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TUNGTEX (HOLDINGS) COMPANY LIMITED

同得仕（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00518)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2025

RESULTS

The audited consolidated results of Tungtex (Holdings) Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the year ended 31 March 2025 (the “**Year**”), together with the comparative figures for the year ended 31 March 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	669,450	516,783
Cost of sales		(547,205)	(410,964)
Gross profit		122,245	105,819
Other income and other gain		10,621	12,978
Net (impairment loss)/reversal of impairment			
loss recognised on financial assets		(38)	1,019
Increase in fair value of investment property		387	2,287
Selling and distribution costs		(65,827)	(55,307)
Administrative expenses		(73,399)	(76,798)
Finance costs		(3,814)	(3,326)
Share of (loss)/profit of an associate		(47)	18
Loss before tax	4	(9,872)	(13,310)
Income tax expenses	5	(1,198)	(679)
Loss for the year		(11,070)	(13,989)

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(9,931)	(12,796)
Non-controlling interests		(1,139)	(1,193)
		<u>(11,070)</u>	<u>(13,989)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	7	<u>(2.2)</u>	<u>(2.8)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(11,070)	(13,989)
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations:		
– exchange differences arising during the year	446	(2,446)
Items that will not be reclassified to profit or loss:		
Gain on revaluation of a property transferred from property, plant and equipment to investment property	4,507	–
Other comprehensive income/(expense) for the year	4,953	(2,446)
Total comprehensive expense for the year	<u>(6,117)</u>	<u>(16,435)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(4,978)	(15,242)
Non-controlling interests	<u>(1,139)</u>	<u>(1,193)</u>
	<u>(6,117)</u>	<u>(16,435)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment property		33,022	28,017
Property, plant and equipment		44,101	45,817
Right-of-use assets		6,769	10,670
Interests in an associate		404	451
		84,296	84,955
Current assets			
Inventories		105,881	99,643
Trade and other receivables	8	122,000	103,896
Pledged bank deposits		103,964	101,114
Bank balances and cash		136,583	168,162
		468,428	472,815
Current liabilities			
Trade and other payables	9	86,978	107,785
Contract liabilities		10,905	5,076
Lease liabilities		1,771	4,661
Amount due to an associate		47	–
Tax liabilities		473	891
Bank borrowings		74,071	51,392
		174,245	169,805
Net current assets		294,183	303,010
Total assets less current liabilities		378,479	387,965
Non-current liabilities			
Lease liabilities		385	1,523
Deferred tax liabilities		389	365
		774	1,888
		377,705	386,077

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves			
Share capital	<i>10</i>	254,112	254,112
Reserves		138,083	145,316
		<hr/>	<hr/>
Equity attributable to owners of the Company		392,195	399,428
Non-controlling interests		(14,490)	(13,351)
		<hr/>	<hr/>
		377,705	386,077
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Board of Directors (the "**Board**") is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention except that an investment property, certain financial assets and financial liabilities are stated at fair values.

The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, in accordance with the requirement of Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit".

The functional currency of the Company is United States dollars ("**USD**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") for the convenience of the shareholders as the Company is listed in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive.

Except for the abovementioned changes in presentation and disclosure, the application of new and amendments to HKFRSs is not expected to have a material impact on the consolidated financial statements of the Group.

3. REVENUE AND SEGMENTAL INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers for the purposes of resource allocation and assessment of performance focuses on the sales of operating segments based on the location of shipment. The Group is principally engaged in the manufacture and sale of garment products and retail of garment products. The Group currently has three operating segments – Asia, North America and Europe and others.

No segment assets and liabilities are disclosed as they are not reported to the chief operating decision makers.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2025:

	Asia HK\$'000	North America HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
REVENUE				
Sales of goods – external	<u>332,464</u>	<u>311,895</u>	<u>25,091</u>	<u>669,450</u>
SEGMENT PROFIT/(LOSS)	<u>13,279</u>	<u>1,668</u>	<u>(585)</u>	<u>14,362</u>
Increase in fair value of investment property				387
Finance costs				(3,814)
Unallocated income				10,621
Unallocated expenses				(31,381)
Share of loss of an associate				<u>(47)</u>
Loss before tax				<u>(9,872)</u>

For the year ended 31 March 2024:

