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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 TRANSACTION TERMINATION OF THE MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN A SUBSIDIARY**

#### **THE TERMINATION**

Reference are made to (i) the announcement of the Company dated 29 March 2023 in relation to, among others, the Disposal; (ii) the announcement of the Company dated 24 April 2023 in relation to the delay in despatch of circular; and (iii) the announcement of the Company dated 31 August 2023 in relation to the extension of long stop date and further delay in despatch of circular (collectively, the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as defined in the Announcements unless the context otherwise requires.

The Board announces that after arm’s length negotiation among the parties, the Vendor and the Purchaser entered into a termination agreement (the “**Termination Agreement**”) on 13 October 2023 (after trading hours of the Stock Exchange), pursuant to which, both parties agreed (i) to terminate the Sale and Purchase Agreement with effect from the date of the Termination Agreement; and (ii) for the Vendor to pay a termination fee to the Purchaser in the amount of HK\$120,000,000 (the “**Termination Fee**”) within ten days from the date of the Termination Agreement, comprising the refund of the Deposit in the amount of HK\$60,000,000 initially paid by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement and a cash payment in the amount of HK\$60,000,000 in respect of the termination of the Sale and Purchase Agreement.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated in accordance with the Listing Rules in respect of the payment of the Termination Fee under the Termination Agreement is 5% or more but all of them are less than 25%, the payment of the Termination Fee under the Termination Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **THE TERMINATION AGREEMENT**

The principal terms of the Termination Agreement are as follows:

### **Date:**

13 October 2023

### **Parties:**

- a) the Vendor, Tong Da Development (BVI) Limited; and
- b) the Purchaser, Golden Market Investments Limited

Pursuant to the Termination Agreement, the Sale and Purchase Agreement shall be terminated with effect from the date of the Termination Agreement, whereby the respective rights and obligations of the parties under the Sale and Purchase Agreement shall cease accordingly and no party to the Sale and Purchase Agreement thereafter shall have any claim against the other party in respect of any matter arising out of or in connection with the Sale and Purchase Agreement.

## **Termination Fee**

Pursuant to the Termination Agreement, the payment of the Termination Fee in the amount of HK\$120,000,000, comprising the refund of the Deposit in the amount of HK\$60,000,000 initially paid by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement and a cash payment in the amount of HK\$60,000,000 in respect of the termination of the Sale and Purchase Agreement, shall be settled by the Vendor to the Purchaser within ten days from the date of the Termination Agreement.

The amount of the Termination Fee was arrived at after arm's length commercial negotiations between the Vendor and the Purchaser and was determined with reference to, among other things, the amount of the Deposit initially paid under the Sale and Purchase Agreement by the Purchaser to the Vendor and an additional sum equal to the amount of the Deposit to compensate the Purchaser for releasing the Vendor from its obligations under the Sale and Purchase Agreement.

Having considered above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Termination Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PURCHASER**

The Purchaser is an investment holding company. As at the date of this announcement, the Purchaser is a company incorporated in the BVI and the ultimate beneficial owner is Mr. Liang Zihao. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TERMINATION AGREEMENT**

The Group is a global leading solution provider of high-precision structural parts for smart mobile communication and consumer electronics products. The Group currently has four operating segments: handset casings and high-precision components (the “**Handset Segment**”), household and sports goods (the “**Household Segment**”), network communication facilities and others, and smart electrical appliances casings.

The global economy and operation environment are in the doldrums, and in the face of unfavorable conditions such as the rising interest rates and declining in the consumption strength, the Group is continuing to review its strategic planning in a timely manner and, in light of the development potential, opportunities and risks of each of its major businesses, deploy resources prudently and continue to optimise its business portfolio and adjust its operating structure. Following the successful spin-off of the Household Segment to A-share listing in the first quarter of 2023, the Group is focusing on de-leveraging and repositioning itself into sustainable business growth.

The Board has received numerous, yet preliminary, interests in merger and acquisitions opportunities regarding the Handset Segment, and if materialises, shall become a notifiable transaction under the Listing Rules. In the view of the potential restructuring of the Group, amidst the geo-political and global economic situation and the sustainability of the Group, the Board decided to enter into the Termination Agreement in order to terminate the Sale and Purchase Agreement and facilitate the group restructuring, which in the view of the Board is able to achieve the Group’s objectives in de-leverage and reposition to sustainable business growth.

In view of the above, the Directors (including all independent non-executive Directors) consider that the termination of the Sale and Purchase Agreement and the entering into of the Termination Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The termination of the Sale and Purchase Agreement will not have any significant adverse impact on the financial position and operations of the Group.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated in accordance with the Listing Rules in respect of the payment of the Termination Fee under the Termination Agreement is 5% or more but all of them are less than 25%, the payment of the Termination Fee under the Termination Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **GENERAL**

As disclosed in the Announcements, a circular containing, among other things, further details of the Sale and Purchase Agreement and the transactions contemplated thereunder, other information as required under the Listing Rules and a notice of the EGM was expected to be despatched to the shareholders of the Company on or before 31 October 2023. Following the entering into of the Termination Agreement and the termination of the Sale and Purchase Agreement, no circular will be issued and despatched to the Shareholders, and no EGM be convened in relation thereto.

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

Hong Kong, 13 October 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.*