



Tungtex (Holdings) Company Limited

Stock Code: 00518

2025/26

Interim Report



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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF TUNGTEX (HOLDINGS) COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Tungtex (Holdings) Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 19, which comprises the condensed consolidated statement of financial position as of 30 September 2025 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

D & PARTNERS CPA LIMITED
Certified Public Accountants

Hong Kong
27 November 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2025

	Notes	Six months ended 30 September	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	3, 4	279,607	323,320
Cost of sales		(225,390)	(271,431)
Gross profit		54,217	51,889
Other income and other gain		4,294	5,143
Net impairment loss recognised on financial assets		(533)	(26)
Increase in fair value of investment property		357	611
Selling and distribution costs		(25,785)	(34,155)
Administrative expenses		(38,805)	(36,834)
Finance costs		(1,316)	(1,811)
Share of profit/(loss) of an associate		268	(19)
Loss before tax	5	(7,303)	(15,202)
Income tax expenses	6	(831)	(165)
Loss for the period		(8,134)	(15,367)
Loss for the period attributable to:			
Owners of the Company		(7,624)	(14,785)
Non-controlling interests		(510)	(582)
		(8,134)	(15,367)
Basic and diluted loss per share (HK cents)	8	(1.7)	(3.3)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(8,134)	(15,367)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	1,446	324
Other comprehensive income for the period	1,446	324
Total comprehensive expense for the period	(6,688)	(15,043)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(6,178)	(14,461)
Non-controlling interests	(510)	(582)
	(6,688)	(15,043)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2025

	Notes	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
Non-current assets			
Investment property	9	33,379	33,022
Property, plant and equipment	9	41,937	44,101
Right-of-use assets		8,823	6,769
Interests in an associate		672	404
		84,811	84,296
Current assets			
Inventories		94,401	105,881
Trade and other receivables	10	91,572	122,000
Pledged bank deposits		105,448	103,964
Bank balances and cash		146,997	136,583
		438,418	468,428
Current liabilities			
Trade and other payables	11	82,300	86,978
Contract liabilities		13,867	10,905
Lease liabilities		2,066	1,771
Amount due to an associate		9	47
Tax liabilities		267	473
Bank borrowings	12	53,328	74,071
		151,837	174,245
Net current assets		286,581	294,183
Total assets less current liabilities		371,392	378,479

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 September 2025

	Notes	30 September 2025 HK\$'000 (unaudited)	31 March 2025 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		2,241	385
Deferred tax liabilities		389	389
		2,630	774
		368,762	377,705
Capital and reserves			
Share capital	13	254,112	254,112
Reserves		129,650	138,083
Equity attributable to owners of the Company		383,762	392,195
Non-controlling interests		(15,000)	(14,490)
		368,762	377,705

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2025

	Attributable to owners of the Company					Total	Non-controlling interests	Total
	Share capital HK\$'000	Property revaluation reserve HK\$'000 (Note (i))	Statutory reserve HK\$'000 (Note (ii))	Translation reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2024 (audited)	254,112	20,230	3,966	(18,680)	139,800	399,428	(13,351)	386,077
Loss for the period	–	–	–	–	(14,785)	(14,785)	(582)	(15,367)
Exchange differences arising on translating foreign operations	–	–	–	324	–	324	–	324
Total comprehensive (expense)/income for the period	–	–	–	324	(14,785)	(14,461)	(582)	(15,043)
Dividends recognised as distribution (Note 7)	–	–	–	–	(2,255)	(2,255)	–	(2,255)
At 30 September 2024 (unaudited)	254,112	20,230	3,966	(18,356)	122,760	382,712	(13,933)	368,779
At 1 April 2025 (audited)	254,112	24,737	4,093	(18,234)	127,487	392,195	(14,490)	377,705
Loss for the period	–	–	–	–	(7,624)	(7,624)	(510)	(8,134)
Exchange differences arising on translating foreign operations	–	–	–	1,446	–	1,446	–	1,446
Total comprehensive (expense)/income for the period	–	–	–	1,446	(7,624)	(6,178)	(510)	(6,688)
Dividends recognised as distribution (Note 7)	–	–	–	–	(2,255)	(2,255)	–	(2,255)
At 30 September 2025 (unaudited)	254,112	24,737	4,093	(16,788)	117,608	383,762	(15,000)	368,762

Notes:

- (i) The property revaluation reserve represents the differences between net book value and fair value, net of deferred tax, if applicable, of the properties upon transfer from property, plant and equipment to investment property.
- (ii) The statutory reserve represents the amount transferred from profit after taxation of the subsidiaries established in the Mainland of People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the respective subsidiaries. The statutory reserve can be applied either in setting off the accumulated losses or increasing capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2025

	Six months ended 30 September	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Net cash from/(used in) operating activities	34,774	(24,106)
Net cash from/(used in) investing activities:		
Withdrawal of pledged bank deposits	13,260	322
Other investing cash flows	2,635	3,594
Refund of deposits for right-of-use assets	152	–
Proceeds from disposal of property, plant and equipment	17	101
Deposits paid for right-of-use assets	(58)	–
Purchase of property, plant and equipment	(606)	(1,521)
Placement of pledged bank deposits	(14,744)	(5,432)
	656	(2,936)
Net cash (used in)/from financing activities:		
Bank borrowings raised	80,981	104,897
Other financing cash flows	(1,242)	(1,695)
Repayments of lease liabilities, including related interests	(1,761)	(2,608)
Dividend paid	(2,255)	(2,255)
Repayments of bank borrowings	(102,129)	(81,592)
	(26,406)	16,747
Net increase/(decrease) in cash and cash equivalents	9,024	(10,295)
Cash and cash equivalents at the beginning of the period	136,583	168,162
Effect of foreign exchange rate changes	1,390	40
Cash and cash equivalents at the end of the period, represented by bank balances and cash	146,997	157,907



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 March 2025 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the 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.

The Company’s auditor has reported on the financial statements of the Group for the year ended 31 March 2025. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment property which is measured at fair value.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2025.

For the six months ended 30 September 2025

Amendments to HKFRSs that are mandatorily effective for the current period

Amendments to HKAS 21	Lack of Exchangeability
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3. REVENUE

Six months ended 30 September 2025:

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

3. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Six months ended 30 September 2024:

	Manufacturing and sales of garment products HK\$'000	Retail of garment products HK\$'000	Total HK\$'000
At point in time	207,813	115,507	323,320
Geographical market			
The PRC	48,873	115,507	164,380
The USA	72,671	–	72,671
Canada	59,190	–	59,190
Others	27,079	–	27,079
Total	207,813	115,507	323,320

4. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

4. SEGMENTAL INFORMATION (Continued)

Segment revenue and results

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

Six months ended 30 September 2025:

	Asia HK\$'000	North America HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
REVENUE				
Sales of goods	162,839	101,087	15,681	279,607
SEGMENT PROFIT/(LOSS)	4,370	(1,606)	(246)	2,518
Increase in fair value of investment property				357
Finance costs				(1,316)
Unallocated income				4,294
Unallocated expenses				(13,424)
Share of profit of an associate				268
Loss before tax				(7,303)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

4. SEGMENTAL INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 September 2024:

	Asia HK\$'000	North America HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
REVENUE				
Sales of goods	177,784	131,861	13,675	323,320
SEGMENT (LOSS)/PROFIT	3,274	(5,527)	(1,203)	(3,456)
Increase in fair value of investment property				611
Finance costs				(1,811)
Unallocated income				5,143
Unallocated expenses				(15,670)
Share of loss of an associate				(19)
Loss before tax				(15,202)

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of central administration costs, directors' salaries, depreciation of property, plant and equipment, depreciation of right-of-use assets, change in fair value of investment property, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

5. LOSS BEFORE TAX

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
Loss before tax has been arrived at after charging/(crediting):		
Directors' remunerations:		
Fees	530	610
Other emoluments	3,090	3,654
Contributions to retirement benefit schemes	54	54
	3,674	4,318
Other employee benefits expenses:		
Salaries, allowances and bonus	52,681	43,406
Contributions to retirement benefit schemes	7,442	5,907
Total employee benefits expenses	63,797	53,631
Allowance for inventories (included in cost of sales), net	2,400	1,868
Depreciation of property, plant and equipment	2,532	2,606
Depreciation of right-of-use assets	1,633	2,296
Loss/(gain) on disposal of property, plant and equipment	10	(9)
Bank interest income	(2,722)	(3,414)
Rental income, net of outgoings	(517)	(476)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

6. INCOME TAX EXPENSES

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	—	—
The PRC	43	165
	43	165
Under provision in prior years:		
Hong Kong	—	—
The PRC	788	—
	788	—
Deferred taxation	—	—
	831	165

No provision for Hong Kong Profits Tax is made for the six months ended 30 September 2025 and 2024 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.

