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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 2026

RESULTS

The audited consolidated results of Tungtex (Holdings) Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the year ended 31 March 2026 (the “**Year**”), together with the comparative figures for the year ended 31 March 2025 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Revenue	3	567,019	669,450
Cost of sales		(456,144)	(547,205)
Gross profit		110,875	122,245
Other income and other gain		9,796	10,621
Net impairment loss recognised on financial assets		(522)	(38)
Impairment loss on property, plant and equipment and right-of-use assets		(2,929)	–
Increase in fair value of investment property		965	387
Selling and distribution costs		(53,222)	(65,827)
Administrative expenses		(77,457)	(73,399)
Finance costs		(2,597)	(3,814)
Share of profit/(loss) of an associate		399	(47)
Loss before tax	4	(14,692)	(9,872)
Income tax expenses	5	(1,324)	(1,198)
Loss for the year		(16,016)	(11,070)

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(14,996)	(9,931)
Non-controlling interests		(1,020)	(1,139)
		<u>(16,016)</u>	<u>(11,070)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	7	<u>(3.3)</u>	<u>(2.2)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(16,016)	(11,070)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations:		
– exchange differences arising during the year	4,375	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	3,624	4,507
Other comprehensive income for the year	7,999	4,953
Total comprehensive expense for the year	(8,017)	(6,117)
Total comprehensive expense for the year attributable to:		
Owners of the Company	(6,997)	(4,978)
Non-controlling interests	(1,020)	(1,139)
	(8,017)	(6,117)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets			
Investment property		37,696	33,022
Property, plant and equipment		37,594	44,101
Right-of-use assets		8,893	6,769
Interests in an associate		803	404
		<u>84,986</u>	<u>84,296</u>
Current assets			
Inventories		87,361	105,881
Trade and other receivables	8	96,602	122,000
Tax recoverable		326	–
Pledged bank deposits		105,448	103,964
Bank balances and cash		147,570	136,583
		<u>437,307</u>	<u>468,428</u>
Current liabilities			
Trade and other payables	9	78,567	86,978
Contract liabilities		8,377	10,905
Lease liabilities		3,177	1,771
Amount due to an associate		247	47
Tax liabilities		–	473
Bank borrowings		62,471	74,071
		<u>152,839</u>	<u>174,245</u>
Net current assets		<u>284,468</u>	<u>294,183</u>
Total assets less current liabilities		<u>369,454</u>	<u>378,479</u>
Non-current liabilities			
Lease liabilities		1,691	385
Deferred tax liabilities		330	389
		<u>2,021</u>	<u>774</u>
		<u>367,433</u>	<u>377,705</u>

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Capital and reserves			
Share capital	<i>10</i>	254,112	254,112
Reserves		128,831	138,083
Equity attributable to owners of the Company			
		382,943	392,195
Non-controlling interests		(15,510)	(14,490)
		367,433	377,705

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 HKFRS Accounting 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 HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards 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 HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
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 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027.

³ 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 HKFRS Accounting Standards 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 2026

	Asia <i>HK\$'000</i>	North America <i>HK\$'000</i>	Europe and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
Sales of goods – external	<u>332,100</u>	<u>209,544</u>	<u>25,375</u>	<u>567,019</u>
SEGMENT PROFIT/(LOSS)	<u>8,569</u>	<u>(2,987)</u>	<u>(362)</u>	5,220
Increase in fair value of investment property				965
Finance costs				(2,597)
Impairment loss on property, plant and equipment and right-of-use assets				(2,929)
Unallocated income				9,796
Unallocated expenses				(25,546)
Share of profit of an associate				<u>399</u>
Loss before tax				<u>(14,692)</u>

For the year ended 31 March 2025

	Asia <i>HK\$'000</i>	North America <i>HK\$'000</i>	Europe and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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>	14,362
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>

