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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)

POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE SPIN-OFF CO

THE PROPOSED SPIN-OFF

Reference is made to the announcement of the Company dated 18 September 2019 in relation to the Proposed Spin-off of the Spin-off Co, which was then a wholly-owned subsidiary and is currently a 90%-owned subsidiary of the Company engaged in the production of durable household goods, household utensils, sports goods and healthcare goods for European and American mega-sized brands. The Company submitted an application in relation to the Proposed Spin-off pursuant to PN15 to the Stock Exchange for approval and the Stock Exchange confirmed on 13 September 2019 that the Company might proceed with the Proposed Spin-off.

Due to the rapid change of market condition as a result of the outbreak of COVID-19 in early 2020, the Spin-off Co postponed the submission of the listing application for the Proposed A-Share Listing which was initially scheduled in the first half of 2020. As the market condition has improved recently, the Company has decided to resume the Proposed Spin-off and the listing application for the Proposed A-Share Listing is planned to be submitted in October 2021. Accordingly, the Company has submitted an updated proposal in relation to the Proposed Spin-off pursuant to PN15 to the Stock Exchange for approval. The Stock Exchange has confirmed on 3 September 2021 that the Company may proceed with the Proposed Spin-off.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Group indirectly holds a 90% equity interest in the Spin-off Co. The listing of the Spin-off Co is expected to involve the issue of new A-shares of the Spin-off Co by way of public offer and/or placing. It is intended that the number of new A-shares to be issued under the Proposed A-Share Listing will not be more than 25% of the enlarged issued share capital of the Spin-off Co after the aforesaid public offer and/or placing, following which the ownership of the Company in the Spin-off Co will be diluted to not less than 67.5%. Accordingly, the Proposed A-Share Listing, if materialised, will constitute a deemed disposal of the Group's interest in the Spin-off Co under Rule 14.29 of the Listing Rules. Based on the upper end of the currently expected offer size of approximately RMB770 million under the Proposed A-Share Listing, the highest applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Proposed Spin-off is expected to exceed 25% but be less than 75%. Accordingly, the Proposed Spin-off, if proceeded, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under PN15 and Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Proposed Spin-off. As at the date of this announcement, none of the Shareholders and their respective associates has any material interest in the Proposed Spin-off and therefore no Shareholder will be required to abstain from voting on the resolution in respect of the Proposed Spin-off at the EGM.

The Independent Board Committee comprising Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and Mr. Ting Leung Huel, Stephen, being all the independent non-executive Directors, has been established to advise the Shareholders in respect of the Proposed Spin-off. Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

A circular containing, among others things, (i) details of the Proposed Spin-off; (ii) the letter of recommendation of the Independent Board Committee to the Shareholders in respect of the Proposed Spin-off; (iii) the letter of advice from Maxa Capital to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off; (iv) financial information of the Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on 8 September 2021.

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

THE PROPOSED SPIN-OFF

Reference is made to the announcement of the Company dated 18 September 2019 in relation to the Proposed Spin-off of the Spin-off Co, which was then a wholly-owned subsidiary and is currently a 90%-owned subsidiary of the Company engaged in the production of durable household goods, household utensils, sports goods and healthcare goods for European and American mega-sized brands. The Company submitted an application in relation to the Proposed Spin-off pursuant to PN15 to the Stock Exchange for approval and the Stock Exchange confirmed on 13 September 2019 that the Company might proceed with the Proposed Spin-off.

Due to the rapid change of market condition as a result of the outbreak of COVID-19 in early 2020, the Spin-off Co postponed the submission of the listing application for the Proposed A-Share Listing which was initially scheduled in the first half of 2020. As the market condition has improved recently, the Company has decided to resume the Proposed Spin-off and the listing application for the Proposed A-Share Listing is planned to be submitted in October 2021. Accordingly, the Company has submitted an updated proposal in relation to the Proposed Spin-off pursuant to PN15 to the Stock Exchange for approval. There is no material change in the structure of the Proposed Spin-off and the businesses of both the Remaining Group and the Spin-off Group under the updated proposal of the Proposed Spin-off as compared to the previous proposal. The Stock Exchange has confirmed on 3 September 2021 that the Company may proceed with the Proposed Spin-off.

