
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular, you should consult your stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tungtex (Holdings) Company Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF ASSETS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



建泉融資有限公司
VBG Capital Limited

Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular.

A notice convening the EGM of Tungtex (Holdings) Company Limited (the "Company") to be held at Room 1 & 2, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 31 January 2020 at 11:00 a.m. at which the aforesaid major transaction will be considered is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you intend to attend the meeting, please complete and sign the accompanying form of proxy in accordance with the instructions stated thereon and return it to the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company no later than 11:00 a.m. on Wednesday, 29 January 2020. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.

8 January 2020

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DEFINITIONS

In this circular unless the context otherwise requires, the following terms have the following meanings:

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Tungtex (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 00518)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Conditions Precedent”	the conditions precedent to the completion of the Disposal Agreement as set out in the paragraph headed “Conditions Precedent” under the section headed “THE DISPOSAL AGREEMENT” in the Letter from the Board in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	RMB70,500,000 payable by the Purchaser to the Vendor in respect of the Disposal, inclusive of tax payable by the Vendor pursuant to the terms of the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Assets owned by the Vendor in accordance with the terms of the Disposal Agreement
“Disposal Agreement”	the agreement dated 29 November 2019 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Target Assets

DEFINITIONS

“EGM”	the extraordinary general meeting convened to be held by the Company at Room 1 & 2, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 31 January 2020 at 11:00 a.m. to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder
“Escrow Agreement”	the escrow agreement entered into by and between the Parties and the Escrow Bank on the same day the Disposal Agreement is entered into
“Escrow Bank”	the escrow bank appointed pursuant to the provisions of the Disposal Agreement
“First Authorization Form”	the payment authorization form to be provided by the Purchaser to the Escrow Bank to facilitate the Vendor’s settlement of its tax obligations pursuant to the Disposal from the Joint Account
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Property Valuer”	the independent property valuer engaged by the Company
“Independent Third Party(ies)”	an independent third party not connected with the Company or its connected persons (as defined under the Listing Rules)
“Joint Account”	an account jointly opened and administered by the Parties pursuant to the Escrow Agreement
“Latest Practicable Date”	3 January 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Ownership Certificate”	has the meaning ascribed to it in the paragraph headed “Consideration and Payment” under the section headed “THE DISPOSAL AGREEMENT” in the Letter from the Board in this circular
“Parties”	the Vendor and the Purchaser
“Percentage Ratio(s)”	the meaning ascribed thereto under Chapter 14 of the Listing Rules
“PRC” or “China”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	東莞市豐泰達科技有限公司 (Dongguan Feng Tai Da Technology Co., Ltd.*), a company established in the PRC with limited liability
“Purchaser’s Representative”	the Purchaser’s representative appointed pursuant to the provisions of the Disposal Agreement
“RMB”	renminbi yuan, the lawful currency of the PRC
“Second Authorization Form”	the payment authorization form to be provided by the Purchaser to the Vendor for the latter’s presentation to the Escrow Bank together with a copy of the Ownership Certificate, whereupon the Escrow Bank shall release the funds in the Joint Account to the Vendor’s Designated Account pursuant to the terms of the Disposal Agreement and the Escrow Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“sq. m.”	square meters

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	has the meaning ascribed to it in the paragraph headed “Subject matter” under the section headed “THE DISPOSAL AGREEMENT” in the Letter from the Board in this circular
“UBO”	柯衛 (Ke Wei*) and Chen Yuanming, being the ultimate beneficial owners of the Purchaser
“Vendor”	東莞同得仕時裝有限公司 (Dongguan Tungtex Garments Co. Limited*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Vendor’s Designated Account”	the account designated by the Vendor to receive payments from the Escrow Bank pursuant to the Disposal Agreement and the Escrow Agreement
“%”	per cent

* For identification purpose only

In this circular, amounts in RMB have been translated, for illustration only, into HK\$ at the exchange rate of RMB1.0 = HK\$1.11.

References to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD



TUNGTEX (HOLDINGS) COMPANY LIMITED

同得仕(集團)有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00518)

Executive Directors:

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

Registered Office:

12/F., Tungtex Building
203 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

Independent non-executive Directors:

Mr. Tony Chang Chung Kay
Mr. Robert Yau Ming Kim
Mr. Leslie Chang Shuk Chien
Mr. Kenneth Yuen Ki Lok

8 January 2020

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF ASSETS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The Board announced on 1 December 2019 that the Vendor and the Purchaser entered into the Disposal Agreement on 29 November 2019 (after trading hours), pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase the Target Assets for a total consideration of RMB70.5 million, subject to the terms of the Disposal Agreement.