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.

For the six months ended 30 September 2025 and 2024, the annual taxable income not more than RMB3 million 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 six months ended 30 September 2025, three (six months ended 30 September 2024: two) subsidiaries of the Company are qualified as micro and small enterprises and are subject to the relevant preferential tax treatments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

7. DIVIDENDS

A final dividend of HK0.5 cent per share for the year ended 31 March 2025, amounting to HK\$2.3 million was paid by the Company on 22 September 2025. The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2025 (six months ended 30 September 2024: Nil).

8. 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:

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
Loss for the period attributable to owners of the Company	(7,624)	(14,785)
Weighted average number of ordinary shares in issue during the period for the purpose of basic and diluted loss per share	451,067,557	451,067,557

No diluted loss per share is presented as there was no potential dilutive ordinary share outstanding for the six months ended 30 September 2025 and 2024.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

9. MOVEMENTS IN INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2025, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$27,000 for proceeds of HK\$17,000, resulting in a loss on disposal of HK\$10,000.

During the six months ended 30 September 2024, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$92,000 for proceeds of HK\$101,000, resulting in a gain on disposal of HK\$9,000.

The Group spent HK\$606,000 (six months ended 30 September 2024: HK\$1,521,000) on acquisition of property, plant and equipment.

The fair values of the Group's investment property at 30 September 2025 and 31 March 2025 have been arrived at on the basis of a valuation carried out on that date by Graval Consulting Limited, independent qualified professional valuer not connected with the Group.

The fair value was determined by the income approach. The income approach operates by taking into account the rental income of the property derived from the existing tenancies with due allowance for the potential reversionary income of the tenanted and vacant portions, which are then capitalised at an appropriate capitalisation rate.

Under the income approach, one of the key inputs used in valuing the building and structures was the rental value per square meter which ranged from RMB10 to RMB56, equivalent to HK\$11 to HK\$61.

The resulting increase in fair value of investment property of HK\$357,000 has been recognised directly in profit or loss for the six months ended 30 September 2025 (six months ended 30 September 2024: HK\$611,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

10. TRADE AND OTHER RECEIVABLES

The credit terms granted by the Group to its trade customers mainly range from 14 days to 90 days. As at 30 September 2025, the carrying amount of trade and bills receivables was HK\$65,141,000, net of allowance for credit losses of HK\$595,000 (31 March 2025: HK\$104,196,000, net of allowance for credit losses of 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:

	30 September 2025 HK\$'000	31 March 2025 HK\$'000
Up to 30 days	42,474	87,794
31–60 days	17,758	2,433
61–90 days	3,123	12,897
More than 90 days	1,786	1,072
	65,141	104,196

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables with the following aged analysis presented based on the invoice date at the end of the reporting period:

	30 September 2025 HK\$'000	31 March 2025 HK\$'000
Up to 30 days	29,740	34,485
31–60 days	8,745	5,292
61–90 days	7,272	4,091
More than 90 days	10,563	13,619
	56,320	57,487

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2025

12. BANK BORROWINGS

The Group repaid bank borrowings of HK\$102,129,000 during the six months ended 30 September 2025 (six months ended 30 September 2024: HK\$81,592,000).

During the six months ended 30 September 2025, the Group raised new bank borrowings of HK\$80,981,000 (six months ended 30 September 2024: HK\$104,897,000), which were used as general working capital. The new bank borrowings bear variable interest at market rates and are repayable within one year.

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Issued and fully paid:		
At 1 April 2024, 30 September 2024, 31 March 2025, 1 April 2025 and 30 September 2025		
Ordinary shares with no par value	451,067,557	254,112

14. RELATED PARTY DISCLOSURES

During the period, the Group had the following transactions with related parties:

	Six months ended 30 September 2025 HK\$'000	2024 HK\$'000
(i) Purchases from an associate	381	270
(ii) Compensation of key management personnel:		
Short-term benefits	5,231	5,754
Post-employment benefits (Note)	90	90
	5,321	5,844

Note: The amount represents contributions to retirement benefit schemes and has been included in the amount disclosed in note 5.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The six months ended 30 September 2025 (“Period”) was a period of global economic and market turbulence, marked by the dramatic slowdown of global economic growth since the beginning of 2025 due to the increasing protectionism and slump in global demand, and the unprecedented trade and tariff policies as announced by the United States of America (“U.S.”) government in early April 2025. These new policies significantly escalated the trade pressure on imports from China in terms of both volume and price, with the apparel sector being one of the primary targets. U.S. apparel brands and retailers actively pressured Chinese manufacturers to lower free-on-board price to partially offset the new tariffs, and accelerated pre-existing trends of supply chain diversification. In the meantime, North American market apparel brands and retailers having the same product lines selling in both U.S. and Canada markets simultaneously also re-arranged their supply chain and sourcing network for their products. While the manufacturing operation of the Group in China was adversely impacted, the manufacturing operation of the Group in Vietnam benefitted from the shift and achieved a notable growth in production output and improvement in operating result, based on its strong foundation and competitive facilities.

