improved to 2.3 and 1.8 respectively, as compared to the last year's 1.8 and 1.4.

As at March 31, 2009, certain land and buildings with an aggregate net book value of approximately HK$13 million (2008: HK$13 million) and certain investment properties with an aggregate carrying value of approximately HK$27 million (2008: HK$29 million) were pledged to banks to secure general banking facilities granted to the Group. No additional tangible security was given to banks during the year.

TREASURY POLICY

The Group continued to adopt prudent policies to hedge exchange rate and interest rate risks associated with our core business. It is our Group's policy not to engage in speculative activities. The majority of our export sales are denominated in USD while a tiny portion destined for the European markets is denominated in EUR. As a substantial portion of the purchases and overheads are denominated in RMB, the Group entered into forward contracts to hedge the risks as deemed appropriate.

HUMAN RESOURCES

Our employees are the most important asset of the Group, and are the core element of our long-term success. Building a strong and coherent team has always been our management priority. We offer competitive remuneration package with reference to the market practice and incentivize our outstanding employees on performance-linked basis in order to ensure their interests aligned with that of the group. Through offering job satisfaction and empowerment, we aim to instil in all our employees a sense of ownership of the corporate goals.

As at March 31, 2009, the Group has approximately 7,300 employees globally, as compared to 8,900 as at March 31, 2008. The decrease was mainly production workers for factories in Asian countries.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended March 31, 2009, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited ("the Stock Exchange") in October 2008. 406,000 shares were repurchased at an aggregate consideration of approximately HK$493,000. The highest price and the lowest price paid were HK$1.35 per share and HK$1.08 per share, respectively.

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

Save as disclosed above, at no time during the year ended March 31, 2009 was there any purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited financial statements.

CORPORATE GOVERNANCE

The Company complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the review year.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PUBLICATION OF FINAL RESULTS AND REPORT

This results announcement is published on the Company's websites (http://www.tungtex.com) and the Stock Exchange's website (http://www.hkexnews.hk). The final report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

Benson Tung Wah Wing
Chairman

Hong Kong, July 8, 2009

The directors of the Company as at the date of this announcement are Mr. Benson Tung Wah Wing (Chairman), Mr. Alan Lam Yiu On (Managing Director) and Mr. Raymond Tung Wai Man as Executive Directors; Mr. Tung Siu Wing and Mr. Kevin Lee Kwok Bun as Non-Executive Directors; and Mr. Johnny Chang Tak Cheung, Mr. Tony Chang Chung Kay, Mr. Joseph Wong King Lam and Mr. Robert Yau Ming Kim as Independent Non-Executive Directors.