	Asia HK\$'000	North America HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
REVENUE				
Sales of goods – external	<u>277,712</u>	<u>220,875</u>	<u>18,196</u>	<u>516,783</u>
SEGMENT PROFIT	<u>11,977</u>	<u>1,385</u>	<u>62</u>	<u>13,424</u>
Increase in fair value of investment property				2,287
Finance costs				(3,326)
Unallocated income				12,978
Unallocated expenses				(38,691)
Share of profit of an associate				<u>18</u>
Loss before tax				<u>(13,310)</u>

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administrative costs, directors' salaries, depreciation of property, plant and equipment, depreciation of right-of-use assets, change in fair value of investment property, share of (loss)/profit of an associate, other income and other gain, and finance costs. This is the measure reported to the Company's executive directors for the purposes of resource allocation and assessment of performance.

Geographical information

The Group's revenue is mainly derived from garment products shipped to the People's Republic of China (the "PRC"), the United States of America (the "USA") and Canada. The Group's revenue from external customers by the location of shipment are detailed below:

	2025 HK\$'000	2024 HK\$'000
The PRC	308,470	258,911
The USA	176,066	135,620
Canada	135,829	85,255
Others	49,085	36,997
	<u>669,450</u>	<u>516,783</u>

The Group's business activities are conducted predominantly in the PRC, Hong Kong and Vietnam. Information about the Group's non-current assets by the location of the assets is detailed below:

	2025 HK\$'000	2024 HK\$'000
The PRC	37,146	34,167
Hong Kong	33,688	35,906
Vietnam	13,058	14,431
	<u>83,892</u>	<u>84,504</u>

Note: Non-current assets excluded interests in an associate.

Information about major customers

For the year ended 31 March 2025, there is one external customer in North America (2024: one external customer in Asia and two external customers in North America) who contributed over 10% of the total sales of the Group. Its contribution was approximately HK\$149 million (2024: HK\$181 million).

4. LOSS BEFORE TAX

	2025 HK\$'000	2024 HK\$'000
Loss before tax has been arrived at after charging:		
Directors' remunerations:		
Fees	1,140	1,250
Other emoluments	7,259	9,095
Contributions to retirement benefit schemes	108	108
	<u>8,507</u>	<u>10,453</u>
Other employee benefits expenses:		
Salaries, allowances and bonus	112,132	103,714
Contributions to retirement benefit schemes	15,337	13,155
	<u>135,976</u>	<u>127,322</u>
Total employee benefits expenses		
Auditor's remuneration		
– Audit service	850	820
– Non-audit services	277	276
Cost of inventories recognised as an expense (including allowance for inventories of HK\$540,000 (2024: reversal of allowance for inventories of HK\$3,921,000))	547,205	410,964
Depreciation of property, plant and equipment	4,266	6,631
Depreciation of right-of-use assets	4,643	4,914
Loss on disposal/write-off of property, plant and equipment	7	15
Net exchange loss	2	715
	<u>568,488</u>	<u>435,317</u>

5. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong	(1,081)	(873)
The PRC	(201)	(196)
	<u>(1,282)</u>	<u>(1,069)</u>
Over provision in prior years:		
Hong Kong	108	203
The PRC	–	24
	<u>108</u>	<u>227</u>
Deferred taxation	(24)	163
	<u>(1,198)</u>	<u>(679)</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits for the years ended 31 March 2025 and 2024, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%. The two tiered profits tax rates regime is applicable to one entity within the Group for the years ended 31 March 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, most of the tax rate of the PRC subsidiaries remains 25%.

PRC subsidiaries, which are micro and small enterprises, enjoy the preferential tax rates. According to the EIT Law and the Implementation Regulation of the EIT Law, an entity qualified as micro and small enterprises is subject to preferential tax treatments.

From 1 January 2023 to 31 December 2027, the annual taxable income not more than RMB3,000,000 of a micro and small enterprise is subject to the Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%.

During the year ended 31 March 2025, there are three subsidiaries (2024: two subsidiaries) of the Company qualified as micro and small enterprises and subject to the relevant preferential tax treatments.