Subject to fulfilment of the conditions set out in the paragraph headed “Conditions of the Proposed Spin-off” below, it is proposed that the Spin-off Co will apply for a separate listing of its A-shares on the PRC Stock Exchange and will be spun-off from the Group. The listing of the Spin-off Co is expected to involve the issue of new A-shares of the Spin-off Co by way

of public offer and/or placing. It is intended that the number of new A-shares to be issued under the Proposed A-Share Listing will not be more than 25% of the enlarged issued share capital of the Spin-off Co after the aforesaid public offer and/or placing. The actual number of new A-shares of the Spin-off Co to be issued will be determined at a later stage subject to regulatory approvals by the PRC Stock Exchange and the CSRC, discussions among the management of the Spin-off Co, the PRC Sponsor and other advisers for the Proposed A-Share Listing and in particular, subject to market conditions. In any event, the Group is expected to hold not less than 67.5% of the enlarged issued share capital of the Spin-off Co following completion of the Proposed A-Share Listing, and the Spin-off Co will remain as a subsidiary of the Company.

Based on the current timetable, it is expected that the listing application of the Spin-off Co will be made in October 2021 and the listing of the A-shares of the Spin-off Co on the PRC Stock Exchange, if approved and proceeded with, will be around the second half of 2022.

Conditions of the Proposed Spin-off

Based on the information currently available to the Board, the Proposed Spin-off will be conditional upon, among other things, the fulfillment of the following conditions:

- (i) the approval by the CSRC, the PRC Stock Exchange and other authorities in relation to the Proposed A-Share Listing;
- (ii) the approval by the Shareholders in relation to the Proposed Spin-off at the EGM; and
- (iii) the approval by any other applicable PRC regulatory authorities for the listing of and permission to deal in the A-shares to be issued by the Spin-off Co.

If any of the above conditions is not fulfilled, the Proposed Spin-off will not proceed and the Company will make an announcement accordingly.

Proceeds to be raised from the Proposed A-Share Listing and proposed use of proceeds

On the assumption that the proposed offering size represents 25% of the enlarged issued share capital of the Spin-off Co, it is currently expected that the gross proceeds to be raised under the Proposed A-Share Listing will be within the range of approximately RMB660 million to approximately RMB770 million. The actual amount of proceeds to be raised cannot be determined at this stage as the actual number and final offer price of new A-shares of the Spin-off Co to be issued will be determined at a later stage subject to a number of factors.

Based on the discussions between the management of the Spin-off Co and the PRC Sponsor, the number and final offer price of new A-shares to be issued under the Proposed A-Share Listing will be determined taking into account (i) the historical operating results and financial performance of the Spin-off Group; (ii) the business prospects and the expected performance of the Spin-off Group for the year ending 31 December 2021; (iii) the capital needs of the Spin-off Group and proposed use of proceeds as further discussed below; (iv) the then responses to price consultation with potential subscribers in the book-building process for the Proposed A-Share Listing; (v) the prevailing market sentiment at the time of the Proposed A-Share Listing; and (vi) the reference to be drawn from other comparable companies in the same industry listed on the PRC Stock Exchange.

It is expected that the proceeds from the Proposed A-Share Listing will be applied for the development of the Spin-off Business as to (i) approximately RMB264.0 million (equivalent to approximately HK\$316.8 million) for the construction of a new production plant equipped with advanced production equipment and information system in Shishi, Fujian Province, the PRC which has commenced in August 2021 and is expected to complete in the second half of 2023; (ii) approximately RMB280.0 million (equivalent to approximately HK\$336.0 million) for the expansion of the existing production plant in Xiamen, Fujian Province, the PRC which has commenced in December 2020 and is expected to complete in the first half of 2023; (iii) approximately RMB67.0 million (equivalent to approximately HK\$80.4 million) for upgrading the existing research and automation centre, which includes renovation, upgrade of hardware and software and expenditure for research projects, during the years from 2022 to 2024; and (iv) the remaining RMB85.0 million (equivalent to approximately HK\$102.0 million) as general working capital of the Spin-off Group. The above timeline is based on current estimation by the management of the Spin-off Group and will be subject to change depending on the actual construction/upgrade progress.

