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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tongda Group Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 7 to 31 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of the Company to be held at 11:00 a.m. on Friday, 8 March 2024 at 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

20 February 2024

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Average Market Capitalisation”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“Board”	the board of Directors
“Business”	the business of manufacturing high-precision micro components as currently conducted by the Seller’s Group, comprising the assets and assumed payables set out under the section headed “ <i>Subject Matter</i> ” in the letter from the Board subsisting at Closing
“Business Day(s)”	a day (other than a Saturday, a Sunday or a public holiday, or a day on which a black rainstorm warning or a number 8 or higher typhoon signal is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open for business in Singapore, the PRC and Hong Kong
“Business Transfer Agreement”	the business transfer agreement dated 22 December 2023 entered into between the Company, the Purchaser and the Seller in respect of the Disposal
“Closing”	the completion of the Disposal in accordance with the terms and conditions of the Business Transfer Agreement
“Closing Date”	the first (1st) Business Day falling 15 Business Days following satisfaction or waiver of the last of the conditions precedent set out in the section headed “ <i>Conditions Precedent</i> ” in the letter from the Board, or such other date as may be agreed in writing between the Purchaser and the Seller
“Company”	Tongda Group Holdings Limited (stock code: 698), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Stock Exchange

DEFINITIONS

“Competing Business”	has the meaning ascribed to it under the section headed “ <i>Non-Compete Undertakings</i> ” in the letter from the Board
“Consideration”	the total consideration payable by the Purchaser to the Seller under the Business Transfer Agreement
“D & Partners”	D & Partners CPA Limited, the reporting accountant to the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Business by the Seller to the Purchaser pursuant to the terms and conditions of the Business Transfer Agreement
“EA Business”	has the meaning ascribed to it under the section headed “ <i>Reasons for and Benefits of the Disposal</i> ” in the letter from the Board
“EA Market”	has the meaning ascribed to it under the section headed “ <i>Reasons for and Benefits of the Disposal</i> ” in the letter from the Board
“EGM”	the extraordinary general meeting to be convened and held at 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. to approve and ratify the Disposal
“Excluded Peer Companies”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“Floating-Rate Indebtedness”	has the meaning ascribed to it under the section headed “ <i>Reasons for and Benefits of the Disposal</i> ” in the letter from the Board
“Group”	collectively, the Company and its subsidiaries
“Guaranteed Obligation”	has the meaning ascribed to it under the section headed “ <i>Guarantee</i> ” in the letter from the Board

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Key Customer”	key customer of the Business to be separately agreed in writing between the Seller and the Purchaser
“Key Person”	the key employee of the Business to be agreed by the Seller and the Purchaser in writing
“Latest Practicable Date”	16 February 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NT3”	has the meaning ascribed to it under the section headed “ <i>Information on the Purchaser</i> ” in the letter from the Board
“OEM”	has the meaning ascribed to it under the section headed “ <i>Information on the Business</i> ” in the letter from the Board
“Outstanding Claim”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“P/B Ratio”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“P/E Ratio”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board

DEFINITIONS

“Peer Companies”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“PRC”	the People’s Republic of China, and solely for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Tectum Pacific Pte. Ltd., a company incorporated with limited liability in Singapore
“Relevant Directors”	has the meaning ascribed to it under the section headed “ <i>Non-Compete Undertakings</i> ” in the letter from the Board
“Relevant Period”	has the meaning ascribed to it under the section headed “ <i>Non-Compete Undertakings</i> ” in the letter from the Board
“Remaining Group”	the Group immediately upon completion of the Disposal
“Retention Amount”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Retention Amount Payment Date”	has the meaning ascribed to it under the section headed “ <i>Consideration</i> ” in the letter from the Board
“Seller”	Tongda Precision Technology Company Limited (通達精密科技有限公司), a company incorporated with limited liability in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Seller’s Group”	Seller and its affiliates, which for the avoidance of doubt, includes the Group

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Tongda Xiamen OpCo and TPT Singapore
“Target Group”	Tongda Xiamen OpCo, TPT Singapore and Tongda Shishi OpCo, taken as a whole
“Tectum Global”	has the meaning ascribed to it under the section headed “ <i>Information on the Purchaser</i> ” in the letter from the Board
“Tectum SPV”	has the meaning ascribed to it under the section headed “ <i>Information on the Purchaser</i> ” in the letter from the Board
“Tongda Shishi OpCo”	Tongda (Shishi) Precision Technology Co Ltd* (通達(石獅)精密科技有限公司), a company incorporated with limited liability in the PRC and a direct wholly-owned subsidiary of Tongda Xiamen OpCo as at the Latest Practicable Date
“Tongda Smart Tech Group”	has the meaning ascribed to it under the section headed “ <i>Reasons for and Benefits of the Disposal</i> ” in the letter from the Board
“Tongda Xiamen OpCo”	Tongda (Xiamen) Elastomers Co Ltd.* (通達(廈門)精密橡膠有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Seller as at the Latest Practicable Date

DEFINITIONS

“TPT Singapore” Tongda Precision Technology (Singapore) Pte. Ltd., a company incorporated with limited liability in Singapore and a direct wholly-owned subsidiary of the Seller as at the Latest Practicable Date

“U.S.” or “United States” the United States of America

“US\$” or “U.S. dollars” US dollars, the lawful currency of the U.S.

“%” per cent.

* *for identification purposes only*



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)

Executive Directors:

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Hung Man (*Vice Chairman*)
Mr. Wong Ming Sik
Mr. Wong Ming Yuet
Mr. Hui Wai Man

Non-executive Director:

Ms. Chan Sze Man

Independent Non-executive Directors:

Dr. Yu Sun Say, *GBM, GBS, SBS, JP*
Mr. Cheung Wah Fung, Christopher, *GBS, SBS, JP*
Mr. Ting Leung Huel Stephen,
MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD
Mr. Sze Irons, *BBS, JP*

Registered address:

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Grand Cayman
Cayman Islands

*Principal place of business
in Hong Kong*

Room 1201-02, 12th Floor
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

20 February 2024

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 22 December 2023 in relation to, among other things, the Disposal.

LETTER FROM THE BOARD

On 22 December 2023 (after trading hours), the Company, the Seller and the Purchaser entered into the Business Transfer Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, free from all encumbrances as at Closing, the Business as a going concern.

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) financial information of the Group; (iii) other information as required to be contained in the circular under the Listing Rules; and (iv) the notice of the EGM.

THE DISPOSAL

Date

22 December 2023

Parties

- (1) Tongda Precision Technology Company Limited (通達精密科技有限公司), as the Seller;
- (2) Tectum Pacific Pte. Ltd., as the Purchaser; and
- (3) the Company, as the guarantor.

Subject Matter

The Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, free from all encumbrances as at Closing, the Business as a going concern.

LETTER FROM THE BOARD

As part of the Business, the following assets will be transferred from the Seller to the Purchaser:

- (a) the entire equity interest in Tongda Xiamen OpCo and all issued share of TPT Singapore;
- (b) the book and other debts receivable by or owing to the Seller in connection with the Business from the Seller's Group (excluding the Target Group and the Business) or third parties at Closing (including trade debts, deposits, prepayments, retrospective rebates and overpayments) and related interest (if any);
- (c) all finished goods and other applicable inventories of the Seller for the exclusive use in the Business; and
- (d) all of the Seller's cash and cash equivalents, minus an amount equal to HK\$59,598,100. The amount of the cash and cash equivalents to be deducted from the Consideration was determined after arms' length negotiations between the Seller and the Purchaser.

The assets held by Tongda Xiamen OpCo and TPT Singapore mainly comprise manufacturing equipment, inventories, employees and intellectual properties relating to the Business.

The respective value of items (b) and (c) above is only to be determined at Closing. As at the locked-box date (being 30 June 2023), the value of item (b) and item (c) above is HK\$774.1 million and HK\$113.8 million, respectively.

As part of the Business, from Closing, the Purchaser will assume certain liabilities of the Seller in connection with the Business at Closing and related interest (if any).

Upon Closing, the Seller will cease to hold any shares in the Target Companies, and the Target Group will cease to be subsidiaries of the Company. Upon Closing, the financial results of the Business (including the Target Group) will no longer be consolidated into the consolidated financial statements of the Company.

LETTER FROM THE BOARD

Consideration

The Consideration shall be HK\$2,015,000,000 in cash, equal to the sum of:

- (a) HK\$1,904,250,000, which shall be paid by the Purchaser to the Seller on Closing; and
- (b) HK\$110,750,000 (the “**Retention Amount**”), which shall be transferred by the Purchaser to an escrow account on Closing. Such amount, after deducting a reasonable estimate of the amount of any outstanding claim by the Purchaser (if any) (“**Outstanding Claim**”), shall be paid out to the Seller and/or the Purchaser in accordance with the joint written instructions of the Seller and the Purchaser on the first Business Day falling on or after 180 days from the Closing Date (the “**Retention Amount Payment Date**”). The amount of the Outstanding Claim shall be retained in the escrow account and be paid out in accordance with the joint written instructions of the Seller and the Purchaser after such claim is resolved in accordance with the Business Transfer Agreement.

The Retention Amount was determined after arms’ length negotiations between the Seller and the Purchaser, taking into account the prevailing market practice for a transaction of this nature and the pay-out period of 180 days from the Closing Date which is much shorter than the retention period for a transaction of this nature. Based on information available to the Board, it is not uncommon for a transaction of similar nature to adopt an escrow mechanism as security of Seller’s payment obligations in the event of any breach of the transaction documents by the Seller, and it is common practice for the escrow amount to be agreed upon a percentage of the consideration or transaction value (which is typically between 10% and 25%, subject to negotiation). In the Disposal, the Retention Amount accounts for approximately 5.50% of the Consideration, which is agreed upon following commercial discussion and is on the lower end of the range based on information available to the Board.

Pursuant to the Business Transfer Agreement, the Consideration is allocated as follows: (i) HK\$1,563,000,000 for the entire equity interest in Tongda Xiamen OpCo; (ii) HK\$7,000,000 for all issued share of TPT Singapore; and (iii) HK\$445,000,000 for the receivables, finished goods, and cash and cash equivalents as referred to in the sub-paragraphs (b), (c) and (d) in the section headed “*Subject Matter*” above and net of the assumed liabilities referred to in the section headed “*Subject Matter*” above.

LETTER FROM THE BOARD

Pursuant to the Business Transfer Agreement, adjustment may be made to the Retention Amount in the following manner:

- (a) on the Retention Amount Payment Date, if the parties agree to apply the Retention Amount towards satisfaction of a claim by the Purchaser, or if there is a determination of the amount payable in respect of such claim, the Seller and the Purchaser shall issue joint written instructions to the escrow agent to pay the amount so agreed or ordered to the Purchaser; and
- (b) if there is no outstanding claim on the Retention Amount Payment Date, or if there is any remaining Retention Amount after the payment made pursuant to paragraph (a) above, the Seller and the Purchaser shall issue joint written instructions to the escrow agent to pay the Retention Amount or such remaining Retention Amount to the Seller.

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser with reference to, among other things, the unaudited value of net assets of the Business as at 30 June 2023, the business prospects of the Business and the benefits of the Disposal as set out in the section headed "*Reasons for and Benefits of the Disposal*" below. The Directors consider that the Consideration is justifiable based on the quantitative analysis set out below:

- (a) from the earnings perspective and based on the unaudited profit after tax of the Business for the year ended 31 December 2022 of approximately HK\$295.0 million, the Consideration would represent a price to earnings ratio ("**P/E Ratio**") of the Business of approximately 6.83 times;
- (b) based on the profit attributable to the owners of the Company for the year ended 31 December 2022 of approximately HK\$137.3 million, the P/E Ratio of the Company would be approximately 8.82 times based on its average market capitalisation of approximately HK\$1,211.1 million calculated using the average trading price of the Shares during the last five trading days immediately prior to 22 December 2023, being the date on which the Business Transfer Agreement was entered into ("**Average Market Capitalisation**");
- (c) the Board has also reviewed the historical P/E Ratios of five companies which are engaged in similar business in the PRC and which are listed on the Stock Exchange or the Shenzhen Stock Exchange (the "**Peer Companies**"), and the P/E Ratios of such Peer Companies ranged from 2.98 times to 301.48 times. The Peer Company with the highest P/E Ratio of 301.48 times is vastly abnormal compared with the P/E Ratios of the remaining Peer Companies whose P/E Ratios ranged from 2.98 times to 36.38 times, and the Board

LETTER FROM THE BOARD

therefore disregarded such Peer Company in determining the Consideration. The Peer Company with the second highest P/E Ratio of 36.38 times also has a much higher P/E Ratio than the Business and the remaining three Peer Companies, and the Board is of the view that such Peer Company is less comparable with the Business in view of its much more diversified customer and product portfolio, leading manufacturing capabilities and leading position in the handset and auto markets, both of which are incomparable to the Business. If the aforementioned two Peer Companies (the “**Excluded Peer Companies**”) are disregarded, the average P/E Ratio of the remaining Peer Companies would be 4.18 times, which is lower than the P/E Ratio of the Business;

- (d) from the asset perspective and based on the unaudited net asset value of the Business as at 30 June 2023 of approximately HK\$1,168.0 million, the Consideration would represent a price to book ratio (“**P/B Ratio**”) of the Business of approximately 1.73 times;
- (e) based on the net asset value of the Company as at 30 June 2023 of approximately HK\$8,031.7 million, the P/B Ratio of the Company would be approximately 0.16 times based on its Average Market Capitalisation. The P/B Ratio of the Business as set out in the preceding paragraph is higher than that of the Company; and
- (f) the Board has also reviewed the historical P/B Ratios of the Peer Companies. The P/B Ratios of the Peer Companies ranged from 0.27 times to 2.64 times and the average P/B Ratio is 1.4 times, which is lower than the P/B Ratio of the Business. If the P/B Ratios of the Excluded Peer Companies are also disregarded, the average P/B Ratio of the remaining Peer Companies would be 0.73 times, which is also lower than the P/B Ratio of the Business.