As one or more of the applicable Percentage Ratios calculated in respect of the Disposal is more than 25% but below 75%, the Disposal constitutes a major transaction for the Company which is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, (1) details of the Disposal Agreement and the Disposal; (2) valuation report of the Target Assets; (3) other information required to be disclosed under the Listing Rules; and (4) the notice of the EGM and a form of proxy to the Shareholder. The EGM is convened to be held for Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.

Any Shareholder with a material interest in the proposed transaction, and his/her close associates, will abstain from voting at relevant resolutions at the EGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the matters which are the subject of the Disposal such that it must abstain from voting, and, accordingly, all Shareholders will be permitted to vote at the EGM.

2. THE DISPOSAL AGREEMENT

The principal terms and conditions of the Disposal Agreement are set out below:

Date	29 November 2019
Parties	(1) the Vendor (2) the Purchaser
Subject matter	Pursuant to the Disposal Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the following assets located in 中國廣東省東莞市清溪鎮漁梁圍村 :- (1) the industrial land use rights with a total site area of 17,041.96 sq.m. until 31 March 2055; (2) the buildings and ancillary facilities located thereon with a total gross floor area of 20,473.03 sq.m., comprising: (a) a dormitory building with a total gross floor area of 6,296.78 sq.m.; (b) a dormitory building with a total gross floor area of 2,360.25 sq.m.; and (c) a factory building with a total gross floor area of 11,816.00 sq.m.

(collectively, the “**Target Assets**”)

LETTER FROM THE BOARD

Consideration and Payment

The Consideration for the disposal of the Target Assets is RMB70,500,000, inclusive of tax payable by the Vendor pursuant to the terms of the Disposal Agreement.

The Consideration shall be paid by the Purchaser in the following manner:-

- (1) The Purchaser shall pay RMB30,000,000 into the Joint Account within 2 working days after the Joint Account has been opened;
- (2) upon the Company having obtained approval of the Disposal Agreement and the transactions contemplated thereunder from the Shareholders, the Purchaser shall pay the remainder RMB40,500,000 into the Joint Account within 10 days after the Vendor has obtained the approval documents issued by 東莞市自然資源局 (The Natural Resources Bureau of Dongguan*) in respect of the Disposal; and
- (3) the Parties shall jointly and immediately arrange for the release of the funds in the Joint Account to the Vendor's Designated Account upon the Purchaser's Representative obtaining the property ownership certificate in respect of the Target Assets issued under the name of the Purchaser by the property registration department of the PRC government ("**Ownership Certificate**").

Notes:

- (1) The Parties shall be responsible for their respective tax obligations under the applicable laws and shall assist each other in handling the relevant tax matters in respect of the Disposal.
- (2) Taxes payable by the Vendor in respect of the Disposal shall be paid from the Joint Account and the Purchaser shall duly provide to the Escrow Bank the First Authorization Form and other necessary documents to facilitate the Vendor's settlement of the aforementioned taxes.
- (3) The Purchaser shall provide to the Vendor the Second Authorization Form at the same time as the First Authorization Form is deposited with the Escrow Bank, failing which the Vendor shall not be required to perform its tax obligations.

LETTER FROM THE BOARD

Basis of Consideration	The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser by reference to the valuation of the Target Assets prepared by the Independent Property Valuer engaged by the Company. The appraised value of the Target Assets is approximately RMB60.06 million as at 28 November 2019.
Conditions Precedent	<p>Completion of the Disposal is conditional upon the Company having obtained approval of the Disposal Agreement and the transactions contemplated thereunder from the Shareholders in accordance with the Listing Rules and other applicable laws.</p> <p>In the event that such Shareholders' approval cannot be obtained, the Vendor shall immediately notify the Purchaser and relinquish control of the Joint Account so that the funds therein may be released to the Purchaser. The Disposal Agreement shall terminate and all obligations and liabilities of the Vendor and the Purchaser to each other thereunder shall cease immediately upon such termination.</p>
Completion	The Target Assets shall be handed over to the Purchaser on the first working day after the Vendor has received the Consideration in the Vendor's Designated Account from the Joint Account.

3. INFORMATION OF THE PARTIES

The Vendor

The Vendor is an indirect wholly owned subsidiary of the Company incorporated in the PRC. It was principally engaged in garment manufacturing activities in Dongguan of China and it has no operation at present.

The Target Assets used to form a part of the Group's production facility but have now ceased operation.

The Purchaser

The Purchaser is a company incorporated in the PRC. It is principally engaged in software and information technology services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its UBO is an Independent Third Party.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) manufacture and trading of garments; and (ii) product design and retail sale of the Group's own brand apparel products.