Details of the Proposed Spin-off will be finalised at a later stage. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules. Shareholders and potential investors of the Company should be aware that the expected offer size and the estimated gross proceeds as referred to above is for illustration purposes only and the actual amount to be raised and the proposed use of proceeds shall be subject to the listing application documents to be submitted by the Spin-off Co taking into account, among others, the PRC domestic market conditions at the time of the materialisation of the Proposed A-Share Listing as well as the business development of the Spin-off Group, and may vary substantially from the amounts estimated above.

INFORMATION ON THE GROUP AND THE SPIN-OFF GROUP

The Group is a one-stop solution provider for high-precision structures for smart mobile communications and consumer electronic products involving product design, technological research and development, and manufacturing solutions. The Group is principally engaged in (i) the production of handset casings, tri-proof (waterproof, dustproof and shockproof) high-precision components, high-precision insert molding parts and high-precision rubber molding parts; (ii) the production of control panels, casings and metal accessories for high-end electrical appliances for Chinese and international brands. Its products include smart home appliances such as air-conditioners, washing machines and refrigerators; (iii) the production of set-top boxes and routers as well as automobile interior decorations (altogether, being the Remaining Businesses); and (iv) the production of durable household goods, household utensils, sport goods and healthcare goods for European and American mega-sized brands (i.e. the Spin-off Business).

The Spin-off Group

The Spin-off Co is a company established in February 2016 in the PRC with limited liability for the purpose of taking up the Spin-off Business from another subsidiary of the Company to achieve better delineation between the Remaining Businesses and the Spin-off Business. As at the date of this announcement, the Spin-off Co is owned as to 47.5% by Tongda Modern Home, 42.5% by Tongda Technology and 10% by the Senior Management respectively.

As at the date of this announcement, the Spin-off Co had two wholly-owned subsidiaries, namely STX and Tongda Shishi. STX was established in the PRC in June 2019 to commence a new household product line while Tongda Shishi was established in March 2021 in the PRC for the purpose of acquiring a land parcel for construction of a new production plant for the manufacture of household products. The land acquisition was completed in April 2021 and the construction of the production plant has commenced in August 2021 and is expected to be completed in the second half of 2023. The construction of the said production plant will be funded by internal resources and proceeds from the Proposed A-Share Listing.

The Spin-off Business

The Spin-off Business mainly involves the manufacture and sale of durable household goods, household utensils, sports goods and healthcare goods for European and American mega-sized brands. Such products are mainly made of general plastic and general modified plastic which are tailored for the specifications and features of different products and require mature and sophisticated molding technology. The products are then assembled with other plastic parts and/or electronic parts into finished household and sports goods. For example, the products manufactured by the Spin-off Group are assembled with motors sourced from other suppliers into sprayers. Customers of the Spin-off Business are mainly brand owners of surface finishing systems, furniture, sporting goods and outdoor lifestyle products. The production of the Spin-off Group's products has been carried out at the factory premises of the Group in Xiamen, the PRC, the ownership (together with the corresponding land use right) of which has been transferred to the Spin-off Co by way of capital injection in December 2019.