Taking into account that (i) the P/E Ratio of the Business is higher than the average P/E Ratio of the Peer Companies (not including the Excluded Peer Companies), and (ii) the P/B Ratio of the Business is higher than that of the Company and the average P/B Ratio of the Peer Companies (not including the Excluded Peer Companies), the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The Directors included companies that meet all of the following criteria, which are similar to and comparable with the Business, in the list of the Peer Companies: (i) the company principally operates its business activities in the PRC, (ii) the company is actively engaged in the business of supply and production of moulded and casting components for electronic and consumer products, (iii) the shares of the company have been listed on a recognised stock exchange in the PRC or Hong Kong for more than 12 months, (iv) the company's revenue generated from the relevant business segment (i.e., the business of supply and production of moulded and casting components for electronic and consumer products) exceeds 50% of its total revenue or the company's sales value exceeds HK\$10 billion during the latest financial year, and (v) the company recorded operating profits as shown in its latest annual report. Based on the abovementioned selection criteria, the Directors have identified the following Peer Companies, the list of which the Directors are of the view is fair, representative and exhaustive:

Name of the Peer Companies	Principal Business	P/E Ratio	P/B Ratio
Ka Shui International Holdings Limited (stock code: 822)	Manufacturing and sale of zinc, magnesium and aluminium alloy and plastic products and components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and precision components.	4.60	0.27
Karrie International Holdings Limited (stock code: 1050)	<ul style="list-style-type: none">• Metal and plastic business: providing mechanical engineering solutions, manufacturing and sale of metal and plastic parts, mainly including moulds and the relevant plastic and metal parts products for information and communication technology industry, etc.; and• Electronic manufacturing services business: manufacturing and sale of magnetic tape data storage, point-of-sale system, and other computer peripherals, etc.	2.98	1.23

LETTER FROM THE BOARD

Name of the Peer Companies	Principal Business	P/E Ratio	P/B Ratio
TK Group (Holdings) Limited (stock code: 2283)	Designing and manufacturing of plastic components, including plastic components mechanical design, mold design, mold fabrication, plastic components manufacturing and secondary processing services.	4.96	0.70
BYD Electronic (International) Company Limited (stock code: 285)	A global leading platform-based high-end manufacturing enterprise, providing customers with new materials development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. It engages in a wide variety of businesses ranging from smart phones, tablet PCs, new energy vehicles, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robots, communication equipment, health devices to other diversified market areas.	36.38	2.64
Shenzhen Everwin Precision Technology Co Ltd (SZSE: 300115)	R&D, producing and selling smart intelligent components.	301.48	2.17
Average	-	70.08	1.40
Average (excluding the Excluded Peer Companies)	-	4.18	0.73

The Consideration represents an excess of HK\$712.4 million or 54.7% over the net book value of the Business as at 30 September 2023.

LETTER FROM THE BOARD

Conditions Precedent

Closing is conditional upon satisfaction or waiver (as the case may be) of the following conditions precedent:

- (a) the Company having obtained requisite Shareholders' approval in relation to the Disposal in accordance with the Listing Rules;
- (b) the entry into the following agreements on terms agreed between the Seller and the Purchaser, and satisfaction of all conditions (if any) thereunder:
 - (i) agreements between the Seller's Group (excluding the Target Group) and the Target Group for the transfer of assets, equipment, pre-payments, payables, receivables, inventories, intellectual property rights and/or employees as specified under the Business Transfer Agreement; and
 - (ii) agreement(s) between the Seller's Group (excluding the Target Group) and the Target Group in relation to certain lease agreements as specified under the Business Transfer Agreement;
- (c) the repayment and/or release of all liabilities created by the Target Group pursuant to financing agreements as specified under the Business Transfer Agreement, or the counterparties' waiver of right to terminate or default right exercisable as a result of the Business Transfer Agreement, and (where applicable) such confirmation remaining in full force and effect as at Closing;
- (d) each of the guarantees as specified under the Business Transfer Agreement having been released and discharged in full;
- (e) the Seller having provided evidence that all inter-company balances between the Target Group and the Seller's Group have been fully settled; and
- (f) the Purchaser or the Target Group having entered into all documents required for the continuance of the Business after Closing with each of the Key Customer and top customers of the Business.

LETTER FROM THE BOARD

The Purchaser may at any time waive in whole or in part any of the aforementioned conditions precedent other than the condition precedent set out in paragraph (a) above. If the aforementioned conditions precedent are not satisfied or waived on or before 30 September 2024 or such other date as may be agreed between the Purchaser and the Seller, the Purchaser may terminate the Business Transfer Agreement, provided that the Purchaser shall not have right to terminate if its failure to perform any of its pre-Closing obligations under the Business Transfer Agreement has been the principal cause of the failure of Closing to occur. Neither the Seller nor the Purchaser shall have any claim against the other party, except in respect of any antecedent breach.

As at the Latest Practicable Date, none of the conditions precedent above have been satisfied or waived.

Closing

Following satisfaction or waiver of all the conditions precedent to the Business Transfer Agreement, Closing shall take place on the Closing Date.

Indemnity

The Seller agrees to indemnify the Purchaser or the Target Group against:

- (a) any liability of the Seller (excluding the Target Group) in respect of the Business not assumed by the Purchaser, and any losses incurred by the Purchaser or the Target Group in respect of Business contracts by reason of non-performance by the Seller or the Target Group prior to Closing; and
- (b) losses which the Purchaser or the Target Group may sustain by reason of any breach of the leakage warranties as set forth in the Business Transfer Agreement, such leakage warranties primarily comprising (i) the Seller warranting that there has not been any leakage of value from the Target Group by the Seller, including for example through dividend paid to the Seller or the Seller's Group (excluding the Target Group and the Business) from the locked-box date (being 30 June 2023) to the date of the Business Transfer Agreement, and (ii) the Seller undertaking to procure that there will be no such leakage of value between the date of the Business Transfer Agreement and the Closing Date.

LETTER FROM THE BOARD

The Seller has also given customary pre-Closing tax indemnities in favour of the Purchaser.

The Seller agrees to indemnify the Purchaser or the Target Group against losses which the Purchaser or the Target Group may sustain by reason of certain issues identified under the Business Transfer Agreement.

Save for claims in relation to any breach of the leakage warranties as set forth in the Business Transfer Agreement, the maximum aggregate liability of the Seller in respect of all claims under the Business Transfer Agreement will not exceed 100% of the Consideration, being HK\$2,015,000,000, except in the case of fraud, wilful misconduct or wilful concealment by the Seller, the Target Group or any of their respective directors, officers, employees or agents.

In the event of any breach of the leakage warranties, the Seller shall indemnify the Purchaser or the Target Group against losses which the Purchaser or the Target Group may sustain by reason of any breach of the leakage warranties. If there is any leakage by the Target Group from the locked-box date to the Closing Date, the Seller shall reimburse the Purchaser for an amount equal to the leakage amount.

Guarantee

Subject to a cap of HK\$155,000,000, the Company guarantees to the Purchaser the due and punctual performance by the Seller of its warranties, indemnities and undertakings as set forth in the Business Transfer Agreement (the “**Guaranteed Obligation**”), and agrees to indemnify the Purchaser or the Target Group against all losses which the Purchaser or the Target Group may sustain by reason of any breach by the Seller of the Guaranteed Obligation that arises on or before the day falling one year after the Closing Date.

LETTER FROM THE BOARD

Termination

The Seller and the Purchaser may by mutual written consent terminate the Business Transfer Agreement at any time prior to Closing. The Seller and the Purchaser may also terminate the Business Transfer Agreement if the other party does not comply with its Closing obligations. In addition, the Business Transfer Agreement may be terminated by the Purchaser at any time prior to Closing upon occurrence of any of the following events:

- (a) any event occurring which has or is likely to have a material adverse effect on the Business;
- (b) the Key Customer ceasing to be a customer of the Business or any of the Key Customer or the Seller's Group materially breaching the terms of any contractual arrangement relating to the Business, or the Key Customer notifying the Seller's Group that it intends to terminate its commercial relationship relating to the Business; or
- (c) the Key Person being dead, becoming permanently disabled, ceasing to be employed by a member of the Target Group or failing to the execute an employment agreement with the Purchaser.

Non-Compete Undertaking

Each of the Seller and the Company undertakes with the Purchaser and the Target Group that no member of the Seller's Group (excluding the Target Group and the Business), and no executive director of the Company agreed by the Seller and the Purchaser (the "**Relevant Directors**") will, during the two years commencing on Closing or such shorter period of time recognised by applicable law as being binding on the Seller or the Purchaser (as applicable) (the "**Relevant Period**"), for its own account or for that of any person:

- (a) directly or indirectly carry on, be engaged in or be economically interested in any business in India which is of the same type to the business of supplying liquid silicone rubber moulding, metal injection moulding, compression moulding, computer numerical machining, metal stamping and any combination thereof (the "**Competing Business**");
- (b) solicit any person or company who has within two years prior to Closing been an end customer of the Business; or

LETTER FROM THE BOARD

- (c) subject to customary carve-outs, induce or seek to induce the senior employees who are immediately prior to Closing employed in the Target Group or the Business to become employed by the Seller's Group.

Failure to comply with such non-compete undertaking by any member of the Seller's Group (excluding the Target Group and the Business) and any of the Relevant Directors would constitute a breach of the Business Transfer Agreement by the Seller, and would entitle the Purchaser to claim damages from the Seller, which are subject to the maximum liability as set out in the section headed "*Indemnity*" above. Each Relevant Director has entered into a deed of indemnification pursuant to which each Relevant Director agrees to indemnify and hold harmless the Seller and the Company of losses incurred or suffered by the Seller and/or the Company that result from, arise out of or relate to, directly or indirectly, any breach of such non-compete undertaking by such Relevant Director. The Directors are of the view that the exposure of the Seller and the Company that may arise in connection with the Relevant Directors' breach of the non-compete undertaking are limited with such back-to-back indemnification in place and such non-compete undertaking is fair and reasonable to the Company.

The non-compete undertaking under the Business Transfer Agreement was requested by the Purchaser to protect the Purchaser's interests and was in commercial nature beneficial to the Purchaser. Such undertaking was agreed to after arm's length negotiations between the Seller and Purchaser. The reason for the non-compete undertaking to only restrict the Seller's Group (excluding the Target Group and the Business) and the Relevant Directors from carrying out any Competing Business in India is that, based on the Directors' understanding, India is a key market of focus for further expansion of the Business by the Purchaser after Closing.

To facilitate the Disposal, the Seller agrees to provide such non-compete undertaking as there are no material downsides to the Group. Taking into account that (i) the Target Group are the only subsidiaries of the Group that are principally engaged in the Business, (ii) the Group has no intention to operate in and further develop the Business after Closing, and (iii) such non-compete undertaking has no material adverse effect for the Group's other principal businesses, the Directors (including all independent non-executive Directors) are of the view that the terms of the non-compete undertaking are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is a globally leading solution provider of high-precision structural parts for smart mobile communication and consumer electronics products. The Group provides one-stop solution to customers, starting from product design, technical R&D to manufacturing. The Group's products mainly cover handset casings and high-precision components, metaverse-related hardware accessories, household and sports goods, network communications facilities and panels for smart electrical appliances.

LETTER FROM THE BOARD

During 2023, the recovery in China's economy after the COVID-19 pandemic was relatively slow, together with global economic activities slowing down as a result of inflation and rising interest rates, which have put significant pressure on consumer confidence and business operations. As a supplier of high-precision parts and components for consumer products, the Group was affected by the difficult external operating environment and the weak consumer market. For the six months ended 30 June 2023, the Group's total revenue from continuing operations dropped by 29.9%, from HK\$4,039.1 million in the corresponding period last year to HK\$2,831.8 million. The Group has continued 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 the Group has continued to optimise its business portfolio and adjust its operating structure.

The Group currently relies mainly on cashflow from operating activities and different interest-bearing borrowings from financial institutions to support the Group's operating activities and other capital expenditures. However, the interest rate is expected to remain high in the coming year. Accordingly, although the Group does not have any imminent funding needs, the Directors are of the view that it is in the best interest of the Company and its Shareholders as a whole to repay the maximum amount of the Group's indebtedness that the Group has available cash to repay under the current economic and credit environment. As at 30 June 2023, the Group had interest-bearing bank and other borrowings of approximately HK\$2.8 billion, amongst which approximately HK\$2.0 billion carry a floating interest rate ("**Floating-Rate Indebtedness**"), which is the type of indebtedness that incurs the highest finance cost expenditures to the Group. As at 30 June 2023, the Group had a cash balance of approximately HK\$1.4 billion, amongst which approximately HK\$0.6 billion was recorded in the financial accounts of 通達創智(廈門)股份有限公司 (Tongda Smart Tech (Xiamen) Co., Ltd.), being a non-wholly owned subsidiary of the Company whose shares are listed on the main board of the Shenzhen Stock Exchange, and its subsidiaries (the "**Tongda Smart Tech Group**"). As the HK\$0.6 billion cash balance is under the accounts of the Tongda Smart Tech Group (which was debt-free as at 30 June 2023), the Company is unable to utilise such cash balance to repay the Group's indebtedness. In addition, the Group requires cash for its operating activities, and it is estimated that the minimum amount of cash required to support the overall operations of the Group (excluding the Tongda Smart Tech Group, whose operations would be supported with the HK\$0.6 billion under their own accounts) would be approximately HK\$0.4 billion. Accordingly, the cash balance that is available to the Company for the repayment of the Group's indebtedness is approximately HK\$0.4 billion.

