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TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE SPIN-OFF CO ON THE SHENZHEN STOCK EXCHANGE

Financial adviser of the Company



INTRODUCTION

The Company is considering a possible spin-off and separate listing of the Spin-off Co, an indirect wholly-owned subsidiary of the Company, on the ChiNext Board of the SZSE. The Spin-off Group is principally engaged in the production of durable household goods, household utensils, sports goods and healthcare goods for European and American mega-size brands.

The Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15 and the Stock Exchange has confirmed on 13 September 2019 that the Company may proceed with the Proposed Spin-off. It is expected that the Spin-off Co will make an application for a listing of its A-shares on the ChiNext Board of the SZSE in the first half of 2020.

THE PROPOSED SPIN-OFF

The Group is a world-leading solutions provider of high-precision structures for smart mobile communications and consumer electronic products, which provides customers with one-stop product design, technological research and development, and manufacturing solutions.

The Spin-off Co is a limited liability company established under the laws of the PRC on 2 February 2016 and is principally engaged in the production of durable household goods, household utensils, sports goods and healthcare goods, etc for European and American mega-size brands (the “**Spin-off Business**”).

The Company is considering to seek a separate listing of the A-shares of the Spin-off Co on the SZSE. It is expected that the Spin-off Co will make an application for a listing of its A-shares on the ChiNext Board of the SZSE in the first half of 2020. The Proposed Spin-off, if materialised, will be conditional upon, among other things, the approval of the CSRC and the SZSE to the proposed A-shares listing and completion of the offering of the A-shares. It is expected that the Proposed Spin-off will involve the issue of new shares of the Spin-off Co by way of public offering and/or placing of new shares of the Spin-off Co, and the issue of new shares of the Spin-off Co to its employees. It is intended that the Spin-off Co will remain as a subsidiary of the Company after completion of the Proposed Spin-off and the Company shall continue to maintain its listing status on the Stock Exchange.

The Board considers that the Proposed Spin-off will enable investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective businesses separately such that the Spin-off Co and the Company can be valued on a standalone basis to reflect the true market value of the respective businesses so as to create better return of value to the shareholders of the Company and the Spin-off Co.

LISTING RULES IMPLICATION

The Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15 and the Stock Exchange has confirmed on 13 September 2019 that the Company may proceed with the Proposed Spin-off. The Proposed Spin-off, if materialised, is expected to constitute a deemed disposal and a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(F) OF PN15

In accordance with the requirements of Paragraph 3(f) of PN15, the Board is required to give due regard to the interests of the existing Shareholders by providing them with an assured entitlement to the A-shares of the Spin-off Co, if the Proposed Spin-off proceeds.

After due and careful consideration of the Proposed Spin-off and having taken into account the advice from the Company's PRC legal counsel, the Board has resolved not to provide assured entitlement to the Shareholders under the Proposed Spin-off due to the legal restriction in offering PRC listed shares to foreign investors, including the proposed offering of the A-shares of the Spin-off Co to the Shareholders.

As such, the Company has applied for, and the Stock Exchange agreed to grant, a waiver (the "**Waiver**") from strict compliance with this requirement of Paragraph 3(f) of PN15 subject to the condition that the Company would publish an announcement stating (i) the reasons for not providing assured entitlement to the Shareholders; (ii) the legal restrictions under the PRC laws and regulations in providing assured entitlements; and (iii) the Board's confirmation to the Company that the Proposed Spin-off and the Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An announcement pursuant to PN15 and further announcement(s) will be made by the Company as and when appropriate in respect of the details of and any material development in relation to the Proposed Spin-Off.

Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SZSE. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Proposed Spin-off will materialise, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“A-shares”	ordinary share(s) denominated in Renminbi, the lawful currency of the PRC, of a company listed on the SZSE in the PRC
“Board”	the board of Directors
“CSRC”	China Securities Regulatory Commission
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 698)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed listing of the A-shares of the Spin-off Co on the ChiNext Board of the SZSE
“Shareholder(s)”	the shareholder(s) of the Company

“Spin-off Co”	廈門市通達創智實業有限公司 (Tongda (Xiamen) Smart Technology Co. Ltd*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Spin-off Group”	the Spin-off Co and its subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed in the Listing Rules
“SZSE”	the Shenzhen Stock Exchange

By Order of the Board
Tongda Group Holdings Limited
Wang Ya Nan
Chairman

Hong Kong, 18 September 2019

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yeung and Mr. Wang Ming Che as executive Directors; Mr. Wong Ah Yu and Ms. Chan Sze Man as non-executive Directors; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.

* *For identification purposes only*