Financial information

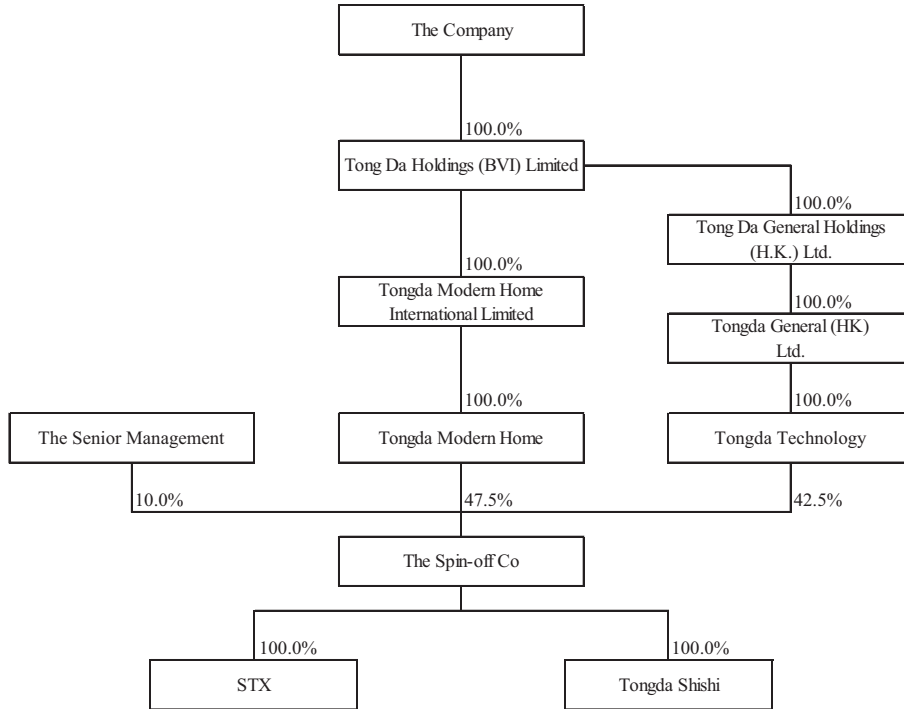
The following table summarises the unaudited combined financial information of the Spin-off Group (as if the group structure had been in existence throughout the two financial years ended 31 December 2019 and 2020) extracted from its management accounts included in the audited consolidated financial statements of the Group for the respective year:

	Year ended 31 December	
	2019	2020
	(HK\$' million)	(HK\$' million)
	(unaudited)	(unaudited)
Revenue	648.2	808.2
Profit before taxation	68.4	105.6
Profit attributable to owners of the Spin-off Co	60.4	93.9

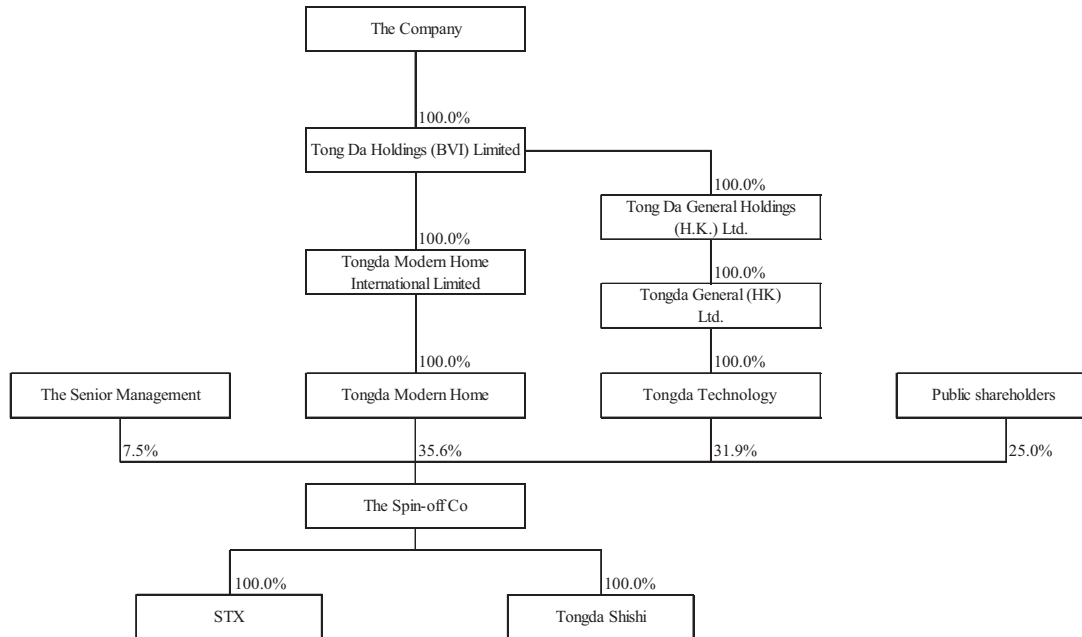
As at 31 December 2020, the unaudited combined net asset value of the Spin-off Group was approximately HK\$598.3 million.