LETTER FROM THE BOARD

The Company intends to use approximately 80% of the net proceeds from the Disposal (being approximately HK\$1.5 billion) for the repayment of its Floating-Rate Indebtedness, which would enable the Group to largely reduce its finance cost expenditures and improve its liquidity and gearing ratio, thereby leading to a more stable balance sheet and enhancing the Group's overall profitability and business performance. The improvement of the Group's gearing ratio would give the Company stronger bargaining power in negotiations for any future debt facilities that the Group may take out, which would in turn lead to more favourable terms and lower interest rate and finance cost expenditures for the Group. In addition, the Group has witnessed a decrease in its net profits since 2018, and the Group's turnover reached its peak in 2021 before starting a downward trend since 2022, with its turnover having shrank by almost 30% in the first half of 2023 compared to the same period last year. The external economic environment remains full of uncertainties and against the backdrop of a tightening credit environment, the Directors are of the view that it is unlikely that interest rates would show a decreasing trend in the near future. Accordingly, the Directors are of the view that a reduction in indebtedness level would be beneficial to the Group and would enhance the Group's future prospects as well as the Group's future fundraising capability. The Directors have also considered alternative methods of fundraising for repayment of indebtedness. However, in view of the prevailing capital markets conditions, in particular the stagnant equity and bond markets, as well as the small market capitalisation of the Company (being less than HK\$2 billion), the Directors are of the view that the Disposal would be the most appropriate means to raise funds for repayment of the Group's indebtedness.

The Board has observed that foreign-branded customers of the Business are moving their production bases from the PRC to overseas. If the Group did not proceed with the Disposal, it is likely that the Group would need to set up production facilities for the Business overseas, which would result in more capital investment and higher risks that are inevitably coupled with such overseas expansion. On the other hand, by disposing of the Business, the Group would free up more working capital as well as manpower which can and will be used to further expand its remaining businesses with established scale and potential for development, including its handset casings business, its household and sports goods business, its network communication business and its EA Business.

LETTER FROM THE BOARD

The Group's handset casing business currently covers all major handset brands worldwide. In the past few years, with the assistance of internationally renowned consultants and the Group's own efforts in restructuring, the Group has made remarkable improvements in its operation and management, which have given the Group great competitive advantage in terms of cost-efficiency and have enabled the Group to expand its market share with existing customers. Meanwhile, the Group has started mass-production of its new model handset casings for the new model smartphone of an internationally renowned technology brand. The Group expects to be able to supply more different components for different new model smartphones in the future, which will help increase the overall sales and gross profit margin of the Group's handset casing business.

In respect of the household and sports goods business, the Group has been cooperating with a number of giant household and sports goods brands in Europe and the U.S. for a long period of time. During the six months ended 30 June 2023, the Group successfully completed the spin-off and listing of its household and sports goods business on the Main Board of the Shenzhen Stock Exchange, which further enhanced the Group's operational strength in the relevant market. Meanwhile, as a move to expand its household and sports goods business, the Group has built several new factories which are now in operation. All of the above factors have strengthened the cooperation intention between the existing giant brand customers and the Group, and at the same time increased the attractiveness of cooperation to new customers. Apart from the existing giant brand customers in Europe and the U.S., the Group has commenced new business relationships with a number of giant consumer brand customers, including the world's top 50 Spanish retailer, a high-end consumer brand customer in the U.S. and a Chinese coffee shop chain. During the six months ended 30 June 2023, the Group also became a qualified supplier to a supermarket chain in the U.S.. The Group is confident that the abovementioned achievements will provide momentum for a rapid sales growth in the future.

For the network communication business, the Group expects that the seventh generation of wireless network (Wi-Fi 7) router applications will be popularised, driving the demand for network communication products. In addition, the Olympic Games to be held in Paris in the coming year will also help its related customers in network communication to promote their new model products. Meanwhile, the Group will start providing cooling modules for artificial intelligence (A.I.) server. The Group believes the abovementioned factors will be favourable to the development of the network communication business of the Group in the coming year and will bring satisfactory sales growth to the Group.

LETTER FROM THE BOARD

In addition, the Group has been engaging in the business of manufacturing of control panels, metal accessories and casings for high-end electrical appliances, and its products include smart home appliances, such as air-conditioners, washing machines and refrigerators (the “EA Business”) for over 20 years with matured technology and competitive advantage over its industry peers. The Group has a long-established business relationship with Haier Group Corporation, a Chinese multinational home appliances and consumer electronics company and one of the largest electrical appliance providers in the PRC market. In the second half of 2023, the PRC government has implemented policies and provided subsidies that aim to stimulate the growth of the industry of the EA Business (the “EA Market”), such as “The Notice from 13 Departments including the Ministry of Commerce on Certain Measures to Promote Household Consumption (商務部等13部門關於促進家居消費若干措施的通知(商消費發號))”, which was released on 12 July 2023. With the PRC government’s incentivising policies, the Directors are confident in the business prospects of the EA Business. In view of the current policy environment (which is favourable to the EA Market), and the improving market conditions for the EA Market, after the Disposal, the Group will devote more resources to actively solicit opportunities to acquire businesses that could potentially create synergy with the EA Business and expand the scale and profitability of the EA Business.

The Group is also actively exploring the application of its existing production facilities and technologies for high precision electronic components in the development of high margin non-electronic consumer goods customers and has obtained initial positive results. The Group will continue and deepen its explorations through different channels and forms, with the goal of increasing the Group’s capacity utilisation and high margin customers.

Taking into account (i) the existing scale and profitability of the handset casing business, the household and sports goods business, the network communication business and the EA Business, (ii) the gradual improvement in market conditions and policy environment for the handset casing business, the network communication business and the EA Business, (iii) the business plans currently implemented or to be implemented by the Group, and (iv) the reduced liquidity pressures of the Group as a result of repayment of its Floating-Rate Indebtedness by using the net proceeds from the Disposal, the Directors expect that after the disposal of the Business, the Remaining Group is able to focus on the development of its remaining core business (i.e., the handset casing business, the household and sports goods business, the network communication business and the EA Business) and maintain momentum for its future growth.

LETTER FROM THE BOARD

In view of the above, the Group has decided to dispose of the Business, and the Directors (including all independent non-executive Directors) are of the view that the Disposal, the terms and conditions of the Business Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save for the Disposal as contemplated under the Business Transfer Agreement, the Company currently has no intention to make further disposal of its existing business and/or assets, or further downsize or discontinue the Group's existing business.

INFORMATION ON THE PARTIES AND THE BUSINESS

Information on the Seller

The Seller is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Seller is primarily engaged in trading of high-precision components and investment holding.

Information on the Purchaser

As at the Latest Practicable Date, the Purchaser is wholly-owned by Tectum Global Pte. Ltd. ("**Tectum Global**"), a private company incorporated in Singapore, which is in turn wholly-owned by NT Tectum SPV ("**Tectum SPV**"), an exempted company incorporated with limited liability in the Cayman Islands. Tectum SPV is wholly-owned by NT Tectum CI, an exempted company incorporated with limited liability in the Cayman Islands, which is in turn wholly-owned by Novo Tellus PE Fund 3, L.P. ("**NT3**"), a private equity fund incorporated in the Cayman Islands, the general partner of which is ultimately controlled by Mr. Wai San Loke.

It is contemplated that prior to Closing, Tectum SPV and NT Tectum CI will obtain financing from equity investors. Upon completion of such equity financing, Tectum SPV will become (i) approximately 65.31%-owned by NT Tectum CI, which will be controlled by NT3, the general partner of which is ultimately controlled by Mr. Wai San Loke; and (ii) approximately 34.69%-owned by 65 Equity Partners, an independently managed wholly-owned investment platform of Temasek, a global investment company headquartered in Singapore.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners, both as at the Latest Practicable Date and upon completion of the aforementioned equity financing by the Purchaser, are Independent Third Parties.

Information on the Business

As at the Latest Practicable Date, the Target Companies are indirect wholly-owned subsidiaries of the Company, and are primarily engaged in manufacturing and sale of high-precision components. As part of the Disposal, the Company has undergone certain internal reorganisation, whereby Tongda Optoelectronics Technology Co. Ltd. Shishi* (石獅市通達光電科技有限公司), an indirect wholly-owned subsidiary of the Company, has entered into a business transfer agreement with Tongda Shishi OpCo, pursuant to which the former has transferred to the latter certain assets and liabilities relating to the Business (comprising, among other things, manufacturing equipment, inventories, rights and obligations under contracts, employees as well as intellectual properties). As at the Latest Practicable Date, such internal reorganisation has been completed.

Although the Business has been recorded under the handset casings and high-precision components segment in the Company's financial statements, the Group has always operated the Business independent from its handset casings business. There is no overlap between the key management and the employees of the two businesses. The manufacturing of high-precision components (i.e. the Business) and the manufacturing of handset casings are carried out in different production workshops (車間), and there are separate bookkeeping and financial records for the Business and the handset casings business. While there exists certain overlap in customers, which is inevitable as there are a limited number of major manufacturers ("OEM") to serve the smartphone brands in the market, the Group enters into separate contracts with such customers for the production of high-precision components under the Business and the production of handset casings. Furthermore, the end customers that are behind the OEMs of the Business and the handset casings business are different and independent, and there exists no overlap in such end customers between the two businesses. Accordingly, the internal reorganisation and the Disposal would not have any material impact on the Group's handset casings business or other business segments of the Group.

LETTER FROM THE BOARD

Set out below is the unaudited combined financial information of the Business for the periods indicated as extracted from Appendix II to this circular:

	For the year ended 31 December			For the nine months ended
				30 September
	2020	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before tax	207,039	226,222	348,146	75,703
Profit after tax	170,086	177,643	294,991	59,030

Based on the unaudited combined financial information of the Business as set out in Appendix II to this circular, the unaudited consolidated net assets value of the Business to be disposed of as at 30 September 2023 was approximately HK\$1,302,571,000.

The profit after tax of the Business for the year ended 31 December 2021 was approximately HK\$177.6 million, which remained largely similar to that for the year ended 31 December 2020 of approximately HK\$170.1 million. The profit after tax of the Business for the year ended 31 December 2022 was approximately HK\$295.0 million, representing an increase of approximately HK\$117.3 million or 66.1% compared with that for the year ended 31 December 2021 of approximately HK\$177.6 million. Such increase was mainly attributable to the significant depreciation of RMB to U.S. dollars during the year ended 31 December 2022 which led to a currency-driven increase in gross profit margin of the Business and consequently an increase in the profit after tax of the Business. The profit after tax of the Business for the nine months ended 30 September 2023 was approximately HK\$59.0 million, representing a decrease of approximately HK\$20.6 million or 25.9% compared with that for the nine months ended 30 September 2022 of approximately HK\$79.6 million. Such decrease was mainly attributable to the decrease in turnover of the Business during the relevant period.

Please refer to Appendix II to this circular for more financial information on the Business.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Based on the preliminary assessment on the unaudited consolidated net assets value of the Business to be disposed of as at 30 September 2023 and the estimated net proceeds from the Disposal, it is expected that upon Closing, the Group will record a gain on the Disposal in the amount of approximately HK\$505.2 million.

The estimated gain on the Disposal set out in the preceding paragraph was arrived at on the assumption that Closing took place on 30 September 2023, and the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to any changes to the aforementioned unaudited financial information on the Closing Date, the performance of the Business from 1 October 2023 to the Closing Date as well as the review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

Upon Closing, the Seller will cease to hold any shares in the Target Companies, and the Target Group will cease to be subsidiaries of the Company. Upon Closing, the financial results of the Business (including the Target Group) will no longer be consolidated into the consolidated financial statements of the Company.

Effect on earnings

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular (assuming that the Disposal had been completed on 1 January 2022), the unaudited pro forma consolidated profit of the Group attributable to owners of the Company for the year ended 31 December 2022 would be approximately HK\$682,047,000, as compared to the audited consolidated profit of the Group attributable to owners of the Company of approximately HK\$137,287,000 as reported in the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Effect on assets and liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular (assuming that the Disposal had been completed on 30 June 2023), (i) the unaudited pro forma equity attributable to owners of the Remaining Group as at 30 June 2023 would be approximately HK\$8,373,742,000, as compared to the unaudited equity attributable to owners of the Company of approximately HK\$7,734,002,000 as reported in the unaudited consolidated financial statements of the Group for the period ended 30 June 2023; and (ii) the unaudited pro forma consolidated total liabilities of the Remaining Group as at 30 June 2023 would be approximately HK\$5,142,345,000, as compared to the unaudited consolidated total liabilities of the Group of approximately HK\$5,676,312,000 as reported in the unaudited consolidated financial statements of the Group for the period ended 30 June 2023.

LETTER FROM THE BOARD

Please refer to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular for more details on the financial effect of the Disposal.

INTENDED USE OF PROCEEDS

Net proceeds from the Disposal, which have deducted expenses in relation to the Disposal, are estimated to be approximately HK\$1,807,780,000. The Company intends to use approximately 80% of the net proceeds from the Disposal for the repayment of some existing indebtedness of the Group in the three months after Closing, and the remaining approximately 20% of the net proceeds from the Disposal for the Group's general working capital in the six to twelve months after Closing.

Set out below is a breakdown of the Company's outstanding borrowings as at 31 December 2023 and the intended allocation of the net proceeds to the specific borrowings:

	Outstanding borrowings as at 31 December 2023 HK\$'000	Intended allocation of net proceeds HK\$'000
Indebtedness with floating interest rate which will mature over one year	1,014,050	1,014,050
Indebtedness with floating interest rate which will mature within one year	1,236,212	432,174
Indebtedness with fixed interest rate which will mature over one year	88,109	–
Indebtedness with fixed interest rate which will mature within one year	798,966	–
	<hr/>	<hr/>
Total indebtedness	<u>3,137,337</u>	<u>1,446,224</u>

LETTER FROM THE BOARD

The indebtedness with floating interest rate which will mature over one year bears the highest interest rate among all of the Group's outstanding borrowings as at 31 December 2023. Therefore, the Company intends to use the net proceeds from the Disposal for the repayment of all of such indebtedness, which would enable the Group to largely reduce its finance cost expenditures and improve its liquidity and gearing ratio, thereby leading to a more stable balance sheet and enhancing the Group's overall profitability and business performance. Other indebtedness with floating interest rate which will mature within one year is either (i) long-term loan which will mostly be repaid before Closing or (ii) revolving loan with lower interest rate, which the Company has the flexibility to determine whether to maintain or repay based on its funding needs.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Business Transfer Agreement and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Business Transfer Agreement at the EGM.