Having taken into account the current property market conditions, the Board considers that the Disposal will enable the Company to centralize its resources by realising the value of the Target Assets.

The terms of the Disposal Agreement were determined after arm's length negotiations between the Company and the Purchaser and the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. FINANCIAL EFFECTS OF THE DISPOSAL

Before the Disposal, the Vendor is the legal and beneficial owner of the Target Assets. Upon Completion, the Vendor will cease to have any interest in the Target Assets. It is estimated that the Group will record a gain of approximately HK\$24,323,000 as a result of the Disposal, being the difference between (i) the Consideration after deducting relevant expenses and taxes, and (ii) the net book value of the Target Assets as at 30 September 2019 in the amount of approximately HK\$45,932,000. Shareholders should note that the financial effect is shown for reference only and the actual amount of gain or loss as a result of the Disposal is subject to audit by the auditors.

Based on the unaudited financial information of the Target Assets as at 30 September 2019 and assuming there are no substantial changes in the value of the Target Assets until the date of Completion, upon Completion:

- (i) the total assets of the Group is expected to increase due to the inclusion of the net proceeds from the Disposal of the Target Assets; and
- (ii) the net asset value of the Group is expected to increase thereafter.

6. INTENDED USE OF PROCEEDS

After deducting transaction costs and taxes of approximately HK\$8,000,000, the estimated net proceeds from the Disposal will amount to approximately HK\$70,255,000. The Company intends to apply the net proceeds from the Disposal to the general working capital of the Group and payment of a special dividend, which is subject to Completion, in the amount of approximately HK\$7.88 million. Further announcement will be made by the Company in respect of the special dividend after Completion has taken place.

LETTER FROM THE BOARD

7. FURTHER INFORMATION OF THE TARGET ASSETS AND FUTURE PLAN ON THE GARMENT BUSINESS

As stated in the Company's interim report for the six months ended 30 September 2019, the whole fashion and apparel industry is operating under a set of circumstances no more favorable than those of last year as global trade is roiled by increasing uncertainties and geo-political tensions. In view of the threat of tariffs on apparel kept escalating, the Group's OEM customers supplying apparel to the US market reacted by either cancelling or postponing their sourcing orders from China in an effort to reduce their dependence on China as their primary supply chain ecosystem.

In the midst of such economic downturn, the Group became even more proactive in controlling ongoing costs and cash flow, not only to survive but to regain competitiveness in the marketplace as well. The Group continued to adjust its business model, take effective measures and determined actions to streamline the loss-making distribution network and manufacturing operations.

In view of the escalating trade war between the US and China which was not expected to end anytime soon, the Group further strengthened the consolidation of production capacities in China to target for better cost savings and effectiveness in the longer term. From July to September 2019, the Group had commenced to merge production facilities and workforces in Dongguan (i.e. the Target Assets) into the Group's Zhongshan production plant. The Group paved the way for a smooth integration and consolidation of its manufacturing facilities in China without disruption to production schedule.

As a result of the aforesaid circumstances, the Dongguan factory (i.e. the Target Assets) ceased production operation from October 2019.

Average monthly production capacity of the Dongguan factory (i.e. the Target Assets) for the last fiscal year ended 31 March 2019 and for the six months ended 30 September 2019 are approximately 39,000 pieces of garment and 27,000 pieces of garment respectively.

However, the original production capacity of the Dongguan factory will be more than replaced and compensated by the expected production capacity of the Group's remaining production bases in Vietnam and Zhongshan of China and the Group's outsourcing factories.

Pursuant to the Dongguan Government's document, (東莞市政府自然資源局於2019年4月10日印發之「東莞市城市更新單元劃定方案編制和審查工作指引(試行)」(東自然資[2019] 1440號)), the area of any land site for which redevelopment is applied must not be less than 150 mu (畝) (or approximately 100,000 square metres). The site of the Target Assets in Dongguan is therefore not qualified for redevelopment.

Upon completion of the Disposal, the remaining production bases of the Group's garment manufacturing activities will be situated in Vietnam and Zhongshan of China.

Future plan on the Group's garment business

The Group's existing manufacturing operations are situated in Vietnam and Zhongshan of China and are strategically aligned to the Group's business growth strategy to serve the Group's two largest markets and are well positioned to capture a wider global market.