6. DIVIDEND

The Board has recommended the payment of a final dividend for the year ended 31 March 2025 of HK0.5 cent per share (2024: HK0.5 cent per share). Subject to shareholders' approval at the annual general meeting of the Company, the final dividend will be paid on 22 September 2025 to shareholders whose names appear on the register of members of the Company on 9 September 2025. The payment date of the final dividend for the year ended 31 March 2024 was Friday, 20 September 2024.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(9,931)</u>	<u>(12,796)</u>
	2025	2024
Weighted average number of ordinary shares in issue during the year for the purposes of basic and diluted loss per share	<u>451,067,557</u>	<u>451,067,557</u>

No diluted loss per share is presented as there was no potential dilutive ordinary share outstanding for the years ended 31 March 2025 and 2024.

8. TRADE AND OTHER RECEIVABLES

The Group normally grants a credit period ranging from 14 days to 90 days to its trade customers. As at 31 March 2025, the carrying amount of trade and bills receivables was HK\$104,196,000, net of allowance for credit losses: HK\$59,000 (2024: HK\$86,379,000, net of allowance for credit losses: HK\$18,000). Included in trade and other receivables are trade and bills receivables, mainly denominated in USD and RMB, with the following aged analysis presented based on the invoice date which approximated revenue recognition date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Up to 30 days	87,794	56,249
31 – 60 days	2,433	24,339
61 – 90 days	12,897	2,861
More than 90 days	1,072	2,930
	<u>104,196</u>	<u>86,379</u>

9. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade and bills payables presented based on the invoice date at the end of the reporting period are as follows:

	2025 HK\$'000	2024 HK\$'000
Up to 30 days	34,485	39,026
31 – 60 days	5,292	8,491
61 – 90 days	4,091	11,081
More than 90 days	13,619	7,842
	<u>57,487</u>	<u>66,440</u>

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 31 March 2025		
Ordinary shares with no par value	<u>451,067,557</u>	<u>254,112</u>

FINAL DIVIDEND

The Board of Directors (the “**Board**”) has recommended the payment of a final dividend for the year ended 31 March 2025 of HK0.5 cent per share (2024: HK0.5 cent per share). Subject to shareholders’ approval at the annual general meeting of the Company, the final dividend will be paid on 22 September 2025 to shareholders whose names appear on the register of members of the Company on 9 September 2025. The payment date of the final dividend for the year ended 31 March 2024 was Friday, 20 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders’ entitlement to receive the proposed final dividend:

Latest time to lodge transfers	4:30 p.m. on Monday, 8 September 2025
Closure of register of members of the Company	Tuesday, 9 September 2025
Record date	Tuesday, 9 September 2025
Payment date	Monday, 22 September 2025

In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before the relevant latest time to lodge transfers.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW

The Key Performance Indicators (“**KPI**”) judged by the directors to be effective in measuring the development, performance or position of the business of the Group include:

Revenue

The comparison of revenue is as follows:

	2025 HK\$’000	2024 HK\$’000
Revenue	<u>669,450</u>	<u>516,783</u>

Despite the challenging backdrop of heightened macroeconomic uncertainties and global consumer caution and shifting consumption patterns towards value-conscious spending, the Group recorded total revenue of HK\$669.5 million for the year ended 31 March 2025 (the “**Year**”) (2024: HK\$516.8 million), representing a year-on-year increase of 29.5%. This increase was attributable to the solid and broad-based growth in sales across key international export markets, China domestic market and our retail business performance in Mainland China.

Percentage of gross profit margin

Percentage of gross profit margin for the Year decreased to 18.3% (2024: 20.5%). The comparison of percentage of gross profit margin is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	669,450	516,783
Cost of sales	(547,205)	(410,964)
Gross profit	122,245	105,819
Gross profit margin percentage	18.3%	20.5%

The decrease of 2.2 percentage point in gross profit margin was mainly attributable to the pricing pressure in boosting export sales and China domestic sales of the manufacturing segment and the increase in production and procurement costs amidst inflationary environment during the Year.

Selling and distribution costs

The comparison of selling and distribution costs is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Changes <i>HK\$'000</i>	% Changes
Advertising & promotion expenses	19,073	15,960	3,113	19.5%
Freight and handling charge	6,515	3,160	3,355	106.2%
Shop management fee	14,637	8,824	5,813	65.9%
Shop rental and running expenses	8,586	10,296	(1,710)	(16.6%)
Staff costs	12,017	12,069	(52)	(0.4%)
Other selling and distribution costs	4,999	4,998	1	0.0%
Total	65,827	55,307	10,520	19.0%

Selling and distribution costs increased by 19.0% year-on-year to HK\$65.8 million.