In mainland China, economic growth continued to decrease and retail market sentiment remained weak since the first quarter in 2025. The Group’ manufacturing platform continued to deliver flexible, high-quality and cost-efficient solution and products to domestic brands and retailers. Due to the continuous economic slowdown and intense competition, the Group’s sales to domestic brand customers recorded a decrease during the Period.

While the continuous domestic economic slowdown and property market slump continued to weigh on spending habits and consumer confidence, the business of the Group’s own retail brand “Betu” in mainland China remained healthy, thanks to our agile and leaner operation, our digital-first retail business model and the stable digital sales performance and results.

During the period, the Group also maintained enduring commitments to sustainability and ongoing compliance of environmental protection practices in our manufacturing plants and retail operation.

Against a difficult business environment during the Period, the Group focused on improving production efficiency, streamlining the operation and tightening control on operating costs and cash flow, and managed to improve the operating loss for the Period as compared to the last corresponding period.



MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

Sales to North American Market

During the Period, sales to North America decreased by 23.3% to HK\$101.1 million, and accounted for 36.2% of the Group's total revenue, with the sales to the US market alone accounted for 73.7% of sales in this segment.

In U.S., a negative real gross domestic product ("GDP") growth of 0.6% was recorded in the first quarter of 2025, as compared to a positive growth of 2.4% in the last quarter of 2024. Economic outlook then was further clouded by the global protectionism and the anticipated trade war between U.S. and China which adversely affected the procurement orders for summer and fall season. The chaos caused by the announcement of new U.S. trade and tariff policies in early April 2025 further intensified the adversity of the business environment. U.S. apparel brands and retailers reacted by cancelling or postponing their sourcing orders from China. Nevertheless, based on its competitive foundation, the manufacturing operation of the Group in Vietnam benefitted and achieved a notable growth in production output and export volume. As a result, the Group's sales to U.S. during the Period recorded a slight increase of 2.5% to HK\$74.5 million.

On the other hand, Canada registered a continuous decrease in real GDP growth, it recorded 2025 first quarter growth of 2.2% and second quarter growth of -1.6%, as compared to last quarter 2.6% of 2024, reflecting a weak economy and sluggish consumption sentiment. After the announcement of the new U.S. tariff policy in early April 2025, North American market apparel brands and retailers having the same product lines selling in both the U.S. and Canada markets simultaneously also reshuffled their supply chain for their products by cancelling or postponing their sourcing orders from China. As a result of such negative ripple effect, the Group's export sales to Canada decreased by 55.0% to HK\$26.6 million during the Period.

Sales to Asian Market

During the Period, sales to Asia decreased by 8.4% to HK\$162.8 million, and accounted for 58.2% of the Group's total revenue. The decrease in sales to Asia was mainly attributable to the 8.0% decrease in sales to the China market, which alone contributed a sales amount of HK\$151.3 million.

In mainland China, economy began to slowdown since the first quarter of 2025. According to the National Bureau of Statistics of China, national GDP growth for the first three quarters of 2025 were 5.4%, 5.2% and 4.8% respectively. The intensified trade war with U.S. triggered by the new U.S. tariff policy further impacted adversely on the retail market sentiment and domestic consumption appetite. The Group's sales to domestic brand customers in mainland China decreased by 11.5% to HK\$43.0 million during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

Retail Sales in Mainland China

During the Period of challenging business condition, we strategically participated in major online shopping platforms such as “VIPSHOP”, “Tmall” and “JD.COM” and “Douyin” for innovative livestreaming sales channels with social media features.

The Group’s total retail sales decreased slightly by 6.4% to HK\$108.1 million. Thanks to our stable digital sales performance and result, tightened procurement and expense control, the operating profit of our own retail business increased by 31.3% to HK\$4.2 million despite a lower sales level.

