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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)

INSIDE INFORMATION LATEST UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE SPIN-OFF CO

References are made to the announcements of Tongda Group Holdings Limited (the “**Company**”) dated 3 September 2021, 1 November 2021, 29 September 2022 and 8 February 2023 and the circular of the Company dated 8 September 2021 (the “**Circular**”) in relation to, among other things, the Proposed Spin-off of the Spin-off Co, which 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. Unless otherwise indicated, capitalised terms used in this announcement shall have the same meaning as defined in the Circular.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATE ON THE PROPOSED A-SHARE LISTING

The Board is pleased to announce that the full text of the prospectus in relation to the Proposed A-Share Listing on the main board of the Shenzhen Stock Exchange and the relevant appendices (the “**Prospectus**”), which are available in Chinese only, have been published by the Spin-off Co on the website of the Shenzhen Stock Exchange at www.szse.cn.

KEY FINANCIAL DATA OF THE SPIN-OFF CO

The Board would like to further update the Shareholders and potential investors of the Company that as part of the Prospectus, the Spin-off Co has disclosed certain key financial information of the Spin-off Co and its subsidiaries (collectively referred as the “**Spin-off Group**”): (i) key financial information for the year ended 31 December 2021 (audited by Da Hua Certified Public Accountants (Special General Partnership)) (the “**PRC Auditor**”), (ii) key financial information for the year ended 31 December 2022 (reviewed by the PRC Auditor) and (iii) a profit estimate for 1 January 2023 to 31 March 2023 (the “**Profit Estimate**”), which has been published on the website of the Shenzhen Stock Exchange. The Profit Estimate was prepared by the Company and have been reviewed by D & Partners CPA Limited (“**D & Partners**”) (the full text of the letter from D & Partners is enclosed in appendix 1 to this announcement).

The Shareholders and potential investors of the Company should note that the Spin-off Co is held by the Company as a non-wholly owned subsidiary after the Proposed A-Share Listing and the financial statements of the Spin-off Co will be consolidated into the Company’s consolidated financial statements. Therefore, the Company considers that there is no significant impact of the Spin-off Co's financial information on the Company’s consolidated financial statements. The Shareholders and potential investors of the Company are advised to carefully read the annual report of the Company for the year ended 31 December 2022, which is expected to be published on the website of the Company and the Stock Exchange around April 2023.

The key financial information of the Spin-off Group for the years ended 31 December 2022 and 2021 is set out as follows:

1. Key data of consolidated balance sheet

Unit: RMB0'000

Item	As at 31 December 2022	As at 31 December 2021	Percentage change
Total assets	90,597.28	82,372.77	9.98%
Total liabilities	20,106.72	25,063.99	-19.78%
Total shareholders' equity attributable to the parent company	70,490.56	57,308.77	23.00%
Total shareholders' equity	70,490.56	57,308.77	23.00%

2. Key data of consolidated income statement

Unit: RMB0'000

Item	For the year ended 2022	For the year ended 2021	Percentage change	July to December 2022	July to December 2021	Percentage change
Operating income	93,128.59	95,042.92	-2.01%	37,185.56	46,528.24	-20.08%
Operating profit	14,406.20	14,648.33	-1.65%	5,875.95	6,789.49	-13.46%
Total profit	14,485.85	14,816.04	-2.23%	5,875.57	6,956.86	-15.54%
Net profit	13,162.77	13,148.25	0.11%	5,364.28	6,234.46	-13.96%
Total net profit attributable to the owners of the parent company	13,162.77	13,133.74	0.22%	5,364.28	6,242.47	-14.07%
Total net profit attributable to the owners of the parent company (after deduction of extraordinary gains and losses)	12,435.99	12,241.79	1.59%	4,931.21	5,565.98	-11.40%

3. Key data of consolidated cash flow statement

Unit: RMB0'000

Item	For the year ended 2022	For the year ended 2021	Percentage change	July to December 2022	July to December 2021	Percentage change
Net cash flow from operating activities	17,918.27	15,847.79	13.06%	7,921.41	7,841.68	1.02%
Net cash flow from investing activities	-13,296.26	-10,518.35	-26.41%	-4,370.80	-4,917.65	11.12%
Net cash flow from financing activities	-248.48	-5,664.55	95.61%	-789.01	-624.55	-26.33%
Effect of foreign exchange rate on cash and cash equivalents	-67.04	83.41	-180.37%	79.53	76.62	3.80%
Net increase of cash and cash equivalents	4,306.49	-251.69	1,811.04%	2,841.14	2,376.10	19.57%