During the Year, the Group's retail business strategically further expanded multi-digital initiatives and omnichannel online sales while continuing to streamline the operation of offline retail shops. As a result, advertising and promotion expenses increased by HK\$3.1 million which was in line with the increase in retail sales. Shop management fee increased by HK\$5.8 million, mainly due to the increase in online sales. Shop rental and running expenses decreased by HK\$1.7 million, mainly due to the decrease in offline sales. The combined net increase of these costs was in line with the increase in sales and improved profitability of the retail business in Mainland China.

The increase in freight and handling charge by HK\$3.4 million was mainly attributable to the additional air freight costs incurred to resolve the temporary constrain on production capacity and the order backlogs caused by logistical inefficiencies in Vietnam in the first half of the Year.

Administrative expenses

The comparison of administrative expenses is as follows:

	2025	2024	Changes	%
	HK\$'000	HK\$'000	HK\$'000	Changes
Auditor's remuneration	1,127	1,096	31	2.8%
Depreciation and amortisation	3,411	5,509	(2,098)	(38.1%)
Entertainment and travelling	3,362	2,941	421	14.3%
Exchange loss	2	715	(713)	(99.7%)
Legal and professional fee	2,535	2,976	(441)	(14.8%)
Staff costs	52,384	53,380	(996)	(1.9%)
Office expenses	4,232	3,875	357	9.2%
Other administrative expenses	6,346	6,306	40	0.6%
Total	73,399	76,798	(3,399)	(4.4%)

Administrative expenses decreased by 4.4% year-on-year to HK\$73.4 million, due to the Group's overall cost control despite the notable sales growth in the Year.

Finance costs

The comparison of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Finance costs	<u>3,814</u>	<u>3,326</u>

The increase in finance costs was attributable to the increase in total revenue.

Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)

The Group’s EBITDA for the Year is HK\$2.9 million (2024: HK\$1.6 million). The comparison of EBITDA is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(11,070)	(13,989)
Add:		
Finance costs	3,814	3,326
Income tax expenses	1,198	679
Depreciation	<u>8,909</u>	<u>11,545</u>
EBITDA	<u>2,851</u>	<u>1,561</u>

Operating loss

The Group incurred an operating loss before tax of HK\$10.3 million for the Year (2024: HK\$15.6 million). The comparison of operating loss is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(9,872)	(13,310)
Less:		
Increase in fair value of investment property	<u>387</u>	<u>2,287</u>
Operating loss before tax	<u>(10,259)</u>	<u>(15,597)</u>

Loss before tax

The Group's loss before tax for the Year was HK\$9.9 million (2024: HK\$13.3 million).

Loss per share

The Group's loss per share for the Year was HK2.2 cents (2024: HK2.8 cents).

Inventory turnover days

Inventory turnover days decreased by 13 days to 58 days for the Year (2024: 71 days). The comparison of inventory turnover days is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue	669,450	516,783
Inventory as at 31 March	105,881	99,643
Inventory turnover days	58 days	71 days

The decrease of inventory turnover days was mainly attributable to the low sales volume of the last corresponding year ended 31 March 2024.

Trade receivable turnover days

Trade receivable turnover days decreased by 4 days to 57 days for the Year (2024: 61 days). The comparison of trade receivable turnover days is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue	669,450	516,783
Trade and bills receivables as at 31 March	104,196	86,379
Trade receivable turnover days	57 days	61 days

Other receivables

The comparison of other receivables is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>	Changes <i>HK\$'000</i>	% <i>Changes</i>
Deposits paid to suppliers and vendors	10,793	10,756	37	0.3%
Other tax receivables	2,083	1,503	580	38.6%
Prepayment	1,201	1,512	(311)	(20.6%)
Rental and utilities deposits	1,142	1,087	55	5.1%
Others	2,585	2,659	(74)	(2.8%)
Total	17,804	17,517	287	1.6%

