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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)**

- (1) TERMINATION OF MAJOR AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**
- (2) RESIGNATION OF EXECUTIVE DIRECTOR**
- (3) CHANGE OF CHAIRMAN, MANAGING DIRECTOR, COMPOSITION OF BOARD COMMITTEES AND AUTHORISED REPRESENTATIVE**

### **(1) TERMINATION OF MAJOR AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

As considerable time has elapsed since the negotiation and signing of the SP Agreement, after due and careful consideration, the Board considers that it is in the best interest of the Company not to proceed with the Disposal under the current terms and conditions of the SP Agreement.

### **(2) RESIGNATION OF EXECUTIVE DIRECTOR**

With effect from 12 January 2018, Mr. Benson Tung Wah Wing (“Mr. Benson Tung”) has resigned as the Chairman of the Board, an executive Director, the managing director and an authorised representative of the Company under Rule 3.05 of the Listing Rules as Mr. Benson Tung would like to spend more time on attending to his physical conditions.

### **(3) CHANGE OF CHAIRMAN, MANAGING DIRECTOR, COMPOSITION OF BOARD COMMITTEES AND AUTHORISED REPRESENTATIVE**

Following the resignation of Mr. Benson Tung as an executive Director, with effect from 12 January 2018,

- (1) Mr. Martin Tung Hau Man (“Mr. Martin Tung”), currently an executive Director, has been appointed as the Chairman of the Board, a member of the remuneration committee of the Board and the Chairman of the nomination committee of the Board; and
- (2) Mr. Raymond Tung Wai Man (“Mr. Raymond Tung”), currently an executive Director, has been appointed as the managing director of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules.

**(1) TERMINATION OF MAJOR AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 4 September 2017 (the “**Announcement**”) in relation to the Disposal and the Continuing Connected Transactions. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As considerable time has elapsed since the negotiation and signing of the SP Agreement, after due and careful consideration, the Board considers that it is in the best interest of the Company not to proceed with the Disposal under the current terms and conditions of the SP Agreement. Therefore, after trading hours on 12 January 2018, the Company and the Purchaser entered into the termination agreement for the SP Agreement under which the parties mutually agreed to terminate the SP Agreement and each party irrevocably and unconditionally releases and discharges the other party from all claims, liabilities and obligations in relation to the SP Agreement. Consequentially, on 12 January 2018, the Company and TTCL also entered into a termination agreement to terminate the Framework Purchase Agreement. The Board considers that the termination agreements will not have any material adverse effect on the operations of the Group.

The Board would continue to pursue the strategic plan to uplift the Group’s position in the value chain by the restructuring of the Manufacturing Business and disposing the high-cost Retailing Business in order to reallocate more resources to more profitable areas such as the Trading Business. The Company will update the Shareholders when there is any material development.

As a result of the termination, no circular will be issued and despatched by the Company to the Shareholders and no EGM will be convened and held for considering and approving the SP Agreement and the Framework Purchase Agreement.

**(2) RESIGNATION OF EXECUTIVE DIRECTOR**

The Board announces that with effect from 12 January 2018, Mr. Benson Tung has resigned as the Chairman of the Board, an executive Director, the managing director and an authorised representative of the Company under Rule 3.05 of the Listing Rules, and ceased to be a member of the remuneration committee and the Chairman of nomination committee of the Board as Mr. Benson Tung would like to spend more time on attending to his physical conditions.

Mr. Benson Tung has confirmed that he has no disagreement with the Board and that there are no matters in relation to his resignation that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude and appreciation to Mr. Benson Tung for his invaluable contribution to the Company during his term of service.

**(3) CHANGE OF CHAIRMAN, MANAGING DIRECTOR, COMPOSITION OF BOARD COMMITTEES AND AUTHORISED REPRESENTATIVE**

Following the resignation of Mr. Benson Tung as an executive Director, the Board further announces that, with effect from 12 January 2018,

- (1) Mr. Martin Tung, currently an executive Director, has been appointed as the Chairman of the Board, a member of the remuneration committee of the Board and the chairman of the nomination committee of the Board; and
- (2) Mr. Raymond Tung, currently an executive Director, has been appointed as the managing director of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules.