VOTING UNDERTAKING

In order to enhance deal certainty, and at the request of the Purchaser, Mr. Wang Ya Nan, Landmark Worldwide Holdings Limited and E-Growth Resources Limited, each directly holding 691,395,000 Shares, 2,375,250,000 Shares and 444,000,000 Shares, representing approximately 7.10%, 24.40% and 4.56% of the total number of Shares in issue, respectively, have each entered into a voting undertaking with the Purchaser, pursuant to which they have agreed to, among other things, vote in favour of the resolution(s) to be proposed at the EGM relating to the approval of the Business Transfer Agreement or any actions that are reasonably necessary for the implementation of the Disposal. For the avoidance of doubt, each of Mr. Wang Ya Nan, Landmark Worldwide Holdings Limited and E-Growth Resources Limited has no relationship with the Purchaser other than both being parties to the aforementioned voting undertaking. Each of Mr. Wang Ya Nan, Landmark Worldwide Holdings Limited and E-Growth Resources Limited is not a party to the Business Transfer Agreement, and is not a close associate of the Purchaser. The Disposal does not confer upon Mr. Wang Ya Nan, Landmark Worldwide Holdings Limited and E-Growth Resources Limited or their close associate a benefit (whether economic or otherwise) not available to the other Shareholders.

LETTER FROM THE BOARD

EGM

The EGM will be convened and held at 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Business Transfer Agreement and the transactions contemplated thereunder by way of ordinary resolution. The resolution approving the Business Transfer Agreement and the transactions contemplated thereunder will be conducted by way of a poll at the EGM. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 March 2024 to Friday, 8 March 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 4 March 2024.

RECOMMENDATION

The Directors (including all independent non-executive Directors) are of the view that the Disposal, the terms and conditions of the Business Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM as set out in the notice of the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial statements for the six months ended 30 June 2023 of the Company together with relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tongda.com/>). Please refer to the hyperlinks as stated below:

- pages 43 to 140 of the annual report of the Company for the year ended 31 December 2020 published on 23 March 2021
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0323/2021032300477.pdf>
- pages 48 to 144 of the annual report of the Company for the year ended 31 December 2021 published on 11 April 2022
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0411/2022041100451.pdf>
- pages 47 to 154 of the annual report of the Company for the year ended 31 December 2022 published on 17 April 2023
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0417/2023041700714.pdf>
- pages 16 to 52 of the interim report of the Company for the six months ended 30 June 2023 published on 13 September 2023
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0913/2023091300371.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$3,137 million, comprising aggregate secured bank loans of approximately HK\$80 million, aggregate unsecured bank loans of approximately HK\$2,895 million, unsecured other loans of approximately HK\$129 million and aggregate lease liabilities of approximately HK\$33 million as detailed below:

	<i>HK\$'000</i>
Current	
Current portion of long term bank loans, secured	79,676
Current portion of long term bank loans, unsecured	906,537
Bank loans, unsecured	913,360
Other loans, unsecured	129,267
Lease liabilities	6,338
	<u>2,035,178</u>
Non-current	
Bank loans, unsecured	1,075,444
Lease liabilities	26,715
	<u>1,102,159</u>
Total	<u>3,137,337</u>

As at 31 December 2023, the Group's banking facilities were supported by:

- (a) the pledge of bank deposits of approximately HK\$298,487,000;
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) mortgages over the Group's leasehold building and the related right-of-use asset in Hong Kong with a carrying amount of approximately HK\$47,900,000.

At the close of business on 31 December 2023, the Group had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 December 2023, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 31 December 2023.

3. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, available credit facilities and the estimated net proceeds from the Disposal, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As disclosed in the profit warning as announced by the Company on 7 February 2024, it is expected that the Group will record a loss attributable to owners of the Company in the range of approximately HK\$1,100 million to HK\$1,200 million for the year ended 31 December 2023, as compared to the profit attributable to owners of the Company of approximately HK\$137 million for the year ended 31 December 2022.

Save for the above, the Directors have confirmed that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a globally leading solution provider of high-precision structural parts for smart mobile communication and consumer electronics products. The Group provides one-stop solution to customers, starting from product design, technical R&D to manufacturing. The Group's products mainly cover handset casings and high-precision components, metaverse-related hardware accessories, household and sports goods, network communications facilities and panels for smart electrical appliances.

Looking ahead, the recovery in China's economy after the COVID-19 pandemic is relatively slow, together with global economic activities slowing down as a result of inflation and rising interest rates, which have put significant pressure on consumer confidence and business operations. 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.

As disclosed in the section headed "Reasons for and Benefits of the Disposal" in the letter from the Board, the Disposal provides a favourable fund-raising opportunity for the Company. Following Closing, the Disposal will provide the Group with an immediate available funding of approximately HK\$1,697.0 million, being the net proceeds from the Disposal less the Retention Amount, which will allow the Group to reduce a large amount of its indebtedness. The reduction of indebtedness can largely improve the gearing ratio of the Group and show a more stable balance sheet to its customers, suppliers, investors and other stakeholders. Together with the Group's existing diversified production facilities, innovative technologies, leading craftsmanship and outstanding R&D team, the Group can build a stronger relationship with its customers, suppliers and other stakeholders which will be beneficial to the Group's long-term development.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon Closing, the Company will no longer hold any interest in the Target Companies and the Target Group will cease to be subsidiaries of the Company, and the financial results of the Business will no longer be consolidated into the consolidated financial statements of the Company.

In addition, upon Closing, the Remaining Group will continue to carry out its existing businesses following Closing and there will be no change to the principal business of the Remaining Group.

On this basis, the management discussion and analysis on the Remaining Group for the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023 is set out below.

BUSINESS AND FINANCIAL REVIEW

Segmental information

The Remaining Group has four business segments from continuing operations, including handset casings components, smart electrical appliances casings, household and sports goods and network communications facilities and others for the years ended 31 December 2020 and 2021. The Remaining Group has three business segments from continuing operations including handset casings components, household and sports goods and network communications facilities and others for the year ended 31 December 2022 and the six months ended 30 June 2023. A summary of the operating results of each business segment of the Remaining Group for the three years ended 31 December 2020, 2021 and 2022, and the six months ended 30 June 2023 are as follows:

	Handset casings components <i>HK\$'000</i>	Smart electrical appliances casings <i>HK\$'000</i>	Household and sports goods <i>HK\$'000</i>	Network communications facilities and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2020					
Segment operating profit/(loss)	248,658	(34,564)	96,628	2,805	313,527

The segment operating profit of the Remaining Group for the year ended 31 December 2020 of HK\$313.5 million was mainly derived from the handset casings components segment of HK\$248.7 million and the household and sports goods business segment of HK\$96.7 million, which was partially offset by the segment operating loss from the smart electrical appliances casings segment of HK\$34.6 million.

	Handset casings components <i>HK\$'000</i>	Smart electrical appliances casings <i>HK\$'000</i>	Household and sports goods <i>HK\$'000</i>	Network communications facilities and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2021					
Segment operating profit/(loss)	(40,675)	11,365	152,718	(41,428)	81,980

The segment operating profit of the Remaining Group for the year ended 31 December 2021 of HK\$82.0 million was mainly derived from the household and sports goods segment of HK\$152.7 million, which was partially offset by the segment operating loss from the handset casings components segment of HK\$40.7 million and the network communications facilities and others segment of HK\$41.4 million.

	Handset casings components <i>HK\$'000</i>	Smart electrical appliances casings <i>HK\$'000</i>	Household and sports goods <i>HK\$'000</i>	Network communications facilities and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2022					
Segment operating profit/(loss)	(288,003)	N/A	137,019	301,828	150,844

The segment operating profit of the Remaining Group for the year ended 31 December 2022 of HK\$150.8 million was mainly derived from the network communications facilities and others segment of HK\$301.8 million and the household and sports goods segment of HK\$137.0 million, which was partially offset by the segment operating loss from the handset casings components segment of HK\$288.0 million.

	Handset casings components <i>HK\$'000</i>	Smart electrical appliances casings <i>HK\$'000</i>	Household and sports goods <i>HK\$'000</i>	Network communications facilities and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
30 June 2023					
Segment operating profit/(loss)	(9,463)	N/A	62,685	7,886	61,108

The segment operating profit of the Remaining Group for the six months ended 30 June 2023 of HK\$61.1 million was mainly derived from the household and sports goods segment of HK\$62.7 million.

Handset Casings Components

During the year ended 31 December 2020, despite the decline of the global handset shipment, growth was achieved in the market share of the glass-like (“**Glastic**”) casings developed by the Remaining Group. The shipment volume of the Remaining Group during the year continued to increase and the shipment volume for the year has met the anticipated target. In addition, with the gradual resumption of economic activities in various countries in the second half of the year, the Remaining Group’s major customers accelerated their products upgrade, thus increasing the proportion of the Remaining Group’s shipment of new products, such as 3D and uni-body Glastic casings. High technological barriers of those products helped maintain the Remaining Group’s profit margin. At the same time, the Remaining Group provided glass back covers and metal middle frames for mid-to-high end smartphones, in order to meet the demand of various brands for smartphones at different price ranges.

During the year ended 31 December 2021, the Remaining Group covered the major handset brands globally and provided Glastic casings with high price-performance-ratio and metal middle frames to various handset brands, meeting the demand for various handset brands at different price levels. During the year, the global shortage in supply of chips and components of handsets and the lingering COVID-19 pandemic around the world have led to a year-on-year decrease in global handset shipment during the second half of the year. The overall shipment volume of handset casings of the Remaining Group was also affected.

During the year ended 31 December 2022, sales of handset casings were significantly weaker due to various external uncertainties resulting in weaker consumer demands. According to a report released by International Data Corporation, global smartphone shipments reached a 10-year low of approximately 1.21 billion units during the year, down 11.3% year-on-year. In addition, according to the China Academy of Information and Communication Technology (CAICT) in February 2023, the shipment of domestic branded smartphone accumulated to about 230 million units in 2022, down 24.7% year-on-year. The Remaining Group’s overall handset casing shipment volume and unit price declined in the face of multiple unfavorable conditions such as weak market demands and declining smartphone specification packages.

During the six months ended 30 June 2023, handset shipments in China and globally deteriorated further due to weak consumer spendings and low consumer desires to replace their handsets. According to the data released by the China Academy of Information and Communications Technology (CAICT), the total handset shipment in the domestic market during the period recorded a drop of 4.8% as compared to the same period last year, of which the shipment of domestic branded handsets even recorded a drop of 8.8% as compared to the same period last year. The Remaining Group's handset casings shipment volume also suffered a year-on-year decline as a result of the weakening consumption momentum in the smartphone market and intensifying competition in the industry.

Smart Electrical Appliances Casings

During the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023, the segment of smart electrical appliance casings was primarily engaged in the design and production of control panels and casings of high-end electrical appliances, such as air-conditioners, washing machines and refrigerators for Chinese and international brands.

Household and Sports Goods

With respect to the segment of household and sports goods, the Remaining Group primarily supplied durable household goods, household utensils, sports goods and healthcare goods to international European and U.S. brands during the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023.

During the year ended 31 December 2020, the segment of household and sports goods benefitted from the continuing business growth of certain major customers in their China, European and U.S. markets during the COVID-19 pandemic which led to the increase in sales.

During the year ended 31 December 2021, the Remaining Group established a strong cooperative relationship with many major international brands through years of effort with customers and recorded strong growth in orders.

During the year ended 31 December 2022, the segment of household and sports goods recorded a decrease in sales mainly due to the impact of inventory clearance by customers in Europe and the United States. The Remaining Group continued to deepen its relationship with its core customers.

During the six months ended 30 June 2023, the segment of household and sports goods recorded a decrease in sales mainly due to the weak global economy and the destocking from major European and U.S. customers. The Remaining Group completed the spin-off and listing of its household and sports goods business on the Main Board of the Shenzhen Stock Exchange on 13 March 2023 and continues to hold a 67.5% equity interest in such business, which remains as a subsidiary of the Remaining Group. The successful divestment will help enhance the overall financial and financing capability of the segment of household and sports goods and drive the sustainable development of such business.

Network Communications Facilities and Others

During the three years ended 31 December 2020, 2021, 2022, this division mainly engaged in the production of networking products and aluminum battery components for new energy vehicles and automotive interior components. The Remaining Group disposed of 70% of its automotive business during 2022 and continues to hold the remaining 30% equity interest of the business. Such disposal enables the Remaining Group to concentrate its resources on specific existing businesses which have established scale and potential for development, so that the management can make more spontaneous and precise adjustments to the overall business in a fast-changing environment. After the aforesaid disposal, the Remaining Group mainly produced high-precision components for wireless routers and other networking products for renowned brands in Europe, the U.S. and the PRC during the six months ended 30 June 2023.

During the year ended 31 December 2020, major customers of the segment of network communications facilities and others included local and Sino-foreign invested automotive brands. According to the data disclosed by the China Association of Automobile Manufacturers, sales of automobile during the year were approximately 20.178 million units, representing a year-on-year decline of 6.0%. The segment of network communications facilities and others recorded a decline in orders compared with the orders during the year ended 31 December 2019.

During the year ended 31 December 2021, major customers of the segment of network communications facilities and others included the leading manufacturers of electric car batteries in China as well as local and Sino-foreign invested automotive brands. According to the data disclosed by the China Association of Automobile Manufacturers, new energy vehicles was the best highlighted sector among the automotive industry, ranking the top for 7 consecutive years in a row in terms of its sales volume. Among which, in 2021, the production and sales of new energy vehicles in China reached 3.5 million units having increased by 1.6 times compared with last year. The market share of new energy vehicles among the automotive industry is 13.4%, representing an increase of 8% when compared with last year. Sales of the automotive

business under this segment increased by 43.0% compared with sales during the year ended 31 December 2020. Together with the sales growth of network communications projects, the revenue of the segment of network communications facilities and others recorded a growth during the year.

During the year ended 31 December 2022, for the networking products segment, the Remaining Group mainly manufactured wireless routers and other networking products casing and high precision components for well-known brands in Europe, the United States and the PRC. For the automotive segment, the Remaining Group's major customers included leading electric vehicle battery manufacturers in the PRC, and PRC and Sino-foreign equity joint venture automobile brands. The segment of network communications facilities and others recorded a growth in turnover during the year.