LETTER FROM THE BOARD

The Group's Vietnam manufacturing operation will effectively and efficiently expand its production capacity for quality customer with higher profit margin. At present, the Group is expanding its production capacity by improving productivity and expansion of production lines. The Group has already invested in technology and automation to increase productivity and will continue to leverage technology to optimize process redesign and streamline production sequences to achieve cost efficiency and operational excellence. The Group's newly set up sourcing office will grow its exports from Vietnam and widen its scope of business to accessory products. In the meantime, the Group will continue to explore options of flexible production capabilities by means of outsourcing, joint venture and strategic cooperation or alliance in Vietnam or other South East Asian countries with cost advantage. In the medium to long term, the Group believes that its Vietnam manufacturing operation is well positioned to support the Group to grow its export sales to the respective member countries and regions under the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Despite the recent diplomatic development and effort of both the US and China to resolve the year-long trade war and the indication of signing an interim "phase 1" agreement between the US and China, the consolidation and integration of production facilities in China into a single centralized production hub in Zhongshan will avoid any dangerous outcome of the trade war which may result in large scale idle facilities if majority of the US customers resort to alternative sourcing outside China. With a centralised and integrated manufacturing platform, the Group can better leverage on lean management control, automated processes and robotics to enhance productivity and counteract the rising labour costs to maximise efficiency. Besides cost efficiency, speed to market is equally critical to survival and winning in China. Proximity of manufacturing operations enables greater responsiveness at reduced supply chain costs to the local Chinese market which is fast-changing, dynamic and rapidly evolving.

In China, despite the historical low on the GDP indices, retail sales kept growing albeit at a slower rate. Even with the slowdown in economy, clothing market is still expected to be on a growing trend due to the rise of the millennials with higher disposable income, general improvement in living standards, population growth as well as the urbanization. Urbanization will be a mega-trend in China over the next few years and together with infrastructure development, rollout of 5G and the growth of smart cities, they are likely to fuel up growth and domestic demand.

There is no doubt how globalisation and digital technology will continue to shape the retail market in China and the behaviour of its consumers, brands must respond almost instantly to changing trends, realign the product mix and even disrupt their existing business models. Research indicates global online retail apparel market will continue its strong growth compared to traditional brick-and-mortar platforms, with key ecommerce platforms to capture most of the upsides. The Group's online sales strategy will remain in close partnership with mega online marketplace to leverage their huge market reputability and traffic to foster the Group's market visibility. The Group will continue to participate in their major marketing and promotional activities at material times to drive sales and popularity, in addition to offering special product variety exclusively to online customers. At the same time, the Group will continue to refine its omnichannel layout and concentrate its management effort and resources on retail stores with profitable growth potential.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had not entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) and negotiation (whether concluded or not), or intended to further dispose of/downsize its garment business.

8. EGM

The EGM will be held for Shareholders to consider and, if thought fit, approve: the Disposal Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at Room 1 & 2, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 31 January 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.tungtex.com>). Whether or not Shareholders are able to attend the EGM, they are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar and Transfer Office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:00 a.m. on Wednesday, 29 January 2020). To be effective, all forms of proxy must be lodged with Tricor Secretaries Limited before the deadline. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

9. CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as members to attend and vote at the EGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 23 January 2020
Closure of register of members	Friday, 24 January 2020 to Friday, 31 January 2020 (both days inclusive)
Record Date	Friday, 24 January 2020

During the above closure period, no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than the abovementioned latest time.

LETTER FROM THE BOARD

10. RECOMMENDATION

For the reasons set out above, the Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to approve the Disposal at the EGM.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2017, 2018 and 2019, respectively; and the interim results for the six months ended 30 September 2019, including the independent auditors' report thereon and the notes thereto, have been disclosed in the respective annual reports and interim report of the Company. The auditor of the Company has not issued any qualified opinion on the Group's consolidated financial statements for the three financial years ended 31 March 2017, 2018 and 2019, respectively.

The annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019, respectively; and the interim report for the six months ended 30 September 2019 are published on the websites of HKEXnews (<http://www.hkexnews.hk>) and the Company (<http://www.tungtex.com>) respectively.

Quick links

- (i) for the year ended 31 March 2017 (pages 47 to 99)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0724/ltn20170724589.pdf>

- (ii) for the year ended 31 March 2018 (pages 58 to 111)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727854.pdf>

- (iii) for the year ended 31 March 2019 (pages 43 to 96)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0729/ltn20190729417.pdf>

- (iv) for the six months ended 30 September 2019 (pages 3 to 26)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1212/2019121200781.pdf>

2. INDEBTEDNESS

As at 30 November 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness as summarised below.

Bank borrowings

As at 30 November 2019, the Group had interest-bearing bank borrowings of approximately HK\$155.8 million, which consisted of (i) bank loan, secured and guaranteed in aggregate of HK\$47.4 million; (ii) trust receipt loan, secured and guaranteed in aggregate of

HK\$12.9 million; (iii) trust receipt loan, unsecured and guaranteed in aggregate of HK\$16.7 million; (iv) import trade loan, secured and guaranteed in aggregate of HK\$38.6 million; and (v) import trade loan, secured and unguaranteed in aggregate of HK\$40.2 million.