Other payables and contract liabilities

The comparison of other payables and contract liabilities is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>	Changes <i>HK\$'000</i>	% <i>Changes</i>
Accrued subcontracting and processing fees	3,076	8,727	(5,651)	(64.8%)
Franchise deposits received	839	1,130	(291)	(25.8%)
Other tax payables	323	800	(477)	(59.6%)
Other accruals and receipts in advance	5,552	9,360	(3,808)	(40.7%)
Wages payable	9,812	9,520	292	3.1%
Contract liabilities	10,905	5,076	5,829	114.8%
Others	9,889	11,808	(1,919)	(16.3%)
Total	40,396	46,421	(6,025)	(13.0%)

BUSINESS REVIEW

Despite operating in a highly volatile global environment, the Group's disciplined execution and strategic agility delivered resilient operational performance across all business segments. Our customer-centric approach and value-focused commercial strategy enabled the Group to sustain sales momentum while effectively navigating market complexities and capitalised on sustained North American demand, buoyed by rebounding consumer confidence and normalised inventory levels in early 2024. In view of the U.S. market volatility, the Group took proactive steps to shift its strategic emphasis toward Canada and other lower-risk international markets. This repositioning expanded our geographic reach and unlocked new growth channels, resulting in strong sales growth across both core and emerging markets.

In Vietnam, in response to demand volatility, we executed rapid operational adjustments, including dynamic realignment of production capacity and logistics networks. Enhanced collaboration with strategic customers improved fulfilment agility, enabling us to meet heightened order volumes. Nevertheless, temporary constrain on production capacity and logistical inefficiencies caused order backlogs in the first half of the Year, which impacted on our cost of production and transportation. Furthermore, the double-digit increase in official minimum wage since July 2024 also increased the production cost of the Vietnam factory.

In China, our domestic manufacturing services, focused on serving Chinese brand owners, gained strong traction during the Year. Leveraging our advanced manufacturing platform in Zhongshan, we employed an agile, small-batch production model that responded swiftly to the fast-changing consumer trends, enabling us to capture new business from emerging local brands, despite a competitive industry landscape.

SALES TO ASIAN MARKET

Revenue from Asian markets increased by 19.7% to HK\$332.5 million (2024: HK\$277.7 million), representing 49.7% of total Group revenue (2024: 53.7%). Mainland China remained our largest market, contributing HK\$308.5 million (2024: HK\$258.9 million) and accounted for 92.8% of total regional sales.

Although China's broader economy continued a gradual recovery, consumer sentiment remained cautious. In response, the Group reinforced BETU's core value proposition through offering high-quality, competitively priced apparel complemented by localised marketing initiatives to strengthen brand relevance. BETU's strong value alignment strengthened its appeal among price-conscious consumers.

In parallel, our digital transformation and omnichannel retailing strategies yielded positive results. Online sales growth remained strong, supported by expanded presence across major e-commerce platforms and strong engagement via livestreaming and interactive social commerce, which drove higher consumer conversion rates and sustained year-on-year total retail sales growth of 15.8%.

The Group's integrated manufacturing and supply chain platforms, alongside our continued commitment to innovation and product excellence enabled it to deliver flexible, high-quality, and cost-efficient solutions across multiple market and customer tiers. These capabilities allowed us to grow sales to domestic brand customers by 30.9% to HK\$74.1 million, even as competitive pressures intensified in the domestic manufacturing sector.

SALES TO NORTH AMERICAN MARKET

Amid heightened geopolitical and trade uncertainty, export sales to North America remained remarkable, increasing by approximately 41.2% to reach HK\$311.9 million. The United States ("U.S.") market accounted for HK\$176.1 million, or 56.5% of total regional sales, while Canada contributed HK\$135.8 million, or 43.5% of the total regional sales. Collectively, sales to North America represented 46.6% of the Group's total revenue, maintaining its position as our second-largest market.

The U.S. economy experienced steady economic growth in 2024. Strong rebound in consumer demand and the conclusion of prior inventory destocking cycles triggered a new wave of stock replenishment from both existing and new brand partners. In the latter part of the Year, anticipation of tariff hikes led to large-scale frontloaded purchase orders which further strengthened our export performance.

Through enhanced customer collaboration, flexible capacity planning, and responsive production management, the Group successfully managed demand volatility and achieved 29.8% year-on-year increase in export sales to the U.S..