4. Profit Estimate for January to March 2023

Unit: RMB0'000

Item	January to March 2023	January to March 2022	Percentage changes
Operating income	20,500–25,500	25,381.04	-19.23%–0.47%
Net profit	3,060–3,570	3,366.38	-9.10%–6.05%
Total net profit attributable to the owners of the parent company	3,060–3,570	3,366.38	-9.10%–6.05%
Total net profit attributable to the owners of the parent company (after deduction of extraordinary gains and losses)	2,810–3,320	3,194.99	-12.05%–3.91%

Bases and assumptions to the Profit Estimate

The Profit Estimate has been prepared on the basis of accounting policies consistent in all material respects with the China Accounting Standards for Business Enterprises and accounting policies adopted by the Spin-off Co as set out in its Prospectus, and inter alia, on the following principal assumptions and bases:

1. There will be no material change in existing political, legal, fiscal, social or economic conditions in the PRC.
2. There will be no material change in legislation or regulations in the PRC, or elsewhere materially affecting the business carried on by the Spin-off Group.
3. There will be no material change in inflation rates, interest rates and exchange rates from those currently prevailing.
4. There will be no material change in the bases or rates of tax applicable to the activities of the Spin-Off Group or in the bases or rates of custom duties or levies in the territories in which the Spin-Off Group carried on business.
5. There will be no material change in selling prices of products sold by the Spin-Off Group during the forecasted period.

6. The Spin-off Group's operations and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents.
7. The accounting policies adopted by the Spin-off Group will not be changed significantly that may impact on the Spin-off Group 's results of operation and financial position.

The Board has reviewed the key assumptions upon which the Profit Estimate was based and is of the view that the Profit Estimate was made after due and careful enquiry.

For further details and the other financial information of the Spin-off Co, please refer to the Prospectus published on the Shenzhen Stock Exchange's website.

Further announcement will be made by the Company as and when appropriate in respect of any material development in relation to the Proposed Spin-off.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
D & Partners CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, D & Partners is a third party independent of the Company and its subsidiaries (collectively referred as the "**Group**") and is not a connected person of the Group. As at the date of this announcement, D & Partners has no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

D & Partners has given and has not withdrawn its written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions. Accordingly, there is no assurance as to whether and when the Proposed Spin-off will proceed. Shareholders and potential investors of the Company should exercise caution in dealing in the securities of the Company.

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

Hong Kong, 20 February 2023

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, GBS, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.

Appendix 1 – Letter from D & Partners CPA Limited

20 February 2023

The Board of Directors
Tongda Group Holdings Limited
Room 1201-02, 12th Floor, Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

PROFIT ESTIMATE OF TONGDA SMART TECH (XIAMEN) COMPANY LIMITED* (通達創智(廈門)股份有限公司) FOR THE THREE MONTHS PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

We refer to the profit estimate of Tongda Smart Tech (Xiamen) Company Limited and its subsidiaries (collectively referred to as the “**Spin-off Group**”) for the three months period from 1 January 2023 to 31 March 2023 dated 20 February 2023 (the “**Profit Estimate**”). The Profit Estimate of the Spin-off Group is regarded as a profit forecast under Rules 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in the announcement of Tongda Group Holdings Limited (the “**Company**”) dated 20 February 2023 in connection with the proposed spin-off of Tongda Smart Tech (Xiamen) Company Limited (the “**Announcement**”).

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the forecast consolidated result of the Spin-off Group for the three months from 1 January 2023 to 31 March 2023 and the bases and assumptions adopted as set out on pages 4 to 5 of the Announcement.

The directors of the Company are solely responsible for the Profit Estimate.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the directors of the Company have properly compiled the Profit Estimate in accordance with the bases and assumptions adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Spin-off Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 4 to 5 of the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Spin-off Group.

Yours faithfully,

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong

* *For identification purpose only*