**Mr. Martin Tung**

Mr. Martin Tung, aged 42, joined the Group in 2000 and was promoted to assistant director in 2002. Mr. Martin Tung was appointed as an executive Director in 2010. He also holds directorships in some subsidiaries of the Company. He holds a Bachelor of Arts Degree in Economics from Simon Fraser University and a Master of Science Degree in Engineering Business Management from The University of Warwick. He is the son of Mr. Benson Tung, the substantial and controlling Shareholder, the brother of Mr. Billy Tung Chung Man (“**Mr. Billy Tung**”), an executive Director, and the cousin of Mr. Raymond Tung. Mr. Martin Tung is a director of Corona Investments Limited (“**Corona**”), the substantial and controlling Shareholder. Corona is owned by Mr Benson Tung and his spouse in equal shares.

Mr. Martin Tung does not at present, nor did he in the last three years, hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Martin Tung has entered into a service contract with the Company for a term of three years subject to retirement by rotation at least once every three years in accordance with the provisions of the articles of association of the Company. In light of the appointment as the Chairman of the Board, a member of the remuneration committee of the Board and the chairman of the nomination committee of the Board, Mr. Martin Tung’s remuneration is increased from HK\$110,000 per month to HK\$175,000 per month. Under the service contract, he is also entitled to an end of year payment equals to one month’s monthly salary, and a discretionary bonus. The remuneration package is determined based on the performance of the Group, as determined, among other things, with reference to his duties and responsibilities in the Company, his experience in the industry, the prevailing market conditions and the Group’s performance, by the remuneration committee, with delegated responsibility from the Board, in accordance with the Company’s remuneration policy pursuant to the authority given by the Shareholders in annual general meeting.

As at the date of this announcement, Mr. Martin Tung held 1,604,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

Mr. Martin Tung has confirmed that there is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters relating to his re-designation that need to be brought to the attention of the Shareholders.

### **Mr. Raymond Tung**

Mr. Raymond Tung, aged 52, joined the Group in 1988 and was appointed as an executive Director in 2000. Mr. Raymond Tung also holds directorships in some subsidiaries of the Company. He holds a Post-experience Certificate in Engineering Business Management from The University of Warwick. He is the nephew of Mr. Benson Tung, and the cousin of Mr. Martin Tung and Mr. Billy Tung.

Mr. Raymond Tung does not at present, nor did he in the last three years, hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Raymond Tung has entered into a service contract with the Company for a term of three years subject to retirement by rotation at least once every three years in accordance with the provisions of the articles of association of the Company. In light of the appointment as the managing director of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules, Mr. Raymond Tung's remuneration is increased from HK\$132,500 per month to HK\$170,000 per month. Under the service contract, he is also entitled to an end of year payment equals to one month's monthly salary, and a discretionary bonus. The remuneration package is determined based on the performance of the Group, as determined, among other things, with reference to his duties and responsibilities in the Company, his experience in the industry, the prevailing market conditions and the Group's performance, by the remuneration committee, with delegated responsibility from the Board, in accordance with the Company's remuneration policy pursuant to the authority given by the Shareholders in annual general meeting.

As at the date of this announcement, Mr. Raymond Tung held 360,000 shares of the Company within the meaning of Part XV of the SFO.

Mr. Raymond Tung has confirmed that there is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters relating to his re-designation that need to be brought to the attention of the Shareholders.

On behalf of the Board  
**Tungtex (Holdings) Company Limited**  
**Martin Tung Hau Man**  
*Chairman*

Hong Kong, 12 January 2018

*As at the date of this announcement, the executive Directors of the Company are Mr. Martin Tung Hau Man, Mr. Raymond Tung Wai Man and Mr. Billy Tung Chung Man; and independent non-executive Directors are Mr. Tony Chang Chung Kay, Mr. Robert Yau Ming Kim and Mr. Leslie Chang Shuk Chien.*