During the six months ended 30 June 2023, with respect to the segment of network communications facilities and others, the decrease in turnover was mainly due to the disposed of 70% of the Remaining Group's automotive business in 2022. The Remaining Group held the remaining 30% equity interest in the business and remained as an associate of the Remaining Group. Its turnover was no longer consolidated as part of the Remaining Group's total revenue during the period.

Future Prospects

The Remaining Group's handset casing business currently covers all major handset brands worldwide. In the past few years, with the assistance of internationally renowned consultants and the Remaining Group's own efforts in restructuring, the Remaining Group has made remarkable improvements in its operation and management, which have given the Remaining Group great competitive advantage in terms of cost-efficiency and have enabled the Remaining Group to expand its market share with existing customers. Meanwhile, the Remaining Group has started mass-production of its new model handset casings for the new model smartphone of an internationally renowned technology brand. The Remaining Group expects to be able to supply more different components for different new model smartphones in the future, which will help increase the overall sales and gross profit margin of the Remaining Group's handset casing business.

In respect of the household and sports goods business, the Remaining Group has been cooperating with a number of giant household and sports goods brands in Europe and the U.S. for a long period of time. During the six months ended 30 June 2023, the Remaining Group successfully completed the spin-off and listing of its household and sports goods business on the Main Board of the Shenzhen Stock Exchange, which further enhanced the Remaining Group's operational strength in the relevant market. Meanwhile, as a move to expand its household and sports goods business, the Remaining Group has built several new factories which are now in operation. All of the above factors have

strengthened the cooperation intention between the existing giant brand customers and the Remaining Group, and at the same time increased the attractiveness of cooperation to new customers. Apart from the existing giant brand customers in Europe and the U.S., the Remaining Group has commenced new business relationships with a number of giant consumer brand customers, including the world's top 50 retailer in Spain, a high-end consumer brand customer in the U.S. and a Chinese coffee shop chain. During the six months ended 30 June 2023, the Remaining Group also became a qualified supplier to a supermarket chain in the U.S.. The Remaining Group is confident that the abovementioned achievements will provide momentum for a rapid sales growth in the future.

For the network communication business, the Remaining Group expects that the seventh generation of wireless network (Wi-Fi 7) router applications will be popularised, driving the demand for network communication products. In addition, the Olympic Games to be held in Paris in the coming year will also help its related customers in network communication to promote their new model products. Meanwhile, the Remaining Group will start providing cooling modules for artificial intelligence (A.I.) server. The abovementioned factors will be favourable to the development of the network communication business of the Remaining Group in the coming year and will bring satisfactory sales growth to the Remaining Group.

In addition, the Remaining Group has been engaging in the business of manufacturing of control panels, metal accessories and casings for high-end electrical appliances, and its products include smart home appliances, such as air-conditioners, washing machines and refrigerators for over 20 years with matured technology and competitive advantage over its industry peers. The Remaining Group has a long-established business relationship with Haier Group Corporation, a Chinese multinational home appliances and consumer electronics company and one of the largest electrical appliance providers in the PRC market. In the second half of 2023, the PRC government has implemented policies and provided subsidies that aim to stimulate the growth of the industry of the EA Business, such as "The Notice from 13 Departments including the Ministry of Commerce on Certain Measures to Promote Household Consumption (商務部等13部門關於促進家居消費若干措施的通知(商消費發號))", which was released on 12 July 2023. With the PRC government's incentivising policies, the Directors are confident in the business prospects of the EA Business. In view of the current policy environment (which is favourable to the EA Market), and the improving market conditions for the EA Market, after the Disposal, the Remaining Group will devote more resources to actively solicit opportunities to acquire businesses that could potentially create synergy with the EA Business and expand the scale and profitability of the EA Business.

The Remaining Group is also actively exploring the application of its existing production facilities and technologies for high precision electronic components in the development of high margin non-electronic consumer goods customers and has obtained initial positive results. The Remaining Group will continue and deepen its explorations through different channels and forms, with the goal of increasing the Remaining Group's capacity utilisation and high margin customers.

Liquidity and Financial Resources

During the year ended 31 December 2020, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 31 December 2020, the Remaining Group's consolidated net asset value was HK\$5,421.1 million. As at 31 December 2020, the Remaining Group had cash and cash equivalents and pledged deposits of HK\$1,339.1 million, without holding any structural investment contract, of which approximately HK\$372.7 million has been pledged to banks as security for trade financing granted. Majority of the cash and cash equivalents and pledged deposits were denominated in HK\$, RMB and US\$. The current ratio of the Remaining Group as at 31 December 2020 was 120.4%.

During the year ended 31 December 2021, the Remaining Group's primary sources of funding included cash generated from operating activities, the credit facilities provided by the Remaining Group's principal banks and the rights issue completed on 13 September 2021. As at 31 December 2021, the Remaining Group's consolidated net asset value was HK\$6,640.7 million. As at 31 December 2021, the Remaining Group had cash and cash equivalents and pledged deposits of HK\$1,166.3 million, without holding any structural investment contract, of which approximately HK\$443.1 million has been pledged to banks as security for trade financing granted. Majority of the cash and cash equivalents and pledged deposits were denominated in HK\$, RMB and US\$. The current ratio of the Remaining Group as at 31 December 2021 was 116.1%.

During the year ended 31 December 2022, the Remaining Group's primary sources of funding included cash generated from operating activities, the credit facilities provided by the Remaining Group's principal banks and the rights issue completed on 13 September 2021. As at 31 December 2022, the Remaining Group's consolidated net asset value was HK\$5,710.1 million. As at 31 December 2022, the Remaining Group had cash and cash equivalents and pledged deposits of HK\$970.1 million, without holding any structural investment contract, of which approximately HK\$236.9 million has been pledged to banks as security for trade financing granted. Majority of the cash and cash equivalents and pledged deposits were denominated in HK\$, RMB and US\$. The current ratio of the Remaining Group as at 31 December 2022 was 134.1%.

During the six months ended 30 June 2023, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 30 June 2023, the Remaining Group's consolidated net asset value was HK\$6,863.7 million. As at 30 June 2023, the Remaining Group had cash and cash equivalents and pledged deposits of HK\$1,229.6 million, without holding any structural investment contract, of which approximately HK\$194.5 million has been pledged to banks as security for trade financing granted. Majority of the cash and cash equivalents and pledged deposits were denominated in HK\$, RMB and US\$. The current ratio of the Remaining Group as at 30 June 2023 was 162.1%.

Gearing Ratio and Indebtedness

As at 31 December 2020, the gearing ratio of the Remaining Group (consolidated net debt/total equity) was 37.3%. As at 31 December 2020, other than the non-current portion of bank loans of HK\$1,299.6 million, the Remaining Group had bank and other borrowings of HK\$2,063.6 million which will be repayable within one year since 31 December 2020. All of the Remaining Group's bank borrowings were denominated in HK\$ and RMB in which HK\$825.8 million of the total bank and other borrowings were at fixed interest rates as at 31 December 2020.

As at 31 December 2021, the gearing ratio of the Remaining Group (consolidated net debt/total equity) was 29.7%. As at 31 December 2021, other than the non-current portion of bank loans of HK\$592.8 million, the Remaining Group had bank and other borrowings of HK\$2,548.8 million which would be repayable within one year since 31 December 2021. All of the Remaining Group's bank borrowings were denominated in HK\$ and RMB in which HK\$1,288.9 million of the total bank and other borrowings were at fixed interest rates as at 31 December 2021.

As at 31 December 2022, the gearing ratio of the Remaining Group (consolidated net debt/total equity) was 31.4%. As at 31 December 2022, other than the non-current portion of bank loans of HK\$1,046.5 million, the Remaining Group had bank and other borrowings of HK\$1,715.1 million which would be repayable within one year since 31 December 2022. All of the Remaining Group's bank borrowings were denominated in HK\$ and RMB in which HK\$902.6 million of the total bank and other borrowings were at fixed interest rates as at 31 December 2022.

As at 30 June 2023, the gearing ratio of the Remaining Group (consolidated net debt/total equity) was 20.0%. As at 30 June 2023, other than the non-current portion of bank loans of HK\$998.8 million, the Remaining Group had bank and other borrowings of HK\$1,603.2 million which would be repayable within one year since 30 June 2023. All of the Remaining Group's bank borrowings were denominated in HK\$ and RMB in which HK\$798.9 million of the total bank and other borrowings were at fixed interest rates as at 30 June 2023.

Charge on Remaining Group's Assets

As at 31 December 2020, apart from bank deposits amounting to HK\$372.7 million that were pledged to banks and a leasehold building in Hong Kong together with the related right-of-use asset, with a total carrying amount of HK\$46.9 million mortgaged by the Remaining Group, no other assets of the Remaining Group were charged to any financial institutions.

As at 31 December 2021, apart from bank deposits amounting to HK\$443.1 million that were pledged to banks and a leasehold building in Hong Kong together with the related right-of-use asset, with a total carrying amount of HK\$50.3 million mortgaged by the Remaining Group, no other assets of the Remaining Group were charged to any financial institutions.

As at 31 December 2022, apart from bank deposits amounting to HK\$236.9 million that were pledged to banks and a leasehold building in Hong Kong together with the related right-of-use asset, with a total carrying amount of HK\$50.2 million mortgaged by the Remaining Group, no other assets of the Remaining Group were charged to any financial institutions.

As at 30 June 2023, apart from bank deposits amounting to HK\$194.5 million that were pledged to banks and a leasehold building in Hong Kong together with the related right-of-use asset, with a total carrying amount of HK\$48.2 million mortgaged by the Remaining Group, no other assets of the Remaining Group were charged to any financial institutions.

FUNDING AND TREASURY POLICIES

During the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023, the Remaining Group's sales were principally denominated in RMB and U.S. dollars while purchases were principally transacted in RMB. The Remaining Group will continue to monitor its overall foreign exchange exposure and interest rate exposure, and consider hedging against the exposure should the need arises. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group employed approximately 15,894, 19,214, 11,105 and 10,203 full-time employees, respectively. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the total salaries and wages of the Remaining Group amounted to approximately HK\$1,663.6 million, HK\$1,926.2 million, HK\$1,398.9 million and HK\$478.2 million, respectively.

During the three years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Remaining Group offered remuneration packages for employees mainly based on their performance and experiences, and with reference to prevailing industry practices. In addition to enrolling new employees into the mandatory provident fund scheme in Hong Kong and state-managed pension scheme in the PRC and making contributions for them on a periodic basis, the Remaining Group also provided medical coverage, internal and external training programs and grants share options/share awards and discretionary bonuses to employees based on employees' individual performance and the Remaining Group's overall performance. The Remaining Group reviewed the remuneration policies and packages on a regular basis.

SIGNIFICANT INVESTMENTS

During the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the Remaining Group had no significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

On 25 January 2022, the Group and an independent third party entered into an equity transfer agreement whereby the Group agreed to dispose of its 100% equity interest in Tongda (Shanghai) Electrical Decoration Co., Ltd. (通達(上海)電器裝飾件有限公司) for a consideration of RMB60,000,000. Tongda (Shanghai) Electrical Decoration Co., Ltd. (通達(上海)電器裝飾件有限公司) is principally holding a property, which is not the core business of the Group. The disposal was completed on 3 November 2022.

On 11 November 2022, Tong Da Holdings (BVI) Limited, a direct wholly-owned subsidiary of the Company, as the vendor, and an independent third party as the purchaser entered into sale and purchase agreement, pursuant to which the vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, 70% of the entire issued share capital of Tongda Overseas Company Limited, an wholly-owned subsidiary of the vendor at a consideration of HK\$385,000,000. The disposal was completed on 28 December 2022. Further details were set out in the announcements of the Company dated 13 November 2022 and 28 December 2022, and the circular of the Company dated 9 December 2022.

On 22 December 2023, Tongda Intelligence (BVI) Co Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, and Tongda Group (Asia) Limited, as the vendor, entered into the sale and purchase agreement, pursuant to which the purchaser has conditionally agreed to purchase, and the vendor has conditionally agreed to sell all issued shares of Credence Technology Limited, a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK\$60,000,000, subject to the terms and conditions as set out in the sale and purchase agreement. The vendor is owned as to 25% each by Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung, being controlling shareholders and connected persons of the Company. As at the Latest Practicable Date, the acquisition has been completed. Further details were set out in the announcement of the Company dated 22 December 2023.

Save as disclosed herein, during the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, there was not any material acquisition or disposals of subsidiaries and associated companies by the Remaining Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Material Acquisitions and Disposals” above in this Appendix I, as at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group did not have any immediate plan for material investments or acquisition of material capital assets.

Set out below are the unaudited combined statements of financial position of the Business as at 31 December 2020, 2021 and 2022 and 30 September 2023, and the unaudited combined income statements, the unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows of the Business for the years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023 (“**the Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and prepared on the basis set out in note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Disposal.

D & Partners CPA Limited, Certified Public Accountants, the reporting accountants of the Company, was engaged to review the Unaudited Financial Information of the Business set out on pages II-2 to II-11 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 *Review of Historical Financial Information* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Business, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information of the Business is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Business.