Summary of Operation

As a result of the aforesaid, the Group’s revenue for the Period decreased by 13.5% to HK\$279.6 million. Gross profit was HK\$54.2 million, representing a gross margin of 19.4 percent which was about 3.4 percentage point higher than that of the last corresponding period. The increase in gross margin percentage was mainly attributable to the Group’s improved operational efficiency and cost management.

Despite the decrease in revenue, loss before tax for the Period decreased by 52.0% to HK\$7.3 million as compared to the last corresponding period, mainly attributable to our persistent discipline in enhancing operational efficiency and cost control. Selling and distribution costs for the Period were HK\$25.8 million, representing a decrease of 24.5% as compared to HK\$34.2 million of the last corresponding period. Such decrease was mainly attributable to the decrease in freight and handling charge of HK\$2.1 million, decrease in retail shop rental and running expense of HK\$2.1 million, decrease in shop management fee of HK\$1.0 million, and decrease in retail distribution cost of HK\$2.5 million. Administrative expenses for the Period were HK\$38.8 million, representing an increase of 5.4% compared to HK\$36.8 million of the last corresponding period. Such increase was mainly attributable to an adverse foreign exchange movement of approximately HK\$1.9 million versus the last corresponding period.



MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

PROSPECTS

Global economic uncertainties, geopolitical tensions and volatility of U.S. trade and tariff policies persist, and are reshaping global supply chains and clouding the global economic outlook. The recent temporary compromise between U.S. and China may not remove the concern and cautiousness of North American apparel brands and retailers.

We are proactively bolstering our agile manufacturing platform in Vietnam to mitigate supply chain pressures and are prepared to adjust to shifting demand. We will continue to leverage technology to optimize process redesign and streamline production flow to achieve cost efficiency and improve productivity. In the meantime, we will explore options of flexible production capabilities by means of joint venture and strategic alliance in Vietnam with cost advantage.

In mainland China, we see long-term promise despite short-term adversities. We are fortifying the core capabilities of our strong manufacturing platform. The foundation of efficiency and scalability allows us to turn market challenges into organic and customer-centric growth opportunity. We are deepening customer relationships and developing non-U.S. export markets where demand for high-quality, flexible manufacturing is growing. We are strategically shifting our domestic production towards higher-margin and value-added services, including design and vertically integrated end-to-end solutions. This upgrade will improve margins and strengthen our competitive differentiation in the long term.

Our own retail brand “Betu” operation will sustain its digital-first omnichannel business model and advance its proven livestreaming and social commerce platforms of high-conversion sales. We will continue our balanced marketing strategies to enhance brand equity, trust and customer loyalty. We will continue to enhance sales efficiency and enforce strict inventory control to counteract the challenges under a highly competitive market environment.

To navigate through the near-term headwinds with high caution, the Group will perform continuous rationalization of cost structure, stringent procurement control, high discipline in expense control, and prudent management in working capital and cash flow.

CAPITAL EXPENDITURE

During the Period, the Group incurred HK\$0.6 million capital expenditure (six months ended 30 September 2024: HK\$1.5 million). Such capital expenditure mainly represented the regular replacement and upgrading of production facilities and the leasehold improvement of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopted a prudent financial management and sustained a sound financial position throughout the Period. As at 30 September 2025, the Group's cash level was recorded at HK\$252.4 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 30 September 2025, total bank borrowings of the Group were HK\$53.3 million (which were all short-term bank borrowings and mainly denominated in RMB, HKD and USD), as compared to HK\$74.1 million as at 31 March 2025. The Group had no borrowings at fixed interest rates during the Period. As at 30 September 2025, the gearing ratio (total bank borrowings to total equity) was 14.5%. During the Period, working capital was under stringent management and remained at healthy level.

As at 30 September 2025, certain buildings with an aggregate net book value of approximately HK\$30.6 million (31 March 2025: HK\$31.3 million) were pledged to bank to secure general banking facilities granted to the Group.

As at 30 September 2025, 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\$93.7 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 to meet the financial obligations of its business when they fall due, support its business growth and finance 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.



MANAGEMENT DISCUSSION AND ANALYSIS (*Continued*)

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 mitigates 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 30 September 2025, the Group has approximately 1,400 employees (31 March 2025: 1,500). 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\$63.8 million for the Period (six months ended 30 September 2024: HK\$53.6 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. The Company also operates a share option scheme for the purpose of attracting, retaining, motivating and rewarding the employees.