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, impairment loss on property, plant and equipment and right-of-use assets, share of profit/(loss) 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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
The PRC	313,776	308,470
The USA	161,534	176,066
Canada	48,010	135,829
Others	43,699	49,085
	<u>567,019</u>	<u>669,450</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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
The PRC	43,167	37,146
Hong Kong	29,541	33,688
Vietnam	11,475	13,058
	<u>84,183</u>	<u>83,892</u>

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

Information about major customers

For the year ended 31 March 2026, there are one external customer in North America and one external customer in Asia (2025: one external customer in North America) who contributed over 10% of the total sales of the Group. Their contributions were approximately HK\$130 million (2025: HK\$149 million).

4. LOSS BEFORE TAX

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss before tax has been arrived at after charging/(crediting):		
Directors' remunerations:		
Fees	1,060	1,140
Other emoluments	6,695	7,259
Contributions to retirement benefit schemes	108	108
	<u>7,863</u>	<u>8,507</u>
Other employee benefits expenses:		
Salaries, allowances and bonus	105,211	112,132
Contributions to retirement benefit schemes	14,730	15,337
	<u>127,804</u>	<u>135,976</u>
Total employee benefits expenses		
	<u><u>127,804</u></u>	<u><u>135,976</u></u>
Auditor's remuneration		
– Audit service	850	850
– Non-audit services	291	277
Cost of inventories recognised as an expense (including allowance for inventories of HK\$3,123,000 (2025: HK\$540,000))	456,144	547,205
Depreciation of property, plant and equipment	4,351	4,266
Depreciation of right-of-use assets	3,316	4,643
Impairment loss on property, plant and equipment and right-of-use assets	2,929	–
(Gain)/loss on disposal/write-off of property, plant and equipment	(164)	7
Net exchange loss	686	2
	<u><u>686</u></u>	<u><u>2</u></u>

5. INCOME TAX EXPENSES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Current tax:		
The PRC	(651)	(201)
Hong Kong	–	(1,081)
	<u>(651)</u>	<u>(1,282)</u>
(Under)/over provision in prior years:		
The PRC	(731)	–
Hong Kong	(1)	108
	<u>(732)</u>	<u>108</u>
Deferred taxation	59	(24)
	<u><u>(1,324)</u></u>	<u><u>(1,198)</u></u>

No provision for Hong Kong Profits Tax is made for the year ended 31 March 2026 as the Group has no assessable profit arising in Hong Kong or the assessable profits are wholly absorbed by tax losses brought forward from prior years.

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2025, 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 year ended 31 March 2025.

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 2026, there are four subsidiaries (2025: three subsidiaries) of the Company qualified as micro and small enterprises and subject to the relevant preferential tax treatments.

6. DIVIDEND

Based on the Company's dividend policy, the Board does not recommend the payment of a final dividend for the year ended 31 March 2026 (2025: HK0.5 cent per share). The payment date of the final dividend for the year ended 31 March 2025 was Monday, 22 September 2025.

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(14,996)</u>	<u>(9,931)</u>
	2026	2025
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 2026 and 2025.

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 2026, the carrying amount of trade and bills receivables was HK\$75,331,000, net of allowance for credit losses: HK\$526,000 (2025: HK\$104,196,000, net of allowance for credit losses: HK\$59,000). 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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Up to 30 days	37,984	87,794
31–60 days	19,442	2,433
61–90 days	14,145	12,897
More than 90 days	3,760	1,072
	<u>75,331</u>	<u>104,196</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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Up to 30 days	32,270	34,485
31–60 days	5,844	5,292
61–90 days	4,527	4,091
More than 90 days	8,375	13,619
	<u>51,016</u>	<u>57,487</u>

10. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Issued and fully paid:		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026		
Ordinary shares with no par value	<u>451,067,557</u>	<u>254,112</u>

FINAL DIVIDEND

The Board of Directors (the “**Board**”) does not recommend the payment of a final dividend for the year ended 31 March 2026 (2025: HK0.5 cent per share). The payment date of the final dividend for the year ended 31 March 2025 was Monday, 22 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sales to North American Market

Sales to North America fell 32.8% to HK\$209.5 million (37.0% of total revenue), with sales to U.S. accounting for 77.1% of this segment.