Certain bank borrowings were secured by the Group's properties, pledged bank deposits and corporate guarantees.

Lease liabilities

As at 30 November 2019, all lease liabilities of the Group amounting to approximately HK\$2.49 million were secured by rental deposits and unguaranteed.

Contingent liabilities

The Group did not have any contingent liabilities as at 30 November 2019.

Disclaimer

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2019, the Group did not have any debt securities authorised or created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, other recognised lease liabilities or lease commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors, after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances, such as any event of force majeure occurs including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2019, being the date on which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from AP Appraisal Limited, an independent valuer, in connection with its valuation as at 28 November 2019 of the Target Assets.

AP Appraisal Limited
22/F., West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong
T 852 2218 5180
www.apa.com.hk

Our Ref: V/P/0518/Tungtex/191201

8 January 2020

Tungtex (Holdings) Company Limited

12/F, Tungtex Building, 203 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sir or Madam,

RE: Property Valuation of Properties located at Dongguan City in the People's Republic of China

We, AP Appraisal Limited (“APAL”), refer to the instructions from Tungtex (Holdings) Company Limited (the “Instructing Party”) to conduct a valuation for captioned Properties (the “Properties”) located at 中國廣東省東莞市清溪鎮漁梁圍村. The captioned properties are currently under the name of 東莞同得仕時裝有限公司, an indirect wholly-owned subsidiary of the Instructing Party (the “Company”). Details of which are set out in the attached valuation certificates. We confirm that we have carried our inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties as at 28 November 2019 (the “Valuation Date”) for announcement and circular purposes of the Instructing Party.

Our valuation is prepared in accordance with the RICS Valuation – Professional Standard issued by the Royal Institution of Chartered Surveyors and the International Valuation Standards on business valuation published by International Valuation Standards Council.

Our valuation is our opinion of Market Value which is defined by the International Valuation Standards to mean “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

According to the International Valuation Standard, the market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach. Therefore, market approach is adopted in the valuation as we found reliable, verifiable and relevant market information is available.

Unless otherwise stated, all property interests are valued by market approach – the Direct Comparison Method on the assumption that each property can be sold in their existing state with the benefit of vacant possession. The Direct Comparison Method is based on prices realised in actual transactions and/or asking prices of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Physical condition, location and economic characteristics are important criteria to be analysed when comparing to the Property.

In the course of our valuation for the property interests in the People’s Republic of China (the “PRC”), we have been provided with extracts from title documents relating to such property interests. However, we have relied considerably on the information given by the Company’s PRC legal advisor, 廣東法然律師事務所, concerning the validity of the Company’s title to the property interests located in the PRC, and the opinion that the current use of the property is in line with the permitted use set out in the land use certificate. All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us.

Our valuation has been made on the assumption that the owner sells the property on the open markets without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

We have relied to a considerable extent on information given by the Instructing Party, in particular, but not limited to, planning approvals, development schemes and schedule, incurred and outstanding development costs, statutory notices, easements, tenancies, floor areas, gross floor areas, site area, construction cost, expected building completion date, etc. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, which is material to the valuation. We were also advised by the Instructing Party that no material facts have been omitted from the information provided to us. We do not commission site surveys and a site survey has not been provided to us.

We had committed site visit in September 2019 by Mr. Paul Hung, a director of our firm who has over 10 years of experience in the valuation of properties in the Greater China Region. We have assumed there are no encroachments by or on the property, and the Instructing Party should confirm this status by obtaining a current survey report and/or advice from a registered surveyor. If any encroachments are noted by the survey report, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).

We have assumed that the site is free of elevated levels of contaminants. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the Properties. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

Unless otherwise noted, we have assumed that the improvements are free of Asbestos and Hazardous Materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. We assume the site is free of subsoil asbestos and have made no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the Properties. If a test is undertaken at some time in the future to assess the degree, if any, of the presence of any asbestos/hazardous materials on site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses, government rent or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

The monetary amounts are stated in Renminbi (RMB). We enclose herewith our valuation certificates.

We hereby certify that we have neither present nor prospective interests in the Instructing Party or the value reported.

Yours faithfully,
For and on behalf of
AP Appraisal Limited

Paul Hung *MRICS ASA*
Director – Valuation & Advisory Services

Encl.

Note: Mr. Paul Hung is a Registered Surveyor of Royal Institution of Chartered Surveyors. He has over 10 year's valuation experience in the Greater China Region.