OTHER INFORMATION

INTERIM DIVIDEND

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2025 (the “Period”) (six months ended 30 September 2024: Nil).

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2025, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) were as follows:

Long Positions in Shares of the Company

Name of director	Capacity	Number of issued ordinary shares held/ interested	Percentage of the issued shares of the Company
Martin Tung Hau Man	Beneficial owner	1,604,000	0.36%
Billy Tung Chung Man	Beneficial owner	3,052,400	0.68%
Raymond Tung Wai Man	Beneficial owner	360,000	0.08%
Tony Chang Chung Kay	Beneficial owner	3,844,760	0.85%

Save as disclosed above, as at 30 September 2025, none of the directors nor chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) adopted on 31 August 2018 which will remain in force until 30 August 2028, being 10 years after the date of its adoption.

During the Period, no share option was granted, vested, exercised, cancelled or lapsed under the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at 1 April 2025 and 30 September 2025.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the heading “SHARE OPTION SCHEME” above, at no time during the Period was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or entities connected with the director had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

OTHER INFORMATION (*Continued*)

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2025, the following substantial shareholders, other than directors and chief executives of the Company, had the interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held/ interested	Percentage of the issued shares of the Company (note (e))
Corona Investments Limited ("Corona")	Beneficial owner (note (a))	150,059,268	33.27%
Benson Tung Wah Wing	Interest of controlled corporation (note (a))	150,059,268	33.27%
Madam Wong Fung Lin	Interest of controlled corporation (note (a))	150,059,268	33.27%
Preferable Situation Assets Limited ("Preferable")	Beneficial owner (note (b))	37,048,200	8.21%
Member One Limited ("Member")	Beneficial owner (note (c))	27,561,800	6.11%
Webb David Michael	Interest of controlled corporation (note (d))	64,610,000	14.32%
Webb Karen Anne	Interest of controlled corporation (note (d))	64,610,000	14.32%

Notes:

- (a) 150,059,268 shares are owned by Corona. Mr. Benson Tung Wah Wing and his spouse, Madam Wong Fung Lin, together own the entire equity interests in equal shares in Corona. Accordingly, by virtue of the SFO, they are deemed to be interested in the 150,059,268 shares held by Corona.



OTHER INFORMATION (*Continued*)

- (b) Based on the notice of disclosure of interests of Preferable with the date of relevant event on 3 July 2025, 37,048,200 shares were held by Preferable, which was jointly wholly-owned by Webb David Michael and Webb Karen Anne, representing 8.21% of the issued shares of the Company.
- (c) Based on the notice of disclosure of interests of Member with the date of relevant event on 7 July 2025, 27,561,800 shares were held by Member, which was jointly wholly-owned by Webb David Michael and Webb Karen Anne, representing 6.11% of the issued shares of the Company.
- (d) These interests consisted of (i) 37,048,200 shares of the Company held by Preferable and (ii) 27,561,800 shares of the Company held by Member. By virtue of the SFO, Webb David Michael and Webb Karen Anne were deemed to be interested in total 64,610,000 shares, representing 14.32% of the issued shares of the Company.
- (e) The percentage of shareholding is calculated based on the total number of issued shares of the Company in issue as at 30 September 2025. As at 30 September 2025, the total number of issued shares of the Company was 451,067,557.

Save as disclosed above, as at 30 September 2025, the Company had not been notified of any persons (other than the directors or chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

BOARD OF DIRECTORS

Executive directors:

Mr. Martin Tung Hau Man (*Chairman*)
Mr. Billy Tung Chung Man (*Vice Chairman*)
Mr. Raymond Tung Wai Man (*Managing Director*)

Independent non-executive directors:

Mr. Tony Chang Chung Kay
Mr. Kenneth Yuen Ki Lok
Mr. Wilson Yu Wing Sang
Ms. Lee Siu Mei

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no change in Directors' information required to be disclosed, subsequent to the date of the annual report of the Company for the year ended 31 March 2025.

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

During the Period, 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.



OTHER INFORMATION (*Continued*)

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 unaudited interim results and interim report of the Group for the Period.

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Kenneth Yuen Ki Lok, Mr. Tony Chang Chung Kay and Ms. Lee Siu Mei, with Mr. Kenneth Yuen Ki Lok as the Chairman.

CORPORATE GOVERNANCE

Throughout the Period, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 Period.

Martin Tung Hau Man
Chairman

Hong Kong
27 November 2025
Website: www.tungtex.com