U.S. economy contracted with a negative real GDP growth in the first quarter of 2025. The economic outlook was further dimmed by rising global protectionism and the anticipated trade war with China, which negatively impacted procurement orders for the summer and fall seasons. The chaos triggered by new U.S. trade policies in April 2025 and the continuous tariff uncertainty led many apparel brands and retailers to cancel or delay China orders. However, leveraging its competitive advantages, the Group’s Vietnam manufacturing operation contributed to fill the gap and recorded notable growth in export sales volume. As a result, the Group’s overall sales to U.S. decreased by 8.3% to HK\$161.5 million during the year ended 31 March 2026 (the “**Year**”).

Canada’s economic performance weakened throughout the Year and entered into recession in the first quarter of 2026. New U.S. tariff policies announced in April 2025 also had a very negative ripple effect. North American brands and retailers with product lines in both U.S. and Canada restructured their supply chains, cancelling or postponing orders from China. As a result, the Group’s export sales to Canada decreased by 64.7% to HK\$48.0 million during the Year.

Sales to Asian Market

Sales to Asia remained at the level of HK\$332.1 million (58.6% of total revenue), primarily due to a 1.7% increase in China sales to HK\$313.8 million. China’s GDP growth slowed through 2025, and the escalating trade war dampened retail sentiment, yet GDP recorded a stronger than expected growth of 5.0% in the first quarter of 2026. Despite the intense competition, sales to domestic brand customers in mainland China grew strategically by 21.3% to HK\$89.9 million.

Retail Sales in Mainland China

Despite challenging retail business conditions, strategic participation in major e-commerce platforms such as VIPSHOP, Tmall, JD.COM and Douyin, and innovative livestreaming channels helped contain the sales decline. Total retail sales dipped slightly by 4.2% to HK\$223.7 million, but stable digital performance and tight control on procurement, inventory and expense boosted operating profit by 8.3% to HK\$10.4 million.

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	567,019	669,450

As a result of the above-mentioned factors in Business Review section, the Group’s total revenue for the Year decreased by 15.3% to HK\$567.0 million (2025: HK\$669.5 million).

Percentage of gross profit margin

Percentage of gross profit margin for the Year increased to 19.6% (2025: 18.3%). The comparison of percentage of gross profit margin is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	567,019	669,450
Cost of sales	(456,144)	(547,205)
Gross profit	110,875	122,245
Gross profit margin percentage	19.6%	18.3%

The increase of 1.3 percentage point in gross profit margin was primarily attributable to enhanced operational efficiency and cost control during the Year.

Selling and distribution costs

The comparison of selling and distribution costs is as follows:

	2026	2025	Changes	%
	HK\$'000	HK\$'000	HK\$'000	Changes
Advertising and promotion expenses	16,775	19,073	(2,298)	(12.0%)
Freight and handling charge	4,118	6,515	(2,397)	(36.8%)
Shop management fee	13,723	14,637	(914)	(6.2%)
Shop rental and running expenses	4,109	8,586	(4,477)	(52.1%)
Staff costs	12,739	12,017	722	6.0%
Other selling and distribution costs	1,758	4,999	(3,241)	(64.8%)
Total	<u>53,222</u>	<u>65,827</u>	<u>(12,605)</u>	<u>(19.1%)</u>

Selling and distribution costs decreased by 19.1% year-on-year to HK\$53.2 million.

To counteract the negative impact of intense competition and price pressure under weak consumption sentiment throughout the Year, the Group's retail business continued to scale down the offline operation and franchising business, while further strengthening the digital-first business model and tightening cost control across the board. As a result, advertising and promotion expenses decreased by HK\$2.3 million; shop rental and running expenses decreased by HK\$4.5 million; and retail distribution costs decreased by HK\$3.2 million during the Year as compared to the last corresponding year.

