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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)

DISCLOSEABLE TRANSACTIONS IN RELATION TO SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

The Board announces that on 14 April 2023, Tongda Chuang Zhi, an indirect non-wholly owned subsidiary of the Company, used its idle fund to subscribe for the ICBC Wealth Management Product and Industrial Bank Wealth Management Product for the subscription amount of RMB130 million and RMB90 million respectively.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) for each of the ICBC Subscription and Industrial Bank Subscription exceeds 5% but all the percentage ratios are less than 25%, each of the ICBC Subscription and Industrial Bank Subscription constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

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ICBC Subscription

On 14 April 2023, Tongda Chuang Zhi entered into an agreement with ICBC for the ICBC Subscription in the amount of RMB130 million. Summarised below are the major terms and conditions of the ICBC Subscription:

Commencement date of subscription	18 April 2023
Parties	Tongda Chuang Zhi (as subscriber) ICBC (as issuer and manager of the ICBC Wealth Management Product)
Type of product	Principal guaranteed structured deposit with fixed and floating return
Subscription amount	RMB130 million
Term of product	365 days
Expected annualised return rate	from 1.50% to 3.00%

Industrial Bank Subscription

On 14 April 2023, Tongda Chuang Zhi entered into an agreement with Industrial Bank for the Industrial Bank Subscription in the amount of RMB90 million. Summarised below are the major terms and conditions of the Industrial Bank Subscription:

Commencement date of subscription	14 April 2023
Parties	Tongda Chuang Zhi (as subscriber) Industrial Bank (as issuer and manager of the Industrial Bank Wealth Management Product)
Type of product	Principal guaranteed structured deposit with fixed and floating return
Subscription amount	RMB90 million
Term of product	364 days
Expected annualised return rate	from 1.80% to 2.77%

INFORMATION ON THE PARTIES

Tongda Chuang Zhi

Tongda Chuang Zhi is a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company principally engaged in the production of durable household goods, household utensils, sports goods and healthcare goods.

ICBC

ICBC is a branch of Industrial and Commercial Bank of China Limited, a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. Based on information publicly available to the Company, the issued shares of Industrial and Commercial Bank of China Limited are listed on the Main Board of the Stock Exchange (stock code: 01398) and the Shanghai Stock Exchange (stock code: 601398).

Industrial Bank

Industrial Bank is a branch of Industrial Bank Co., Ltd, a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. Based on information publicly available to the Company, the issued shares of Industrial Bank Co., Ltd are listed on the Shanghai Stock Exchange (stock code: 601166).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of ICBC, Industrial Bank and their respective ultimate beneficial owner(s) are Independent Third Parties.

BASIS OF DETERMINATION FOR THE CONSIDERATION

The consideration of each of the Subscriptions was determined after arm's length negotiation between the Group and the counterparties and on normal commercial terms with reference to market prevailing price and minimum subscription amount as determined by the issuer of the relevant Wealth Management Products.

The Subscriptions were funded by the surplus cash of Tongda Chuang Zhi and would not affect the working capital or the operation of Tongda Chuang Zhi and the Group. The Directors further took into account the investment terms, risk level and expected return rate of the Wealth Management Products and consider the terms of the Subscriptions are on normal commercial terms which are fair and reasonable, and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Group is principally engaged in the provision of manufacture, sale and trading of accessories for electrical appliance products, handset casings, precise injection and printing parts, high-precision components and household goods.

In order to enhance the capital efficiency and to maximize the return from the working capital of the Group, the Group reasonably and strategically utilizes the idle funds of the Group to conduct the Subscriptions for wealth management purposes. The Directors have further considered (i) the risk associated with the Wealth Management Products is relatively low; (ii) the Subscriptions offered a better return than the prevailing fixed-term deposit interest rates generally offered by commercial banks in the PRC; and (iii) the Subscriptions have no material impact on the operations and working capital of the Group.

The Group has implemented adequate measures to closely monitor the performance of the Wealth Management Products and to review and assess the impact of the Subscriptions to the operation and working capital of the Group from time to time. In view of the above, the Directors consider that the terms of each of the Subscriptions are fair and reasonable and on normal commercial terms, and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) for each of the ICBC Subscription and Industrial Bank Subscription exceeds 5% but all the percentage ratios are less than 25%, each of the ICBC Subscription and Industrial Bank Subscription constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges that the reporting and announcement requirements in respect of the Subscriptions as required under Chapter 14 of the Listing Rules have been inadvertently delayed. The failure to make timely disclosure was due to the misapprehension of the Listing Rules in which the relevant officers of the subsidiary who are responsible for the investment of the Group was under the impression that the Subscriptions with the purpose to earn interest were similar to time deposits in nature, and would not constitute “transactions” under Chapter 14 of the Listing Rules, thus, leading to the delay in reporting and announcement. The Company emphasises that the delay in disclosure was a one-off event and that the Company had no intention to withhold information from the Shareholders and the public.

The Company takes the above non-compliance of the Listing Rules seriously and the Company has promptly undertook and/or proposed to implement the following remedial actions:-

- (i) the Board has engaged external advisers to seek advice on the implications under the Listing Rules in relation to the delay in disclosure and to assist in the preparation of this announcement to keep all Shareholders informed;
- (ii) the Company has requested the Directors and senior management of each member of the Group to avoid delay in report and disclosure should transactions of similar nature arises in the future;
- (iii) the Company will provide regular trainings on an annual basis to the Directors, senior management and relevant officers of the Group to explain the relevant requirements and reporting procedures, particularly on notifiable transactions, under the Listing Rules, in order to reinforce and strengthen their knowledge on the Listing Rules and their ability to identify possible compliance issues at an early stage of the transaction; and
- (iv) the Company will work closely with its external professional advisers and seek their advices as and when appropriate in relation to potential transactions in the future.

The Board is of the view that the implementation of the aforesaid remedial actions will effectively prevent the reoccurrence of similar non-compliance incidents. In the future, the Board will from time-to-time review and enhance the internal control policies of the Group as and when appropriate to ensure strict compliance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China Xiamen Haicang Branch
“ICBC Subscription”	the subscription of the ICBC Wealth Management Product by Tongda Chuang Zhi on 14 April 2023 for the amount of RMB130 million as detailed in the section headed “Subscriptions of Wealth Management Products – ICBC Subscription” of this announcement
“ICBC Wealth Management Product”	the wealth management product issued by ICBC and subscribed by Tongda Chuang Zhi as set out in this announcement
“Independent Third Party(ies)”	Third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Industrial Bank”	Industrial Bank Co., Ltd Xiamen Jiangtou Branch
“Industrial Bank Subscription”	the subscription of the Industrial Bank Wealth Management Product by Tongda Chuang Zhi on 14 April 2023 for the amount of RMB90 million as detailed in the section headed “Subscriptions of Wealth Management Products – Industrial Bank Subscription” of this announcement

“Industrial Bank Wealth Management Product”	the wealth management product issued by Industrial Bank and subscribed by Tongda Chuang Zhi as set out in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the ICBC Subscription and Industrial Bank Subscription
“Tongda Chuang Zhi”	通達創智(廈門)股份有限公司 (Tongda Smart Tech (Xiamen) Company Limited*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Wealth Management Products”	collectively, the ICBC Wealth Management Product and Industrial Bank Wealth Management Product
“%”	percent.

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

Hong Kong, 3 July 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, Mr. Ting Leung Huel Stephen and Mr. Sze Irons, BBS, JP as independent non-executive directors.

* *For identification purposes only*