UNAUDITED COMBINED INCOME STATEMENTS

For the years ended 31 December 2020, 2021, 2022 and nine months ended 30 September 2023

	Year ended 31 December			Nine months ended	
	2020	2021	2022	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE	2,004,516	2,360,303	2,532,120	1,740,358	1,462,527
Cost of sales	<u>(1,468,644)</u>	<u>(1,729,025)</u>	<u>(1,648,240)</u>	<u>(1,278,714)</u>	<u>(1,080,615)</u>
Gross profit	535,872	631,278	883,880	461,644	381,912
Other income and gains, net	20,182	18,379	16,241	15,308	19,281
Selling and distribution expenses	(20,104)	(31,937)	(30,746)	(22,600)	(20,911)
General and administrative expenses	(266,782)	(300,058)	(405,461)	(266,763)	(231,903)
Other operating income/(expenses)	3,047	(34,880)	10,027	38,893	24,353
Finance costs	<u>(65,176)</u>	<u>(56,560)</u>	<u>(125,795)</u>	<u>(106,727)</u>	<u>(97,029)</u>
PROFIT BEFORE TAX	207,039	226,222	348,146	119,755	75,703
Income tax expenses	<u>(36,953)</u>	<u>(48,579)</u>	<u>(53,155)</u>	<u>(40,144)</u>	<u>(16,673)</u>
PROFIT FOR THE YEAR/PERIOD					
ATTRIBUTABLE TO OWNERS					
OF THE BUSINESS	<u>170,086</u>	<u>177,643</u>	<u>294,991</u>	<u>79,611</u>	<u>59,030</u>

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2020, 2021, 2022 and nine months ended 30 September 2023

	Year ended 31 December			Nine months ended	
	2020	2021	2022	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PROFIT FOR THE YEAR/PERIOD	<u>170,086</u>	<u>177,643</u>	<u>294,991</u>	<u>79,611</u>	<u>59,030</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)					
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	<u>28,966</u>	<u>67,393</u>	<u>(110,692)</u>	<u>(129,199)</u>	<u>(36,472)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD, NET OF TAX	<u>28,966</u>	<u>67,393</u>	<u>(110,692)</u>	<u>(129,199)</u>	<u>(36,472)</u>
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE BUSINESS	<u><u>199,052</u></u>	<u><u>245,036</u></u>	<u><u>184,299</u></u>	<u><u>(49,588)</u></u>	<u><u>22,558</u></u>

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020, 2021 and 2022 and 30 September 2023

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	687,340	1,011,195	828,987	435,102
Right-of-use assets	9,305	1,095	496	169
Long term deposits	27,028	36,870	13,791	20,951
Deferred tax assets	3,703	3,703	3,703	3,703
	<u>727,376</u>	<u>1,052,863</u>	<u>846,977</u>	<u>459,925</u>
CURRENT ASSETS				
Inventories	497,109	658,161	640,340	619,760
Trade and bills receivables	630,806	915,626	790,155	573,677
Prepayments, deposits and other receivables	104,152	54,980	49,375	116,133
Due from Remaining Group	513,735	32,857	308,880	332,297
Tax recoverable	14,496	15,157	1,563	2,837
Pledged deposits	32,168	91,989	86,280	54,489
Cash and cash equivalents	386,106	642,830	461,972	280,273
	<u>2,178,572</u>	<u>2,411,600</u>	<u>2,338,565</u>	<u>1,979,466</u>
CURRENT LIABILITIES				
Trade and bills payables	401,778	670,429	619,106	604,504
Accrued liabilities and other payables	126,589	303,532	308,325	131,743
Interest-bearing bank and other borrowings	164,145	382,449	212,720	236,214
Lease liabilities	9,021	594	483	129
Due to Remaining Group	959,450	355,478	78,077	154,394
Tax payable	–	29,269	8,278	–
	<u>1,660,983</u>	<u>1,741,751</u>	<u>1,226,989</u>	<u>1,126,984</u>

	As at 31 December			As at
	2020	2021	2022	30 September
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
NET CURRENT LIABILITIES	<u>517,589</u>	<u>669,849</u>	<u>1,111,576</u>	<u>852,482</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,244,965</u>	<u>1,722,712</u>	<u>1,958,553</u>	<u>1,312,407</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	–	45,833	4,167	9,836
Other payables	–	95,588	33,632	–
Lease liabilities	<u>39</u>	<u>478</u>	<u>–</u>	<u>–</u>
Total non-current liabilities	<u>39</u>	<u>141,899</u>	<u>37,799</u>	<u>9,836</u>
Net assets	<u><u>1,244,926</u></u>	<u><u>1,580,813</u></u>	<u><u>1,920,754</u></u>	<u><u>1,302,571</u></u>
EQUITY				
Share capital	49,660	49,660	49,660	49,660
Reserves	<u>1,195,266</u>	<u>1,531,153</u>	<u>1,871,094</u>	<u>1,252,911</u>
Total equity attributable to owners of the Business	<u><u>1,244,926</u></u>	<u><u>1,580,813</u></u>	<u><u>1,920,754</u></u>	<u><u>1,302,571</u></u>

UNAUDITED COMBINED STATEMENTS OF CHANGE IN EQUITY

For the years ended 31 December 2020, 2021, 2022 and nine months ended 30 September 2023

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Statutory reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2020	49,660	4,357	29,825	(30,148)	8,847	1,171,333	1,233,874
Profit for the year	-	-	-	-	-	170,086	170,086
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	28,966	-	-	28,966
Total comprehensive income for the year	-	-	-	28,966	-	170,086	199,052
Transfer to statutory reserve	-	-	33,368	-	-	(33,368)	-
Change in non-precision reserve	-	-	-	-	52,000	-	52,000
Declaration of dividend	-	-	-	-	-	(240,000)	(240,000)
At 31 December 2020 and 1 January 2021	49,660	4,357	63,193	(1,182)	60,847	1,068,051	1,244,926
Profit for the year	-	-	-	-	-	177,643	177,643
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	67,393	-	-	67,393
Total comprehensive income for the year	-	-	-	67,393	-	177,643	245,036
Transfer to statutory reserve	-	-	23,035	-	-	(23,035)	-
Change in non-precision reserve	-	-	-	-	90,851	-	90,851
At 31 December 2021 and 1 January 2022	49,660	4,357	86,228	66,211	151,698	1,222,659	1,580,813
Profit for the year	-	-	-	-	-	294,991	294,991
Other comprehensive expense for the year:							
Exchange differences on translation of foreign operations	-	-	-	(110,692)	-	-	(110,692)
Total comprehensive income/(expense) for the year	-	-	-	(110,692)	-	294,991	184,299
Change in non-precision reserve	-	-	-	-	155,642	-	155,642
At 31 December 2022	49,660	4,357	86,228	(44,481)	307,340	1,517,650	1,920,754

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Statutory reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2022	49,660	4,357	86,228	66,211	151,698	1,222,659	1,580,813
Profit for the period	-	-	-	-	-	79,611	79,611
Other comprehensive expense for the period:							
Exchange differences on translation of foreign operations	-	-	-	(129,199)	-	-	(129,199)
Total comprehensive expense for the period	-	-	-	(129,199)	-	79,611	(49,588)
Change in non-precision reserve	-	-	-	-	132,854	-	132,854
At 30 September 2022	<u>49,660</u>	<u>4,357</u>	<u>86,228</u>	<u>(62,988)</u>	<u>284,552</u>	<u>1,302,270</u>	<u>1,664,079</u>
1 January 2023	49,660	4,357	86,228	(44,481)	307,340	1,517,650	1,920,754
Profit for the period	-	-	-	-	-	59,030	59,030
Other comprehensive expense for the period:							
Exchange differences on translation of foreign operations	-	-	-	(36,472)	-	-	(36,472)
Total comprehensive expense for the period	-	-	-	(36,472)	-	59,030	22,558
Change in non-precision reserve	-	-	-	-	(640,741)	-	(640,741)
At 30 September 2023	<u>49,660</u>	<u>4,357</u>	<u>86,228</u>	<u>(80,953)</u>	<u>(333,401)</u>	<u>1,576,680</u>	<u>1,302,571</u>

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020, 2021, 2022 and nine months ended 30 September 2023

	Year ended 31 December			Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	207,039	226,222	348,146	119,755	75,703
Finance costs	11,660	8,680	9,995	6,422	18,153
Bank interest income	(1,248)	(1,550)	(2,960)	(2,332)	(3,532)
Depreciation of property, plant and equipment	117,723	203,128	201,903	153,598	122,219
Depreciation of right-of-use assets	8,612	9,990	603	428	455
Loss/(gain) on disposal of items of property, plant and equipment	793	(1,655)	(2,091)	(1,047)	(2,896)
Impairment/(reversal of impairment) of trade receivables	1,429	(421)	6,479	5,858	(1,776)
Provision against inventories	14,701	7,812	8,618	22,495	8,484
	<u>360,709</u>	<u>452,206</u>	<u>570,693</u>	<u>305,177</u>	<u>216,810</u>
Decrease/(increase) in inventories	(78,375)	(168,864)	9,203	61,549	(21,967)
Decrease/(increase) in trade and bills receivables	(130,753)	(284,399)	118,992	171,412	200,326
Decrease/(increase) in prepayments, deposits and other receivables	(47,919)	49,172	5,606	(770)	(72,456)
Decrease/(increase) in amount due from a jointly-controlled entity	885	8,861	(9,850)	(9,850)	-
Decrease/(increase) in trade and bills payables	(203,507)	268,651	(51,323)	(172,826)	(5,748)
Decrease/(increase) in accrued liabilities and other payables	42,613	60,699	(23,088)	(59,441)	(20,890)
	<u>(56,347)</u>	<u>386,326</u>	<u>620,233</u>	<u>295,251</u>	<u>296,075</u>
Cash generated from/(used in) operations					
Interest paid	(11,057)	(8,440)	(9,957)	(6,881)	(18,645)
Overseas taxes paid	(24,466)	(19,971)	(60,552)	(21,311)	(27,471)
	<u>(91,870)</u>	<u>357,915</u>	<u>549,724</u>	<u>267,059</u>	<u>249,959</u>
Net cash flows from/(used in) operating activities					

	Year ended 31 December			Nine months ended	
	2020	2021	2022	30 September	
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1,248	1,550	2,960	2,332	3,532
Purchases of items of property, plant and equipment	(307,415)	(320,569)	(85,825)	(80,641)	(129,168)
Proceeds from disposal of items of property, plant and equipment	2,208	4,460	6,013	1,881	36,096
Increase/(decrease) in other payables	23,662	59,118	(53,302)	(57,658)	(16,044)
Decrease/(increase) in long term deposits	(3,109)	(9,842)	23,079	20,016	(7,160)
Decrease/(increase) in pledged bank deposits	(8,946)	(59,821)	5,709	34,173	31,791
Net cash flows used in investing activities	<u>(292,352)</u>	<u>(325,104)</u>	<u>(101,366)</u>	<u>(79,897)</u>	<u>(80,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	272,999	395,781	107,870	76,556	312,360
Repayment of bank loans	(254,727)	(131,644)	(319,265)	(267,830)	(283,197)
Decrease/(increase) in amount due from Remaining Group	304,266	(41,104)	(387,933)	(286,167)	(353,644)
Principal element of lease payments	(9,189)	(9,987)	(633)	(459)	(492)
Net cash flows from/(used in) financing activities	<u>313,349</u>	<u>213,046</u>	<u>(599,961)</u>	<u>(477,900)</u>	<u>(324,973)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(70,873)	245,857	(151,603)	(290,738)	(155,967)
Cash and cash equivalents at beginning of year/period	448,100	386,106	642,830	642,830	461,972
Effect of foreign exchange rate changes, net	8,879	10,867	(29,255)	(13,372)	(25,732)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>386,106</u>	<u>642,830</u>	<u>461,972</u>	<u>338,720</u>	<u>280,273</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. DISPOSAL INFORMATION

Tongda Group Holdings Limited (the “**Company**”) has undergone certain internal reorganisation as described in the heading “Information on the Business” in the letter from the Board.

The disposal business will be transferred is comprised as the followings (collectively as the “**Business**”):

- (a) the entire equity interest in Tongda (Xiamen) Elastomers Co Ltd is a limited liability company incorporated in the People’s Republic of China and its registered office is located at Unit 2218, 22nd Floor, Tongda International Center, No. 18 Gaoxiong Road, Siming District, Xiamen and all issued share of Tongda Precision Technology (Singapore) Pte. Ltd is a limited liability company incorporated in Singapore and its registered office is located at 484 River Valley Road Singapore 248369;
- (b) certain receivables and related interest of Tongda Precision Technology Company Limited (“**Tongda Precision**”), a company incorporated with limited liability in Hong Kong;
- (c) all finished goods and other applicable inventories of Tongda Precision; and
- (d) all of the cash and cash equivalents of Tongda Precision, minus an amount equal to HK\$59,598,100.

As part of the Business, from Closing, the Purchaser will assume certain liabilities of the Seller in connection with the Business at Closing and related interest (if any).

The directors of the Company are prepared the Unaudited Financial Information of the Business assuming the internal reorganisation had been completed for the Relevant Periods.

The principal activities of the Business is engaged in manufacturing and selling of micro high-precision components.

In the opinion of the directors of the Company, the ultimate holding company of the Business is the Company, a company incorporated with limited liability in the Cayman Islands.

2. BASIS OF PRESENTATION AND PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of the Business for the years ended 31 December 2020, 2021 and 2022 and nine months ended 30 September 2023 has been prepared solely for the purpose of inclusion in the circular to be issued by the Company, the ultimate holding company of the Business, in connection with the very substantial disposal in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules.

The amounts included in the Unaudited Financial Information of the Business have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the relevant periods, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information of the Business has been prepared under the historical cost convention.

The Unaudited Financial Information of the Business does not contain sufficient information to constitute a complete set of consolidated financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* issued by the HKICPA and should be read in connection with the relevant published annual reports of the Group for the Relevant Periods.