The decrease of HK\$2.4 million or 36.8% in freight and handling charge was attributable to the decrease in export sales during the Year and the additional air freight costs incurred to resolve the temporary order backlogs in the first half of the last corresponding year.

Administrative expenses

The comparison of administrative expenses is as follows:

	2026	2025	Changes	%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>Changes</i>
Auditor's remuneration	1,141	1,127	14	1.2%
Depreciation and amortisation	4,007	3,411	596	17.5%
Entertainment and travelling	3,356	3,362	(6)	(0.2%)
Exchange loss	686	2	684	34,200%
Insurance	2,224	2,178	46	2.1%
Legal and professional fee	1,872	2,535	(663)	(26.2%)
Staff costs	52,374	52,384	(10)	0.0%
Office and rental expenses	4,564	4,666	(102)	(2.2%)
Other administrative expenses	7,233	3,734	3,499	93.7%
Total	77,457	73,399	4,058	5.5%

Administrative expenses increased by 5.5% year-on-year to HK\$77.5 million.

The increase in other administrative expenses was mainly due to the net-off of other income of approximately HK\$3.0 million in the last corresponding year. Excluding this effect, total administrative expenses increased by 1.4% compared to the last corresponding year.

Finance costs

The comparison of finance costs is as follows:

	2026	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs	2,597	3,814

The decrease in finance costs was in line with the combined effect of the decrease in the Group's total revenue and the decline in borrowing interest rate during the Year.

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

The Group’s negative EBITDA for the Year is HK\$4.4 million (2025: EBITDA of HK\$2.9 million). The comparison of EBITDA is as follows:

	2026 <i>HK\$’000</i>	2025 <i>HK\$’000</i>
Loss for the year	(16,016)	(11,070)
Add:		
Finance costs	2,597	3,814
Income tax expenses	1,324	1,198
Depreciation	7,667	8,909
EBITDA	(4,428)	2,851

Operating loss

The Group incurred an operating loss before tax of HK\$15.7 million for the Year (2025: HK\$10.3 million). The comparison of operating loss is as follows:

	2026 <i>HK\$’000</i>	2025 <i>HK\$’000</i>
Loss before tax	(14,692)	(9,872)
Less:		
Increase in fair value of investment property	965	387
Operating loss before tax	(15,657)	(10,259)

Loss before tax

The Group’s loss before tax for the Year was HK\$14.7 million (2025: HK\$9.9 million).

Loss per share

The Group’s loss per share for the Year was HK3.3 cents (2025: HK2.2 cents).

Inventory turnover days

Inventory turnover days decreased by 2 days to 56 days for the Year (2025: 58 days). The comparison of inventory turnover days is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	567,019	669,450
Inventory as at 31 March	87,361	105,881
Inventory turnover days	56 days	58 days

Trade receivable turnover days

Trade receivable turnover days decreased by 9 days to 48 days for the Year (2025: 57 days). The comparison of trade receivable turnover days is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	567,019	669,450
Trade and bills receivables as at 31 March	75,331	104,196
Trade receivable turnover days	48 days	57 days

Other receivables

The comparison of other receivables is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	Changes <i>HK\$'000</i>	% <i>Changes</i>
Deposits paid to suppliers and vendors	12,321	10,793	1,528	14.2%
Other tax receivables	3,180	2,083	1,097	52.7%
Prepayment	1,121	1,201	(80)	(6.7%)
Rental and utilities deposits	1,239	1,142	97	8.5%
Others	3,410	2,585	825	31.9%
Total	21,271	17,804	3,467	19.5%