Export sales to Canada exhibited even stronger performance, surging by 59.3% year-on-year to HK\$135.8 million. Improvements in consumer sentiment, easing inflation, and economic stability supported increased procurement from brand partners. The country's political and trade certainty, coupled with our strategic realignment, allowed us to capture continued growth momentum, even amid growing global uncertainty in the latter part of the Year.

SALES TO EUROPEAN AND OTHER MARKET

Sales to Europe and other international markets grew by 37.9% to HK\$25.1 million, proving our strategic efforts in the path of geographical diversification and concentration risk reduction.

RETAILING

Despite subdued consumption environment in mainland China, the Group remained firmly committed to its customer-focused retail strategy. By maintaining a sharp focus on evolving consumer needs and delivering seamless customer experience across diversified multi-channel platforms, our total retail sales achieved a 15.8% increase to HK\$233.6 million, driven by continuous growth in online channels. These efforts strengthened our market position and delivered sustained and solid profit growth.

During the Year, China’s macroeconomic recovery continued in a stable and orderly manner, with gross domestic product (“**GDP**”) expanding 5.0% year-on-year in 2024. However, broader uncertainties continued to dampen consumer confidence, leading to more cautious and value-oriented purchases which constrained overall retail momentum. In response, the Group reinforced proven strategies to enhance market relevance and our brand competitiveness. Our management team developed a cohesive brand strategy that focused on delivering exceptional value through product quality, targeted marketing and high-impact promotional campaigns.

We further expanded our digital ecosystem through enhanced integration in e-commerce technologies and omnichannel infrastructure that delivered a personalised and localised shopping experience. In addition to participation in major online shopping events across popular, traditional platforms such as “VIPSHOP”, “Tmall” and “JD.COM”, the Group also capitalised on the rapid growth of innovative sales channels with social media features like “WeChat Channels” and “Douyin”. Notably, our livestreaming and social commerce strategies yielded multi-fold revenue growth and strengthened consumer engagement. These digital initiatives enabled us to adapt swiftly to shifting consumption trends and captured emerging opportunities in the fast-evolving ecommerce landscape.

Coupled with our ongoing efforts to streamline processes across the entire operation and optimise inventory level, the Group achieved enhanced sales efficiency and improved profitability. In the Year, our retail segment achieved an operating profit of HK\$9.6 million (2024: HK\$8.5 million).

PROSPECTS

While the rapid advancement of artificial intelligence is unlocking new possibilities across industries, recent U.S. trade and tariff policies are unprecedentedly disrupting the long-established supply chains, dampening the consumer sentiment and shaping a highly uncertain global and industry outlook.

As no business is immune to the prevailing macroeconomic headwinds, the Group refines our business model and responds to emerging market demands through enhanced core capabilities, stronger customer relationships and strategic non-U.S. market expansion. Our dual-base manufacturing model in China and Vietnam enables dynamic strategic recalibration while maintaining product quality, compliance, and delivery integrity. We will strengthen our local sourcing network in Vietnam and will continue our focus on strenuous cost control, resource optimisation and operational efficiency enhancement.

Internationally, we will intensify business development in Asia-Pacific (notably Japan and Australia) and Europe where demand for flexible, high-quality manufacturing solutions is on the rise. Simultaneously, we will foster new customer engagement through active participation in global trade exhibitions that have already yielded promising partnerships expected to drive future growth.

Domestically, we will continue to tap into growth opportunities within the Greater China market, where government policies aimed at promoting domestic consumption are fostering new momentum for homegrown brands. BETU is strategically aligned with these trends with its focus on offering practical and fashion-forward apparel for urban consumers.

Looking forward, we will continue to advance our digital-first retail model, prioritising livestreaming and social commerce as primary engagement and sales channels that have proven highly effective in driving targeted, high-conversion growth.

Building on our strong foundation of design excellence and production quality, we are repositioning our domestic production and sales capabilities towards higher-margin and value-added services such as design and vertically integrated end-to-end solutions. These strategic upgrades will support margin improvement, deepen client partnerships, and strengthen our competitive differentiation.

While near-term market volatility is expected to persist, the Group's strategic transformation, customer-first culture, and adaptable business model reinforce our resilience to navigate upcoming challenges for sustainable growth in the long term.