Effect of the Proposed Spin-off on the shareholding structure of the Spin-off Co

Set out below is the shareholding structure of the Spin-off Co as at the date of this announcement:



Set out below is the shareholding structure of the Spin-off Co immediately upon completion of the Proposed Spin-off assuming that the number of new A-shares of the Spin-off Co to be issued under the Proposed A-Share Listing represents 25.0% of the enlarged issued share capital of the Spin-off Co:



It is expected that immediately upon completion of the Proposed Spin-off, the Company will indirectly hold not less than 67.5% equity interest in the Spin-off Co and the Spin-off Co will remain as a subsidiary of the Company.

The Remaining Group

After completion of the Proposed Spin-off, the Remaining Group will be principally engaged in the Remaining Businesses comprising (i) the production of handset casings, tri-proof (waterproof, dustproof and shockproof) high-precision components, high-precision insert molding parts and high-precision rubber molding parts; (ii) the production of control panels, casings and metal accessories for high-end electrical appliances for Chinese and international brands for products including smart home appliances such as air-conditioners, washing machines and refrigerators; and (iii) the production of set-top boxes and routers as well as automobile interior decorations. The Directors believe that the Remaining Group will retain a sufficient level of operations and sufficient assets for the Company to maintain its listing status after completion of the Proposed Spin-off.

FINANCIAL EFFECTS OF THE PROPOSED SPIN-OFF ON THE GROUP

Following completion of the Proposed Spin-off, the Group is expected to hold not less than 67.5% of the enlarged issued share capital of the Spin-off Co, and the Spin-off Co will continue to be accounted for as a subsidiary in the consolidated financial statements of the Group. The expected financial impacts of the Proposed Spin-off on the Group are as follows:

Earnings

The Proposed Spin-off, which is expected to involve the issue of new A-shares of the Spin-off Co, will constitute a deemed disposal of the Group's interest in the Spin-off Co. It is expected that the difference between the net proceeds from the issue of new A-shares of the Spin-off Co and the change of share of consolidated net asset value of the Spin-off Group by the non-controlling interests upon completion of the Proposed A-Share Listing will be recorded in equity attributable to owners of the Company.

Based on the assumption that the number of A-shares of the Spin-off Co to be issued at the Proposed A-Share Listing represents 25% of the enlarged share capital of the Spin-off Co which will result in a dilution of the Company's interest in the Spin-off Co from 90.0% as at the date of this announcement to 67.5% immediately after the completion of the Proposed A-Share Listing, it is expected that the earnings attributable to owners of the Company contributed by the Spin-off Co will decrease while the earnings attributable to the non-controlling interests of the Company will increase.

Assets and liabilities

The Proposed Spin-off, which is expected to involve the issue of new A-shares of the Spin-off Co for cash, is expected to increase the amount of cash recorded in the consolidated statement of financial position of the Group and the total assets of the Group correspondingly.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off will be beneficial to both the Remaining Group and the Spin-off Group for the following reasons:

(i) Alternative valuation for the businesses

The Spin-off Business has grown to a sufficient size to warrant a separate listing. The Proposed Spin-off substantively separates the Spin-off Business from the Remaining Businesses, thereby enabling investors and financiers to appraise the strategies, functional exposures, risks and returns of the respective businesses separately and to make their investment decisions accordingly. The Remaining Group and the Spin-off Group 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 and the Spin-off Co.

(ii) Adoption of different business strategies

The management teams of the Remaining Group and the Spin-off Group may adopt different business strategies and models which they determine to be better suited to their respective businesses, and which, due to the different features of their respective products, may not always be aligned. On the other hand, the Proposed Spin-off will increase the operational and financial transparency of the Remaining Group and the Spin-off Group and to provide investors and the market with greater clarity on the businesses and financial status of the respective groups and therefore better identifying and establishing their investment decisions.