INTRODUCTION

The following is an illustrative and unaudited pro forma financial information of the Group excluding the disposal business upon the completion of the Disposal (the “**Remaining Group**”) (the “**Unaudited Pro Forma Financial Information**”), comprising the unaudited pro forma consolidated statement of financial position as at 30 June 2023, and the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 of the Remaining Group which has been prepared to illustrate the effect of the Disposal (i) as if the Disposal had been completed on 30 June 2023 for the unaudited pro forma consolidated statement of financial position, and (ii) as if the Disposal had been completed on 1 January 2022 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 June 2023 or any future date, and the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023, which has been extracted from the published interim report of the Group for the six months ended 30 June 2023, after making certain pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022, which has been extracted from the published annual report of the Group for the year ended 31 December 2022, after making certain pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular, the published annual report of the Group for the year ended 31 December 2022, the published interim report of the Group for the six months ended 30 June 2023, the historical financial information of the Business as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position

	The Group				The
	as at				Remaining
	30 June 2023	Pro forma adjustments			Group as at
(Unaudited)				30 June 2023	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Unaudited)	
(Note 1)	(Note 2(a))	(Note 2(b))	(Note 3)	HK\$'000	
NON-CURRENT ASSETS					
Property, plant and equipment	5,145,123	(423,097)	-	-	4,722,026
Right-of-use assets	374,217	(199)	-	-	374,018
Intangible assets	183,667	-	-	-	183,667
Investment property	75,541	-	-	-	75,541
Investments in associates	121,050	-	-	-	121,050
Long term deposits	112,977	(13,820)	-	-	99,157
Lease receivables	616	-	-	-	616
Deferred tax assets	4,582	(3,703)	-	-	879
	<u>6,017,773</u>	<u>(440,819)</u>	<u>-</u>	<u>-</u>	<u>5,576,954</u>
TOTAL non-current assets					
	<u>6,017,773</u>	<u>(440,819)</u>	<u>-</u>	<u>-</u>	<u>5,576,954</u>
CURRENT ASSETS					
Inventories	2,083,151	(420,402)	-	-	1,662,749
Trade and bills receivables	1,756,968	(340,137)	-	-	1,416,831
Prepayments, deposits and other receivables	606,468	(39,047)	-	-	567,421
Due from Remaining Group	-	(246,824)	-	246,824	-
Due from a jointly-controlled entity	97,919	-	-	-	97,919
Loans to a jointly-controlled entity	203,534	-	-	-	203,534
Lease receivable	6,256	-	-	-	6,256
Tax recoverable	10,146	(832)	-	-	9,314
Financial assets at fair value through profit or loss	239,528	-	-	-	239,528
Pledged deposits	261,237	(66,714)	-	-	194,523
Cash and cash equivalents	1,416,804	(381,718)	1,949,665	(154,223)	2,830,528
	<u>6,682,011</u>	<u>(1,495,674)</u>	<u>1,949,665</u>	<u>92,601</u>	<u>7,228,603</u>
TOTAL current assets					
	<u>6,682,011</u>	<u>(1,495,674)</u>	<u>1,949,665</u>	<u>92,601</u>	<u>7,228,603</u>
Assets classified as held for sale	1,008,268	-	-	-	1,008,268
	<u>1,008,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,268</u>
Total current assets	<u>7,690,279</u>	<u>(1,495,674)</u>	<u>1,949,665</u>	<u>92,601</u>	<u>8,236,871</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group				The
	as at				Remaining
	30 June 2023	Pro forma adjustments			Group as at
	(Unaudited)				30 June 2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Unaudited)	
(Note 1)	(Note 2(a))	(Note 2(b))	(Note 3)	HK\$'000	
CURRENT LIABILITIES					
Trade and bills payables	1,909,893	(430,425)	-	-	1,479,468
Accrued liabilities and other payables	475,521	(83,270)	-	-	392,251
Interest-bearing bank and other borrowings	1,765,133	(161,959)	-	-	1,603,174
Lease liabilities	8,780	(198)	-	-	8,582
Due to Remaining Group	-	(92,601)	-	92,601	-
Due to an associate	8,939	-	-	-	8,939
Tax payable	92,360	-	141,885	-	234,245
	<u>4,260,626</u>	<u>(768,453)</u>	<u>141,885</u>	<u>92,601</u>	<u>3,726,659</u>
Liabilities classified as held for sale	<u>328,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,268</u>
Total current liabilities	<u>4,588,894</u>	<u>(768,453)</u>	<u>141,885</u>	<u>92,601</u>	<u>4,054,927</u>
NET CURRENT LIABILITIES	<u>3,101,385</u>	<u>(727,221)</u>	<u>1,807,780</u>	<u>-</u>	<u>4,181,944</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>9,119,158</u>	<u>(1,168,040)</u>	<u>1,807,780</u>	<u>-</u>	<u>9,758,898</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group				The
	as at				Remaining
	30 June 2023	Pro forma adjustments			Group as at
	(Unaudited)				30 June 2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Unaudited)	
(Note 1)	(Note 2(a))	(Note 2(b))	(Note 3)	HK\$'000	
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	998,793	-	-	-	998,793
Lease liabilities	27,986	-	-	-	27,986
Deferred tax liabilities	60,639	-	-	-	60,639
	<u>1,087,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,087,418</u>
Total non-current liabilities					
Net assets	<u>8,031,740</u>	<u>(1,168,040)</u>	<u>1,807,780</u>	<u>-</u>	<u>8,671,480</u>
EQUITY					
Share capital	97,356	(49,660)	-	-	47,696
Reserves	<u>7,636,646</u>	<u>(1,118,380)</u>	<u>1,807,780</u>	<u>-</u>	<u>8,326,046</u>
	<u>7,734,002</u>	<u>(1,168,040)</u>	<u>1,807,780</u>	<u>-</u>	<u>8,373,742</u>
Non-controlling interests	<u>297,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,738</u>
Total equity	<u>8,031,740</u>	<u>(1,168,040)</u>	<u>1,807,780</u>	<u>-</u>	<u>8,671,480</u>

Unaudited Pro Forma Consolidated Income Statement

	The Group				The
	for the year				Remaining
	ended				Group for
	31 December				the year
	2022	Pro forma adjustments			ended
	(Audited)				31 December
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2022
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	(Unaudited)
					HK\$'000
CONTINUING OPERATIONS					
REVENUE	7,559,205	(2,532,120)	270,894	-	5,297,979
Cost of sales	(6,166,835)	1,648,240	-	-	(4,518,595)
Gross profit	1,392,370	(883,880)	270,894	-	779,384
Other income and gains, net	101,730	(16,241)	78,318	-	163,807
Selling and distribution expenses	(52,969)	30,746	-	-	(22,223)
General and administrative expenses	(1,122,076)	405,461	-	(841)	(717,456)
Gain on disposal of subsidiaries	401,773	-	-	633,265	1,035,038
Other operating expenses	(62,154)	(10,027)	-	-	(72,181)
Finance costs	(137,831)	125,795	-	-	(12,036)
Share of loss of a jointly-controlled entity	(30,265)	-	-	-	(30,265)
PROFIT BEFORE TAX FROM					
CONTINUING OPERATIONS	490,578	(348,146)	349,212	632,424	1,124,068
Income tax expenses	(67,302)	53,155	-	(141,885)	(156,032)

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group				The
	for the year				Remaining
	ended				Group for
	31 December				the year
	2022	Pro forma adjustments			ended
	(Audited)				31 December
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2022
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	(Unaudited)
					HK\$'000
PROFIT/(LOSS) FOR THE YEAR FROM					
CONTINUING OPERATIONS	423,276	(294,991)	349,212	490,539	968,036
DISCONTINUING OPERATION					
Loss for the year from a discontinued operation	(271,575)	-	-	-	(271,575)
Profit/(loss) for the year	<u>151,701</u>	<u>(294,991)</u>	<u>349,212</u>	<u>490,539</u>	<u>696,461</u>
Attributable to:					
Owners of the Company	137,287	(294,991)	349,212	490,539	682,047
Non-controlling interests	<u>14,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,414</u>
	<u>151,701</u>	<u>(294,991)</u>	<u>349,212</u>	<u>490,539</u>	<u>696,461</u>

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the
Remaining Group

	The Group				The
	for the year				Remaining
	ended				Group for
	31 December				the year
	2022				ended
	Pro forma adjustments				31 December
	(Audited)				2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Unaudited)
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	HK\$'000
PROFIT/(LOSS) FOR THE YEAR	151,701	(294,991)	349,212	490,539	696,461
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that will not reclassified to profit or loss in subsequent periods:					
Gain on property revaluation	1,126	-	-	-	1,126
Deferred tax debited to asset revaluation reserve	(184)	-	-	-	(184)
	942	-	-	-	942
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations					
- subsidiaries	(735,860)	110,692	-	-	(625,168)
- jointly-controlled entity	(2,819)	-	-	-	(2,819)
Release of exchange reserve upon disposal of subsidiaries	(8,256)	-	-	-	(8,256)
	(746,935)	110,692	-	-	(636,243)

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group				The
	for the year				Remaining
	ended				Group for
	31 December				the year
	2022	Pro forma adjustments			ended
	(Audited)				31 December
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2022
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	(Unaudited)
					HK\$'000
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX	(745,993)	110,692	-	-	(635,301)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u>(594,292)</u>	<u>(184,299)</u>	<u>349,212</u>	<u>490,539</u>	<u>61,160</u>
Attributable to:					
Owners of the Company	(601,007)	(184,299)	349,212	490,539	54,445
Non-controlling interests	<u>6,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,715</u>
	<u>(594,292)</u>	<u>(184,299)</u>	<u>349,212</u>	<u>490,539</u>	<u>61,160</u>

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group				The
	for the year ended 31 December 2022				Remaining Group for the year ended 31 December 2022
	(Audited)	Pro forma adjustments			(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax					
From continuing operations	490,578	(348,146)	-	633,265	775,697
From a discontinued operation	(271,575)	-	-	-	(271,575)
Adjustments for:					
Finance costs	165,182	(9,995)	-	-	155,187
Share of loss of a jointly-controlled entity	30,265	-	-	-	30,265
Depreciation of property, plant and equipment	886,834	(201,903)	-	-	684,931
Depreciation of right-of-use assets	13,015	(603)	-	-	12,412
Bank interest income	(16,837)	2,960	-	-	(13,877)
Interest income from a jointly-controlled entity	(2,864)	-	-	-	(2,864)
Loss on disposal of items of property, plant and equipment	(260)	2,091	-	-	1,831
Changes in fair value of an investment property	2,331	-	-	-	2,331
Impairment of trade receivables	15,370	(6,479)	-	-	8,891
Reversal of impairment of trade receivables	(2,982)	-	-	-	(2,982)
Impairment of loan to a jointly-controlled entity	21,431	-	-	-	21,431
Provision against inventories	238,154	(8,618)	-	-	229,536
Gain on disposal of subsidiaries	(401,773)	-	-	(633,265)	(1,035,038)
Loss on lease termination	1,344	-	-	-	1,344
Finance income	(162)	-	-	-	(162)
Share award expenses, net	3,636	-	-	-	3,636
	1,171,687	(570,693)	-	-	600,994

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group				The
	for the year				Remaining
	ended				Group for
	31 December				the year
	2022	Pro forma adjustments			ended
	(Audited)				31 December
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2022
	(Note 1)	(Note 4)	(Note 5)	(Note 6)	(Unaudited)
					HK\$'000
Decrease/(increase) in inventories	73,385	(9,203)	-	-	64,182
Decrease/(increase) in trade and bills receivables	837,722	(118,992)	-	-	718,730
Decrease/(increase) in prepayments, deposits and other receivables	104,659	(5,606)	-	-	99,053
Decrease in a lease receivable	6,422	-	-	-	6,422
Decrease in amount due from a jointly-controlled entity	11,164	9,850	-	-	21,014
Increase in amount due from an associate	(6,269)	-	-	-	(6,269)
(Decrease)/increase in trade and bills payables	(1,121,558)	51,323	-	-	(1,070,235)
Increase in accrued liabilities and other payables	1,454	23,088	-	-	24,542
Increase in amount due to a jointly-controlled entity	(88,368)	-	-	-	(88,368)
Cash generated from/(used in) operations	990,298	(620,233)	-	-	370,065
Interest paid	(165,182)	9,957	-	-	(155,225)
Hong Kong profits tax (paid)/refunded	(23,592)	15,750	-	-	(7,842)
Overseas taxes (paid)/refunded	(58,089)	44,802	-	-	(13,287)
Net cash flows from/(used in) operating activities	743,435	(549,724)	-	-	193,711

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group for the year ended 31 December 2022 (Audited) HK\$'000 (Note 1)	Pro forma adjustments			The Remaining Group for the year ended 31 December 2022 (Unaudited) HK\$'000
	HK\$'000 (Note 1)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	19,701	(2,960)	-	-	16,741
Net cash inflow from disposal of subsidiaries	134,294	-	-	1,949,665	2,083,959
Purchases of items of property, plant and equipment	(659,203)	139,127	-	-	(520,076)
Payments of right-of-use assets	(24,853)	633	-	-	(24,220)
Proceeds from disposal of items of property, plant and equipment	13,405	(6,013)	-	-	7,392
Increase in long term deposits	(20,482)	(23,079)	-	-	(43,561)
Decrease/(increase) in pledged bank deposits	188,251	(5,709)	-	-	182,542
Net cash flows (used in)/from investing activities	<u>(348,887)</u>	<u>101,999</u>	<u>-</u>	<u>1,949,665</u>	<u>1,702,777</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	3,277,213	(107,870)	-	-	3,169,343
Repayment of bank loans	(3,590,078)	319,265	-	-	(3,270,813)
Increase in amount due from Remaining Group	-	387,933	(387,933)	-	-
Principal element of lease payments	(7,985)	-	-	-	(7,985)
Net consideration received from awarded shares grant under share award scheme	6,838	-	-	-	6,838
Net cash flows (used in)/generated from financing activities	<u>(314,012)</u>	<u>599,328</u>	<u>(387,933)</u>	<u>-</u>	<u>(102,617)</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	The Group for the year ended 31 December 2022 (Audited) HK\$'000 (Note 1)	Pro forma adjustments			The Remaining Group for the year ended 31 December 2022 (Unaudited) HK\$'000
	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	80,536	151,603	(387,933)	1,949,665	1,793,871
Cash and cash equivalents at beginning of year	1,366,290	(642,830)	-	-	723,460
Effect of foreign exchange rate changes, net	(243,689)	29,255	-	-	(214,434)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,203,137</u>	<u>(461,972)</u>	<u>(387,933)</u>	<u>1,949,665</u>	<u>2,302,897</u>
Analysis of balances of cash and cash equivalents					
Cash and cash equivalents as stated in the consolidated statement of financial position	1,195,166	(461,972)	(387,933)	1,949,665	2,294,926
Cash and bank balances attributable to subsidiaries held for sale	7,971	-	-	-	7,971
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>1,203,137</u>	<u>(461,972)</u>	<u>(387,933)</u>	<u>1,949,665</u>	<u>2,302,897</u>