SUMMARY OF VALUES

No. Property	Market Value as at 28 November 2019 RMB
1. 中國廣東省東莞市清溪鎮漁梁圍村 (員工宿舍)	18,760,000
2. 中國廣東省東莞市清溪鎮漁梁圍村 (幹部宿舍)	7,030,000
3. 中國廣東省東莞市清溪鎮漁梁圍村 (廠房)	<u>34,270,000</u>
Total:	<u><u>60,060,000</u></u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Details of occupancy	Market Value as at 28 November 2019
1.	中國廣東省東莞市 清溪鎮漁梁圍村 (員工宿舍)	<p>The 5-storey property is at the age of 6 years approximately with total Gross Floor Area ("GFA") of 6,296.78 sq.m., with all levels of the property for non-residential (plant) usage.</p> <p>The building is erected on a land parcel for industrial use with a site area of approximately 17,041.96 sq.m.</p> <p>The land use rights of the site were granted to 東莞同得仕時裝有限公司 for industrial use for term expiring on 31 March 2055.</p>	As advised by the Company, the property is basically vacant as at the Valuation Date, other than some rooms being used by employees of the Company for dormitory use.	<p>RMB18,760,000 (Renminbi eighteen million seven hundred and sixty thousand only)</p> <p>(100% interests attributable to 東莞同得仕時裝有限公司: RMB18,760,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Certificate 東府國用(2008)第特241號 dated 9 May 2013, the land of the site where the development erected/to be erected with a land area of approximately 17,041.96 sq.m. was granted to 東莞同得仕時裝有限公司 for term expiring on 31 March 2055 for industrial use.
- Pursuant to the Property Ownership Certificate 粵房地權證莞字第2600512165號 dated 3 June 2013, 東莞同得仕時裝有限公司 is the legal title owner, and the sole owner of the property.
- As informed by the Company, the Company owns an attributable interest of 100% in the property, and is held for sale.
- In the course of our inspection, we did not note any serious structural defects in the property.
- Site inspection of the property was conducted in September 2019 by Mr. Paul Hung, a Registered Surveyor of Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Details of occupancy	Market Value as at 28 November 2019
2.	中國廣東省東莞市清溪鎮漁梁圍村(幹部宿舍)	<p>The 5-storey property is at the age of 6 years approximately with total Gross Floor Area (“GFA”) of 2,360.25 sq.m., with all levels of the property for non-residential (industrial) usage.</p> <p>The building is erected on a land parcel for industrial use with a site area of approximately 17,041.96 sq.m.</p> <p>The land use rights of the site were granted to 東莞同得仕時裝有限公司 for industrial use for term expiring on 31 March 2055.</p>	As advised by the Company, the property is basically vacant as at the Valuation Date, other than some rooms being used by employees of the Company for dormitory use.	<p>RMB7,030,000 (Renminbi seven million and thirty thousand only)</p> <p>(100% interests attributable 東莞同得仕時裝有限公司: RMB7,030,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Certificate 東府國用(2008)第特241號 dated 9 May 2013, the land of the site where the development erected/to be erected with a land area of approximately 17,041.96 sq.m. was granted to 東莞同得仕時裝有限公司 for term expiring on 31 March 2055 for industrial use.
- Pursuant to the Property Ownership Certificate 粵房地權證莞字第2600512166號 dated 3 June 2013, 東莞同得仕時裝有限公司 is the legal title owner, and the sole owner of the property.
- As informed by the Company, the Company owns an attributable interest of 100% in the property, and is held for sale.
- In the course of our inspection, we did not note any serious structural defects in the property.
- Site inspection of the property was conducted in September 2019 by Mr. Paul Hung, a Registered Surveyor of Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Details of occupancy	Market Value as at 28 November 2019
3.	中國廣東省東莞市清溪鎮漁梁圍村(廠房)	<p>The 4-storey property is at the age of 6 years approximately with total Gross Floor Area ("GFA") of 11,816 sq.m., with all levels of the property for non-residential (industrial) usage.</p> <p>The building is erected on a land parcel for industrial use with a site area of approximately 17,041.96 sq.m.</p> <p>The land use rights of the site were granted to 東莞同得仕時裝有限公司 for industrial use for term expiring on 31 March 2055.</p>	As advised by the Company, the property is basically vacant as at the Valuation Date, other than 4/F of the property being used as warehouse.	<p>RMB34,270,000 (Renminbi thirty four million two hundred and seventy thousand only)</p> <p>(100% interests attributable to 東莞同得仕時裝有限公司: RMB34,270,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Certificate 東府國用(2008)第特241號 dated 9 May 2013, the land of the site where the development erected/to be erected with a land area of approximately 17,041.96 sq.m. was granted to 東莞同得仕時裝有限公司 for term expiring on 31 March 2055 for industrial use.
- Pursuant to the Property Ownership Certificate 粵房地權證莞字第2600512167號 dated 3 June 2013, 東莞同得仕時裝有限公司 is the legal title owner, and the sole owner of the property.
- As informed by the Company, the Company owns an attributable interest of 100% in the property, and is held for sale.
- In the course of our inspection, we did not note any serious structural defects in the property.
- Site inspection of the property was conducted in September 2019 by Mr. Paul Hung, a Registered Surveyor of Royal Institution of Chartered Surveyors.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Interests of Directors and chief executives**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive 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 SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held/interested	Approximate percentage of shareholding in the Company
Martin Tung Hau Man	Beneficial owner	1,604,000	0.35%
Raymond Tung Wai Man	Beneficial owner	360,000	0.08%
Billy Tung Chung Man	Beneficial owner	3,052,400	0.66%
Tony Chang Chung Kay	Beneficial owner	3,844,760	0.83%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by