(iii) New sources of fund raising opportunity

The Proposed Spin-off will enable the Remaining Group and the Spin-off Group to have their own fund raising platforms to directly and independently access both the debt and equity capital markets, which in turn may provide greater aggregate financing capacity to both the Remaining Group and the Spin off Group to deploy their funds towards their respective developments, operations and investment opportunities, as there will be greater clarity on the respective financial status of each of the Remaining Group and the Spin-off Group. In addition, the cash proceeds to be received from the public offering and placing of A-shares of the Spin-off Co will provide capital to the Spin-off Group for its operations and expansion plan.

(iv) Segregation of different business

The Proposed Spin-off and a separate listing of the shares of the Spin-off Co will not only enhance the Spin-off Group's profile amongst its customers, suppliers and other business partners, but will also improve the Spin-off Group's ability to recruit, motivate and retain key management personnel by enhanced management incentives through adoption of equity-based incentive program such as share option scheme.

(v) No loss in control of Spin-off Group

As the Spin-off Co is expected to remain as a subsidiary of the Company upon completion of the Proposed Spin-off, the Company will continue to benefit from any potential upside in the Spin-off Business through consolidation of the Spin-off Group's accounts and receipt of dividend distributions (if any).

Having considered the above, the Directors are of the view that the Proposed Spin-off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE WAIVER

In accordance with the requirements of paragraph 3(f) of PN15, the Company 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 A-Share Listing proceeds. However, the Board considers that it is not practicable to provide assured entitlement of the A-shares of the Spin-off Co as further explained below and that the requirement of paragraph 3(f) of PN15 of the Listing Rules cannot be met. Accordingly, the Company made an application for the Waiver to the Stock Exchange and the Stock Exchange has granted the Waiver.

In determining the venue for the proposed listing of the Spin-off Co, the Board has made due and careful consideration, taking into account, among other things, the nature of the Spin-off Business, the jurisdiction in which the Spin-off Co was established and had been operating its business, and the characteristics of different capital markets, and concluded that it is more suitable to seek a listing of the Spin-off Co on the A-share market in the PRC.

Based on the legal advice from the Company's PRC legal counsel, according to applicable PRC laws, only certain qualified foreign investors are allowed to subscribe for or participate in the offering of A-shares, which include, among others, (a) qualified foreign institutional investors; (b) foreign strategic investors approved by Ministry of Commerce of the PRC; (c) individuals with permanent residence in the PRC; and (d) residents of Hong Kong, Macao

Special Administrative Region or Taiwan who live and work in the PRC. Based on the shareholders register of the Company as at the date of this announcement, most of the registered Shareholders are individuals with addresses in Hong Kong. The Board believes most of these Shareholders are not PRC residents. Further, Mr. Hui Wai Man, Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and Mr. Ting Leung Huel Stephen who are both Directors and Shareholders have confirmed that they are not qualified foreign investors for the purpose of investing in A-shares. In light of the above, the Board considers it impracticable to provide the Shareholders with assured entitlement under the Proposed Spin-off in light of the legal restrictions for foreign investors to subscribe for or participate in the offering of A-shares.

It is contemplated that the Group will hold not less than 67.5% of the issued share capital in the Spin-off Co and will continue to be the holding company of the Spin-off Co after the Proposed Spin-off. The financial results of the Spin-off Co will continue to be consolidated into the Group's financial statements, and the Shareholders will continue to enjoy the contribution from the Spin-off Co as well as the benefits of the Proposed Spin-off as described above through their holdings in the Shares. The Board is of the view that the interest of the Shareholders would not be materially prejudiced by not providing assured entitlement to the A-shares of the Spin-off Co to the Shareholders.