Other payables

The comparison of other payables is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	Changes <i>HK\$'000</i>	% <i>Changes</i>
Accrued subcontracting and processing fees	3,948	3,076	872	28.3%
Franchise deposits received	976	839	137	16.3%
Other tax payables	1,275	323	952	294.7%
Other accruals and receipts in advance	5,527	5,552	(25)	(0.5%)
Wages payable	9,334	9,812	(478)	(4.9%)
Others	6,491	9,889	(3,398)	(34.4%)
Total	<u>27,551</u>	<u>29,491</u>	<u>(1,940)</u>	<u>(6.6%)</u>

PROSPECTS

Persistent macroeconomic and geopolitical uncertainties will continue to impede the pace of global economic recovery. Volatility in U.S. tariff policy is reshaping supply chains and is expected to weigh on China's export growth to the North American market. In response, the Group is reinforcing its manufacturing capabilities and deepening customer relationships while proactively developing Asian market and other non-U.S. export markets. The Group's manufacturing facility in China will remain the cornerstone of its domestic-brand manufacturing operations, pivoting toward higher-margin, value-added services to enhance competitive differentiation and broaden its customer base.

The Group is also strengthening its Vietnam platform to capture shifting demand dynamics and is evaluating joint-venture opportunities to secure additional flexible capacity. The Group will deploy artificial intelligence technology to optimize operational processes and raise productivity.

The Group will maintain a prudent stance, prioritizing cost control and operational efficiency across its China and Vietnam manufacturing plants to preserve agility and flexibility amid a rapidly evolving and highly competitive landscape.

In mainland China, the government introduced a comprehensive package of proactive economic policies and direct fiscal-financial measures in 2026 designed to stimulate domestic demand, restore consumer confidence, and support consumer spending. Nonetheless, the Group remains cautious regarding the short-term outlook for China's retail sector, as a full market recovery remains uncertain in light of a slowing global economy and rising trend of unemployment, both of which continue to undermine consumer confidence.

The Group's mainland China retail brand will continue to operate a digital-first omnichannel model, advancing livestreaming and social-commerce initiatives and reinforcing presence on major e-commerce and digital platforms to engage the country's large online population. A balanced marketing approach will be employed to strengthen brand loyalty, while rigorous inventory controls and sales-efficiency measures will address competitive pressures. The Group will uphold disciplined cost management, stringent procurement oversight, and prudent working-capital practices to navigate the near-term severe challenges.

CAPITAL EXPENDITURE

During the Year, the Group incurred HK\$0.7 million capital expenditure compared to HK\$3.1 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 2026, the Group's cash level was recorded at HK\$253.0 million (of which HK\$105.4 million was pledged bank deposits) as compared to HK\$240.5 million (of which HK\$104.0 million was pledged bank deposits) as at 31 March 2025. Most of the bank balances were placed in USD, HKD and RMB short term deposits with major banks. As at 31 March 2026, total bank borrowings of the Group were HK\$62.5 million (which were all short-term bank borrowings and mainly denominated in RMB, USD and HKD), as compared to HK\$74.1 million as at 31 March 2025. The Group had no borrowings at fixed interest rates during the Year. As at 31 March 2026, the gearing ratio (total bank borrowings to total equity) was 17.0%.

At 31 March 2026, certain buildings with an aggregate net book value of approximately HK\$27.6 million (2025: HK\$31.3 million) were pledged to secure general banking facilities granted to the Group.

As at 31 March 2026, excluding the pledged bank deposits of HK\$105.4 million which were pledged to banks to secure the general banking facilities of the Group, net cash balance of the Group was HK\$85.1 million, as compared to HK\$62.5 million as at 31 March 2025.

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 2026, the Group has approximately 1,300 employees as compared to approximately 1,500 as at 31 March 2025. Such decrease is mainly attributable to the continuous internal rationalization and streamlining of both manufacturing and retail operations of the Group during the Year.

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\$127.8 million for the Year (2025: HK\$136.0 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 2026 and 2025 included in this preliminary announcement of annual results 2026 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 2025 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 2026 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, 26 June 2026

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.