CAPITAL EXPENDITURE

During the Year, the Group incurred HK\$3.1 million capital expenditure compared to HK\$2.1 million of the last corresponding year. Such capital expenditure mainly represented the regular replacement and upgrading of production facilities, and leasehold improvement of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopted prudent financial management and sustained a sound financial position throughout the Year. The Group performed stringent working capital management and effective deployment of cash flows. As at 31 March 2025, the Group's cash level was recorded at HK\$240.5 million (of which HK\$104.0 million was pledged bank deposits) as compared to HK\$269.3 million (of which HK\$101.1 million was pledged bank deposits) as at 31 March 2024. Most of the bank balances were placed in USD, HKD and RMB short term deposits with major banks. As at 31 March 2025, total bank borrowings of the Group were HK\$74.1 million (which were all short-term bank borrowings and mainly denominated in RMB, USD and HKD), as compared to HK\$51.4 million as at 31 March 2024. The Group had no borrowings at fixed interest rates during the Year. As at 31 March 2025, the gearing ratio (total bank borrowings to total equity) was 19.6%.

At 31 March 2025, certain buildings with an aggregate net book value of approximately HK\$31.3 million (2024: HK\$32.8 million) were pledged to secure general banking facilities granted to the Group.

As at 31 March 2025, excluding the pledged bank deposits of HK\$104.0 million which were pledged to banks to secure the general banking facilities of the Group, net cash balance of the Group was HK\$62.5 million, as compared to HK\$116.8 million as at 31 March 2024.

The Group is of the opinion that, after taking into consideration of the current banking facilities and the repayment obligations of bank borrowings, the Group will continue to retain sufficient funds for meeting the financial obligations of its business when they fall due, supporting its business growth and financing its future investment.

TREASURY POLICY

The Group continues to adopt prudent policies consistently to hedge exchange rate and interest rate risks associated with our core business. The revenue and cost are denominated in RMB, USD, HKD, VND and EUR. The Group considers the foreign exchange risk is not high as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts dealt with foreign enterprises and enter into forward contracts to hedge the risks as deemed appropriate.

FOREIGN EXCHANGE RISK

The Group has currency exposures as substantial portion of sales, purchases, assets and liabilities are denominated in USD, RMB and VND. As such, the Group is exposed to foreign exchange risk arising from such exposure to USD, RMB and VND. As HKD is pegged to USD, the Group considers the relevant foreign exchange risk to be minimal. Also, the appreciation or devaluation of RMB and VND against USD and HKD may have an impact on the Group's results.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

INTEREST RATE RISK

The Group is exposed to interest rate risk primarily through interest bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements and will consider taking appropriate actions, including but not limited to hedging should the need arise.

HUMAN RESOURCES

As at 31 March 2025 and 2024, the Group has approximately 1,500 employees. The Group hires, inspires, retains and rewards competent staff with dedication to develop their careers in line with its core corporate values and strategic goals. The Group offers career development opportunities, job satisfaction via empowerment, harmonious teamwork and competitive remuneration package.

Total employee benefits expenses, including directors' remunerations, of the Group amounted to HK\$136.0 million for the Year (2024: HK\$127.3 million). Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

PRELIMINARY ANNOUNCEMENT OF AUDITED ANNUAL RESULTS

The financial information relating to the years ended 31 March 2025 and 2024 included in this preliminary announcement of annual results 2025 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 March 2025 to the Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

During the Year, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors of the Company, has reviewed with management and the Group's external auditor, D & PARTNERS CPA LIMITED, the accounting principles and practices adopted by the Group and discussed risk management and internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the Year.

CORPORATE GOVERNANCE

Throughout the Year, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company’s website (www.tungtex.com) and The Stock Exchange of Hong Kong Limited’s website (www.hkexnews.hk). The Annual Report containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

For and on behalf of the Board
Tungtex (Holdings) Company Limited
Martin Tung Hau Man
Chairman

Hong Kong, 27 June 2025

As at the date of this announcement, the executive directors of the Company are Mr. Martin Tung Hau Man, Mr. Billy Tung Chung Man and Mr. Raymond Tung Wai Man; and the independent non-executive directors are Mr. Tony Chang Chung Kay, Mr. Kenneth Yuen Ki Lok, Mr. Wilson Yu Wing Sang and Ms. Lee Siu Mei.