the Company referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

Long positions in shares of the Company

Name of Shareholder	Capacity	Number of issued ordinary shares held/interested	Approximate percentage of shareholding in the Company
Corona Investments Limited (“Corona”)	Beneficial owner (note a)	150,059,268	32.37%
Benson Tung Wah Wing	Interest of controlled corporation (note a)	150,059,268	32.37%
Madam Wong Fung Lin	Interest of controlled corporation (note a)	150,059,268	32.37%
Wykeham Capital Asia Value Fund (“WCAVF”)	Beneficial owner (note b)	32,838,000	7.08%
Wykeham Capital Limited	Investment manager (note b)	32,838,000	7.08%
Thomas Howel Gruffudd Rhys	Interest of controlled corporation (note b)	32,838,000	7.08%
Webb David Michael	Beneficial owner (note c)	11,289,334	2.44%
	Interest of controlled corporation (note c)	16,610,666	3.58%

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. By virtue of the SFO, they are deemed to be interested in the 150,059,268 shares held by Corona.
- (b) Based on the notice of disclosure of interests of Thomas Howel Gruffudd Rhys filed on 6 August 2018, he was deemed to be interested in the 32,838,000 shares owned by WCAVF by virtue of his 100% shareholding interest in Wykeham Capital Limited (which is the investment manager of WCAVF).
- (c) Based on the notice of disclosure of interests of Webb David Michael filed on 9 February 2018, he is beneficial owner of 11,289,334 shares. In addition, 16,610,666 shares are held by Preferable Situation Assets Limited, a company 100% controlled by Webb David Michael. In total, he is interested in 27,900,000 shares, representing 6.02% of the issued shares of the Company.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there was no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

In December 2010, the administratrix of the estate of Peter Mui (who was a 49% shareholder of Yellow River, Inc. (“**Yellow River**”), a 51% subsidiary of the Company) (the “**Administratrix**”) filed a Verified Petition (the “**Petition**”) against Tungtex (U.S.A.) Inc. (“**Tungtex US**”), a wholly-owned subsidiary of the Company and the 51% shareholder of Yellow River, and Yellow River in the Surrogate’s Court of the State of New York, County of New York (the “**Court**”) alleging Tungtex US was engaged in oppressive conduct as a majority shareholder of Yellow River and (a) seeking the dissolution of Yellow River and the appointment of receiver to oversee the dissolution; (b) requiring Tungtex US to turnover to the estate of Peter Mui 49% of the value of Yellow River; (c) requiring Tungtex US to account for sums received from Yellow River since 1 April 2009; (d) requiring Tungtex US to turnover to Yellow River funds improperly looted and diverted by it; and (e) seeking the grant of such other and further relief as the Court may deem just and proper. By the verified answers and counterclaims filed, Tungtex US and Yellow River both denied the allegations made by, and asserted counterclaims for damages against, the Administratrix. The Administratrix moved for summary judgement granting its claim for a judicial dissolution and dismissing the counterclaims. Tungtex US and Yellow River opposed the motion and cross-moved for summary judgement dismissing the Petition. By Decision and Order dated 8 November 2017, the Court denied the Administratrix’s motion for summary judgement and cross-motions of Tungtex US and Yellow River for summary judgement, denied the Administratrix’s motion to dismiss counterclaims of Yellow River except for the counterclaim for an accounting, and granted the Administratrix’s motion to dismiss counterclaims of Tungtex US, holding that Tungtex US does not have an independent basis to assert the counterclaims, which allege damage to Yellow River and also were asserted by Yellow River. The Administratrix did not appeal from the decision, and its time to do so has expired. The next step is to finish discovery and then prepare for a trial (for which no date has yet been set). The Administratrix has not taken any steps to move the case forward.