Notes:

1. For the preparation of the unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as set out in the published interim report of the Group for the six months ended 30 June 2023, whereas for the preparation of the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022, respectively, as set out in the published annual report of the Group for the year ended 31 December 2022.
2. The adjustment reflects the exclusion of the assets and liabilities of the Business and recognition of the corresponding gain on disposal as if the Disposal had been completed on 30 June 2023. The assets and liabilities for the Business as at 30 June 2023 have been extracted from the unaudited combined statements of financial position of the Business as at 30 June 2023 as set out in Appendix II to this circular.
 - (a) The calculation of net assets of the Business as at 30 June 2023 for the purpose of exclusion of assets and liabilities as follows:

	<i>HK\$'000</i>
Total non-current assets as set out in Appendix II to this circular	440,819
Total current assets as set out in Appendix II to this circular	<u>1,495,674</u>
	1,936,493
Total current liabilities as set out in Appendix II to this circular	<u>(768,453)</u>
Net assets of the Business as at 30 June 2023 for the purpose of exclusion of assets and liabilities	<u><u>1,168,040</u></u>

- (b) The adjustments represent the estimated gain on disposal assuming the Disposal had taken place on 30 June 2023 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Aggregated cash consideration		2,015,000
Less: Net assets of the Business as at 30 June 2023	2(a)	(1,168,040)
Less: Estimated transaction costs attributable to the Disposal	2(b)(i)	<u>(65,335)</u>
Estimated gain on disposal before tax		781,625
Less: Income tax expenses regarding to the Disposal	2(b)(ii)	<u>(141,885)</u>
Estimated gain on disposal		<u><u>639,740</u></u>

Notes:

- (i) The transaction costs represent professional fee directly attributable to the Disposal which are estimated to be approximately HK\$65,335,000 and it is assumed that the fees would be settled by cash.
- (ii) The income tax effect is calculated based on the estimated withholding tax payable to the PRC tax authority in relation to the gain on the disposal, which is calculated based on a tax rate of 10%. It is assumed that the withholding tax would be settled after the Disposal.
3. These adjustments represent the reinstatement of intragroup balance (the “**Intragroup Balance**”) between the Business and the Remaining Group, which have been eliminated in the condensed consolidated statement of assets and liabilities of the Group as at 1 January 2022 and 30 June 2023 of approximately HK\$604,354,000 and HK\$92,601,000, respectively, and would not have been eliminated if the Disposal had been completed on 30 June 2023. It is assumed that the Intragroup Balance would be settled just before the Disposal as required under the Business Transfer Agreement.
4. The adjustments represent the exclusion of the results and cash flows of the Business for the year ended 31 December 2022, assuming that the Disposal had been completed on 1 January 2022. The unaudited combined income statement, unaudited combined statement of comprehensive income and the unaudited combined statement of cash flows of the Business are extracted from the audited consolidated income statement and statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022.
5. The adjustment represents the reinstatement of related party transactions between the Business and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group for the year ended 31 December 2022, and would not have been eliminated if the Disposal had been completed on 1 January 2022.

The related party transactions between the Business and the Remaining Group represent (i) the subcontracting fee of approximately HK\$270,894,000, which is mainly for the production of moulds, and (ii) management fee charged by the Remaining Group to the Business. The management fee is mainly related to the lease of warehouse and consumption of electricity and other public utilities by the Business for its daily operation.

The management fee of approximately HK\$78,318,000 is comprised of the following:

	<i>HK\$'000</i>
Lease of warehouses and factories	16,589
Consumption of electricity and other public utilities	60,120
Others	1,609
	<u>78,318</u>

6. The estimated gain on disposal assuming that the Disposal had been completed on 1 January 2022 is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Aggregated cash consideration		2,015,000
Add: Net assets of the Intragroup Balance	3	604,354
Less: Net assets of the Business as at 1 January 2022		(1,920,754)
Less: Estimated transaction costs attributable to the Disposal	2(b)(i)	<u>(65,335)</u>
Estimated gain on disposal before tax		633,265
Less: Income tax expenses regarding to Disposal		<u>(141,885)</u>
Estimated gain on disposal		<u>491,380</u>
		<i>HK\$'000</i>
Aggregated cash consideration		2,015,000
Less: Estimated transaction costs attributable to the Disposal		<u>(65,335)</u>
Estimated cash flow from disposal		<u>1,949,665</u>

7. For the purpose of the Unaudited Pro Forma Financial Information of the Remaining Group, where applicable, RMB has been converted into HK\$ at the rate of RMB0.92 to HK\$1.00 for balances included in unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023, and the rate of RMB0.86 to HK\$1.00 for amounts included in the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022 respectively.

8. The above adjustments are not expected to have a continuing effect on the Unaudited Pro Forma Financial Information of the Remaining Group.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Tongda Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tongda Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2023, and the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and the related notes as set out on pages III-3 to III-16 of the circular dated 20 February 2024 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed mandate in relation to the proposed very substantial disposal through public tender (the “**Disposal**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group’s financial position as at 30 June 2023 as if the Disposal had taken place at 30 June 2023, and the Group’s financial performance and cash flows for the year ended 31 December 2022 as if the Disposal had taken place on 1 January 2022. As part of this process, information about the Group’s financial position as at 30 June 2023 has been extracted by the Directors from the Group’s 2023 interim report, which included the financial statements for the six months ended 30 June 2023, on which no audit or review report has been published. Information about the Group’s financial performance and cash flows for the year ended 31 December 2022 has been extracted by the Directors from the Group’s 2022 annual report, which included the financial statements for the year ended 31 December 2022.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 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 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, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong, 20 February 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for

Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

Long positions in Shares and underlying Shares

Name of Directors	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital (Note 3)
	Directly beneficially owned	Through controlled corporation	Notes		
Mr. Wang Ya Nan	691,395,000 (L)	2,819,250,000 (L)	1, 2	3,510,645,000 (L)	36.06%
Mr. Hui Wai Man	100,000,000 (L)	–		100,000,000 (L)	1.03%
Dr. Yu Sun Say	32,415,000 (L)	–		32,145,000 (L)	0.33%
Mr. Cheung Wah Fung, Christopher	5,950,000 (L)	–		5,950,000 (L)	0.06%
Mr. Ting Leung Huel Stephen	9,675,000 (L)	–		9,675,000 (L)	0.10%
Mr. Sze Irons	14,750,000 (L)	–		14,750,000 (L)	0.15%

Notes:

- 2,375,250,000 shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% by each Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (the “**Wong Brothers**”).
- 444,000,000 shares are held by E-Growth Resources Limited, the entire issued share capital of which is beneficially owned by Mr. Wang Ya Nan.
- The percentages have been compiled based on the total number of issued shares (i.e., 9,735,607,645 Shares) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interests and short positions in the Shares, underlying Shares or debentures of the Company

As at the Latest Practicable Date, as far as the Directors are aware of, the following, other than the Directors and chief executive of the Company, had an interest in the shares or underlying shares in the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued capital of the Company:

Long positions in Shares and underlying Shares

Name of Shareholder	Capacity and Nature of Interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Landmark Worldwide Holdings Limited	Note Directly beneficially owned	2,375,250,000 (L)	24.40%

Note:

- The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% each by the Wong Brothers.

Save as disclosed above, the Directors confirm that they are not aware of any other person who has beneficial interests or short positions in any of the shares or underlying shares in the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, be interested in 5% or more of the nominal value of the shares carrying the right to vote in all circumstances at general meetings of the Company.

As at the Latest Practicable Date, save for Mr. Wang Ya Nan being the sole director of Landmark Worldwide Holdings Limited, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS

(i) Interest in assets and contracts of the Group

As at the Latest Practicable Date, save for Mr. Wang Ya Nan who had an indirect interest under the sale and purchase agreement entered into on 22 December 2023 between Tongda Intelligence (BVI) Co Limited (as the purchaser) and Tongda Group (Asia) Limited (as the vendor) in respect of acquisition of all issued shares of Credence Technology Limited (details of which are set out in the announcement of the Company dated 22 December 2023), (i) none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up; and (ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

(ii) Services contracts

As at Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

(iii) **Interests in competing business**

As at the Latest Practicable Date, none of the Directors or any of their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

- (a) the agreement entered into on 11 November 2022 between Tong Da Holdings (BVI) Limited and VNE Investment Company Limited in respect of transfer of 7,000 shares of Tongda Overseas Company Limited, details of which are set out in the announcement of the Company dated 11 November 2022;
- (b) the agreement entered into on 29 March 2023 between Tong Da Development (BVI) Limited and Golden Market Investments Limited in respect of transfer of 50,000 shares of Stedfast Investments Holdings Limited, details of which are set out in the announcement of the Company dated 29 March 2023;
- (c) the agreement entered into on 14 April 2023 between Tongda Smart Tech (Xiamen) Company Limited (通達創智(廈門)股份有限公司) (“**Tongda Chuang Zhi**”) and Industrial and Commercial Bank of China Xiamen Haicang Branch in respect of subscription of certain wealth management products for the amount of RMB220 million, details of which are set out in the announcement of the Company dated 3 July 2023;
- (d) the agreement entered into on 14 July 2023 between Tongda Chuangzhi and China Minsheng Banking Corp., Ltd. (“**China Mingsheng**”) in respect of subscription of certain wealth management products for the amount of RMB95 million, details of which are set out in the announcement of the Company dated 1 August 2023;

- (e) the agreement entered into on 1 August 2023 between Tongda Chuangzhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 1 August 2023;
- (f) the agreement entered into on 31 August 2023 between Tongda Chuang Zhi and Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司) (“**Xiamen International Bank**”) in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 31 August 2023;
- (g) the agreement entered into on 28 September 2023 between Tongda Chuang Zhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 28 September 2023;
- (h) the termination agreement entered into on 13 October 2023 (after trading hours) between Tong Da Development (BVI) Limited and Golden Market Investments Limited, details of which are set out in the announcement of the Company dated 13 October 2023;
- (i) the agreement entered into on 31 October 2023 between Tongda Chuang Zhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 2 November 2023;
- (j) the agreement entered into on 30 November 2023 between Tongda Chuang Zhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 30 November 2023;
- (k) the sale and purchase agreement entered into on 22 December 2023 between Tongda Intelligence (BVI) Co Limited (as the purchaser) and Tongda Group (Asia) Limited (as the vendor) in respect of acquisition of all issued shares of Credence Technology Limited, details of which are set out in the announcement of the Company dated 22 December 2023;

- (l) the agreement entered into on 29 December 2023 between Tongda Chuang Zhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 29 December 2023;
- (m) the agreement entered into on 9 January 2024 between Tongda Chuang Zhi and China Minsheng in respect of subscription of certain wealth management products for the amount of RMB65 million, details of which are set out in the announcement of the Company dated 9 January 2024;
- (n) the agreement entered into on 2 February 2024 between Tongda Chuang Zhi and Xiamen International Bank in respect of subscription of certain wealth management products for the amount of RMB170 million, details of which are set out in the announcement of the Company dated 2 February 2024; and
- (o) the Business Transfer Agreement.

6. EXPERT AND CONSENT

The identity and qualification of the expert who has given an opinion in this circular is as follows:

Name	Qualification
D & Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, D & Partners does not have any 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 circular with inclusion of its letter, statement or opinion and all reference to its name in the form and context in which they are included.

As at the Latest Practicable Date, D & Partners had no direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. MISCELLANEOUS

- a. The company secretary of the Company is Mr. Chan Paan Paan (“**Mr. Chan**”). Mr. Chan graduated from the Hong Kong Baptist University with a bachelor’s degree in accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. He has over ten years of experience in the auditing, accounting and finance field. During the period from May 2019 to February 2020, Mr. Chan served as the financial controller and the company secretary of Tongda Hong Tai Holdings Limited (stock code: 2363).
- b. The registered address of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands.
- c. The head office and principal place of business of the Company in Hong Kong is at Room 1201-02, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- d. The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.
- e. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

8. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Company (www.tongda.com) and the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

- a. the Business Transfer Agreement;
- b. the annual reports of the Company for the three years ended 31 December 2020, 2021 and 2022;
- c. the interim report of the Company for the six months ended 30 June 2023;
- d. the letter from the Board dated 20 February 2024, the text of which is set out on pages 7 to 31 of this circular;
- e. the written consent referred to in the section headed “*Expert and Consent*” in this Appendix IV to this circular;
- f. the financial information of the Business, the text of which is set out in Appendix II to this circular; and
- g. the report on the unaudited pro forma financial information of the Remaining Group from D & Partners, the text of which is set out in Appendix III to this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Tongda Group Holdings Limited (the “**Company**”) will be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 March 2024 at 11:00 a.m. (the “**EGM**”) to consider and, if thought fit, pass the following resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the Business Transfer Agreement dated 22 December 2023 entered into between the Company as the guarantor, Tongda Precision Technology Company Limited (通達精密科技有限公司), an indirect wholly-owned subsidiary of the Company, as the Seller and Tectum Pacific Pte. Ltd. as the Purchaser in respect of the Disposal (as defined in the circular of the Company dated 20 February 2024 (the “**Circular**”), a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved (terms as defined in the Circular having the same meanings when used in this resolution); and
- (b) any director of the Company be and is hereby authorised on behalf of the Company to do all such acts and sign or execute all such documents and to enter into all such transactions and arrangements as such director may in his/her opinion consider necessary, appropriate or desirable for the purpose of implementing and giving effect to the Disposal.”

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

Hong Kong, 20 February 2024

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 48 hours before the time appointed for holding the EGM (i.e. 11:00 a.m. on Wednesday, 6 March 2024 (Hong Kong Time)) or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 5 March 2024 to Friday, 8 March 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 4 March 2024.
4. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong at any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.tongda.com and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
5. As at the date of this notice, the board of directors of the Company 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 of the Company; Ms. Chan Sze Man as non-executive director of the Company; 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 of the Company.