Having considered the above and the reasons for and benefits of the Proposed Spin-off mentioned above, the Board is of the view that the Proposed Spin-off and the Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, the Group indirectly holds a 90% equity interest in the Spin-off Co. The listing of the Spin-off Co is expected to involve the issue of new A-shares of the Spin-off Co by way of public offer and/or placing. It is intended that the number of new A-shares to be issued under the Proposed A-Share Listing will not be more than 25% of the enlarged issued share capital of the Spin-off Co after the aforesaid public offer and/or placing, following which the ownership of the Company in the Spin-off Co will be diluted to not less than 67.5%. Accordingly, the Proposed A-Share Listing, if materialised, will constitute a deemed disposal of the Group's interest in the Spin-off Co under Rule 14.29 of the Listing Rules. Based on the upper end of the currently expected offer size of approximately RMB770 million under the Proposed A-Share Listing, the highest applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Proposed Spin-off is expected to exceed 25% but be less than 75%. Accordingly, the Proposed Spin-off, if proceeded, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under PN15 and Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Proposed Spin-off. As at the date of this announcement, none of the Shareholders and their respective associates has any material interest in the Proposed Spin-off and therefore no Shareholder will be required to abstain from voting on the resolution in respect of the Proposed Spin-off at the EGM.

The Independent Board Committee comprising Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and Mr. Ting Leung Huel, Stephen, being all the independent non-executive Directors, has been established to advise the Shareholders in respect of the Proposed Spin-off. Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

A circular containing, among others things, (i) details of the Proposed Spin-off; (ii) the letter of recommendation of the Independent Board Committee to the Shareholders in respect of the Proposed Spin-off; (iii) the letter of advice from Maxa Capital to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off; (iv) financial information of the Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on 8 September 2021.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to, among other things, the market conditions and regulatory approvals. Accordingly, Shareholders and potential investors of the Company should be aware that the Company does not guarantee that the Proposed Spin-off will materialise nor the timing thereof, and 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 RMB of a company listed on the PRC Stock Exchange
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“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)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the resolution(s) in relation to the Proposed Spin-off
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Shareholders on the Proposed Spin-off
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maxa Capital”	Maxa Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Shareholders on the Proposed Spin-off
“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, Macau Special Administrative Region and Taiwan
“PRC Sponsor”	the sponsor acting for the Spin-off Co in relation to the Proposed A-share Listing
“PRC Stock Exchange”	the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the PRC
“Proposed A-Share Listing”	the proposed listing of the A-shares of the Spin-off Co on the PRC Stock Exchange
“Proposed Spin-off”	the proposed spin-off of the Spin-off Co by the Company for a separate listing of the A-shares of the Spin-off Co on the PRC Stock Exchange
“Remaining Businesses”	the principal businesses of the Remaining Group as described in this announcement
“Remaining Group”	the Group excluding the Spin-off Group
“Rights Issue”	the issue by way of rights on the basis of one rights Share for every two existing Shares held by qualifying Shareholders, details of which are set out in the prospectus of the Company dated 23 August 2021
“Senior Management”	the nine individuals who are the senior management members of the Spin-off Group
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)

“Spin-off Business”	the principal business of the Spin-off Group, being the production of durable household goods, household utensils, sports goods and healthcare goods
“Spin-off Co”	通達創智(廈門)股份有限公司 (Tongda Smart Tech (Xiamen) Company Limited*), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Spin-off Group”	the Spin-off Co and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STX”	Smart Technology (Xiamen) Health Products Co., Ltd. (廈門市創智健康用品有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Spin-off Co
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Tongda Modern Home”	Tongda Modern Home (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Tongda Shishi”	Tongda Smart Technology (Shishi) Co., Ltd. (通達創智(石獅)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Spin-off Co
“Tongda Technology”	Tongda (Xiamen) Technology Investment Co., Ltd. (通達(廈門)科技投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Waiver”	the waiver from strict compliance with paragraph 3(f) of PN15 in respect of the assured entitlement under the Proposed Spin-off

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 3 September 2021

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Hung Man, Mr. Wong Ming Sik, Mr. Wong Ming Yuet and Mr. Hui Wai Man as executive Directors; Ms. Chan Sze Man as non-executive Director; 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*