Based on and after consideration of the legal advices obtained and the possible business and financial impacts, the directors are of the view that Tungtex US and Yellow River have meritorious defenses against the claims asserted in the Petition as well as viable counterclaims and the legal proceeding is not of material importance to the Group.

So far as is known to the Directors, save for the legal proceedings disclosed above, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interest in businesses which competes or was likely to compete, whether directly or indirectly, with the business of the Group that would need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert whose advice or opinion is included in this circular:

Name	Qualification
AP Appraisal Limited (“APA”)	Professional property surveyors and valuers

As at the Latest Practicable Date, APA:

- (a) did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and
- (b) did not have any interests, direct or indirect, in any assets which since 31 March 2019, the date to which the latest published audited consolidated financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

APA has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name in the form and context in which it is included.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (a) the termination agreement dated 12 January 2018 for the termination of the sale and purchase agreement dated 4 September 2017, further details of which are set out in the announcements of the Company dated 4 September 2017 and 12 January 2018 respectively;
- (b) the termination agreement dated 12 January 2018 for the termination of the framework purchase agreement dated 4 September 2017, further details of which are set out in the announcements of the Company dated 4 September 2017 and 12 January 2018 respectively;
- (c) the sale and purchase agreement dated 30 January 2019 and entered into among the Company and Goldmax Hong Kong Investment Limited (金匯香港投資有限公司) (an independent third party) and On Time Investment Development Limited (安泰投資發展有限公司) (an independent third party), pursuant to which the Company

has agreed to sell, and the purchasers have agreed to acquire 100% of the issued share capital of Cheergain Limited, and the shareholder's loan owed by Cheergain Limited to the Company at the consideration of HK\$52,417,000, further details of which are set out in the announcement of the Company dated 30 January 2019; and

- (d) the Disposal Agreement.

9. GENERAL

The company secretary of the Company is Mr. Liu Hoi Keung. Mr. Liu is a director of JWMG Professional Services Limited. He has over 30 years of experience in the field of audit, accounting and secretarial work and was previously the company secretary of companies listed on the Stock Exchange. Mr. Liu is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

The share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The English text of this circular prevails over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 12th Floor, Tungtex Building, 203 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2017, 2018 and 2019, respectively; and the interim report of the Company for the six months ended 30 September 2019;
- (c) the valuation report on the Target Assets prepared by APA, the text of which is set out in Appendix II to this circular;
- (d) the consent letter given by APA, as referred to in the section headed "Qualification and Consent of Expert" in this Appendix;
- (e) the material contracts referred to in the section headed "Material Contracts" in this Appendix; and
- (f) this circular.

NOTICE OF EGM



TUNGTEX (HOLDINGS) COMPANY LIMITED

同得仕(集團)有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00518)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Tungtex (Holdings) Company Limited (the “Company”) will be held at Room 1 & 2, 10/F, United Conference Centre, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 31 January 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**
 - (a) the Disposal Agreement dated 29 November 2019 entered into between the Company as vendor and 東莞市豐泰達科技有限公司 (Dongguan Feng Tai Da Technology Co., Ltd.*), as purchaser in respect of the Disposal (as defined in the circular of the Company dated 8 January 2020 (“Circular”), a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved (terms as defined in the Circular having the same meanings when used in this resolution);
 - (b) any one of the directors of the Company (“**Director(s)**”) be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Disposal Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Disposal Agreement) as are, in the opinion of such Director, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 8 January 2020

NOTICE OF EGM

Registered office

12th Floor, Tungtex Building
203 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof, must be deposited at the Company's share registrar and transfer office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the appointed time for holding of the EGM or any adjournment hereof (as the case may be). In calculating the aforesaid 48 hours period, no account will be taken of any part of a day that is a public holiday.
3. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof.
4. For determining the qualification as members to attend and vote at the EGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer documents
for registration 4:30 p.m. on Thursday, 23 January 2020

Closure of register of members Friday, 24 January 2020 to
Friday, 31 January 2020 (both days inclusive)

Record Date Friday, 24 January 2020

During the above closure period, no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than the abovementioned latest time.

5. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint registered holders are present at the EGM personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such shares will alone be entitled to vote in respect thereof.
6. Voting on the above resolution(s) will be taken by poll.

As at the date of this notice, the executive directors of the Company are Mr. Martin Tung Hau Man, Mr. Raymond Tung Wai Man and Mr. Billy Tung Chung Man; and the independent non-executive directors are Mr. Tony Chang Chung Kay, Mr. Robert Yau Ming Kim, Mr. Leslie Chang Shuk Chien and Mr. Kenneth Yuen Ki Lok.