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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)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE**

**Underwriter to the Rights Issue**



#### **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.232 per Rights Share, to raise approximately HK\$752 million by issuing 3,239,752,548 Rights Shares to the Qualifying Shareholders.

Qualifying Shareholders are entitled to apply for Rights Shares in excess of their respective entitlements under the Rights Issue.

The gross proceeds from the Rights Issue are expected to be approximately HK\$752 million. The net proceeds from the Rights Issue (after deducting the estimated expenses, including the underwriting commission (assuming no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings)) are estimated to be approximately HK\$737 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.227. The Company intends to apply the net proceeds from the proposed Rights Issue as to (i) approximately HK\$330 million in capital expenditure for the purchase of machinery and equipment as well as plant decoration to improve automation and production efficiency and increase production capacity, so as to support the development of handset casings and high-precision components business; (ii) approximately HK\$243 million in the repayment of the Group's interest-bearing long-term bank borrowings which will be matured within 6-month or short-term interest-bearing bank borrowings that can be repaid at any time; (iii) approximately HK\$100 million for research and development expenditure to strengthen the Group's competitive advantage in the handset casings and high-precision components business, so as to support the continuous development of the Group's major business; and (iv) approximately HK\$64 million as general working capital of the Group. In the event that the amount of the actual net proceeds from the Rights Issue exceeds HK\$737 million, the Company intends to apply the surplus proceeds as general working capital of the Group.

The Rights Issue will be fully underwritten by the Underwriter. Details of the underwriting arrangement are set out in the paragraph headed "The Underwriting Agreement" in this announcement.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than the Latest Lodging Time.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 11 August 2021. The Shares will be dealt with on an ex-rights basis from Thursday, 12 August 2021.

## **THE IRREVOCABLE UNDERTAKINGS**

### **Landmark Undertaking**

As at the date of this announcement, Landmark Worldwide is beneficially interested in an aggregate of 1,583,500,000 Shares. Pursuant to the Landmark Undertaking, Landmark Worldwide has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 791,750,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 1,583,500,000 Shares beneficially held by it;
- (ii) it will not dispose of any of the 1,583,500,000 Shares comprising the current shareholding in the Company owned by Landmark Worldwide, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 791,750,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

### **E-Growth Undertaking**

As at the date of this announcement, E-Growth Resources is beneficially interested in an aggregate of 296,000,000 Shares. Pursuant to the E-Growth Undertaking, E-Growth Resources has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 148,000,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 296,000,000 Shares beneficially held by it;
- (ii) it will not dispose of any of the 296,000,000 Shares comprising the current shareholding in the Company owned by E-Growth Resources, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 148,000,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

### **Wong Brothers' Undertakings**

As at the date of this announcement, each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua is beneficially interested in an aggregate of 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares respectively. Pursuant to the Wong Brothers' Undertakings, each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will subscribe for 230,465,000 Rights Shares, 48,230,000 Rights Shares, 59,650,000 Rights Shares and 45,610,000 Rights Shares respectively which comprise the full acceptance of his provisional entitlement in respect of the 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares beneficially held by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua respectively;
- (ii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will not dispose of any of the 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares respectively comprising the current shareholding in the Company owned by him, and such Shares will remain beneficially owned by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua up to and including the Record Date; and
- (iii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will lodge or procure his acceptance of the 230,465,000 Rights Shares, 48,230,000 Rights Shares, 59,650,000 Rights Shares and 45,610,000 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

## **LISTING RULES IMPLICATIONS**

The Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement. The Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). Hence, the Rights Issue is not subject to Shareholders' approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL and EAF to the Non-Qualifying Shareholders.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement). Accordingly, the proposed Rights Issue may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.232 per Rights Share, to raise approximately HK\$752 million by issuing 3,239,752,548 Rights Shares to the Qualifying Shareholders.

On 19 July 2021 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.232 per Rights Share
Number of Shares in issue at the date of this announcement	:	6,479,505,097 Shares
Number of Rights Shares	:	3,239,752,548 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$32,397,525.48 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	9,719,257,645 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares underwritten by the Underwriter	:	1,916,047,548 Rights Shares, being all the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings

As at the date of this announcement, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, 3,239,752,548 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

## Subscription Price

The Subscription Price is HK\$0.232 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK\$0.232 per Rights Share represents:

- (i) a discount of approximately 49.01% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 50.53% to the average of the closing prices of HK\$0.469 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 40.51% to the theoretical ex-rights price of HK\$0.390 per Share as adjusted for the effect of the Rights Issue, based on the average of the closing price of HK\$0.469 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 16.84% of the theoretical diluted price of approximately HK\$0.390 per Share to the benchmarked price of approximately HK\$0.469 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.455 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.469 per Share).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and benefits of the proposed Rights issue and use of proceeds" in this announcement.

## **Qualifying Shareholders and PRC Southbound Trading Investors**

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The PRC Southbound Trading Investors may participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 11 August 2021. The Shares will be dealt with on an ex-rights basis from Thursday, 12 August 2021.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there are five Overseas Shareholders with registered addresses situated in the PRC, Taiwan, Singapore and the Philippines.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

## **Closure of register of members**

The register of members of the Company will be closed from Monday, 16 August 2021 to Friday, 20 August 2021 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

## **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Fractional entitlements to the Rights Shares**

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company. Any unsold entitlements shall be made available for excess application by the Qualifying Shareholders.

## **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

## **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Tuesday, 14 September 2021. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 14 September 2021 by ordinary post to the applicants at their own risk, to their registered addresses.

## **Application for excess Rights Shares**

Under the proposed Rights Issue, Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholder(s); (ii) any unsold fractional entitlements to the Rights Shares; and (iii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Monday, 6 September 2021.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Southbound Trading Investors) who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than the Latest Lodging Time. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

### **Application for listing of the Rights Shares**

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 10,000 Shares in one board lot.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

## **THE UNDERWRITING AGREEMENT**

### **The Underwriting Agreement**

On 19 July 2021 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings.

Date : 19 July 2021 (after trading hours of the Stock Exchange)

Underwriter : Sinomax Securities Limited

Number of Right Shares : 3,239,752,548 Rights Shares

Underwriting commitment of the Underwriter : 1,916,047,548 Rights Shares, being all the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings

Accordingly, taking into account the Irrevocable Undertakings, the Rights Issue is fully underwritten

Underwriting Commission : the higher of (i) HK\$600,000; and (ii) 3% of the aggregate Subscription Price in respect of the Untaken Shares

Sinomax Securities Limited, being the underwriter to the Rights Issue, is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities. It is a wholly-owned subsidiary of Fu Shek Financial Holdings Limited (Stock Code: 2263), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, save for Dr. Yu Sun Say, being an independent non-executive Director, is also an independent non-executive director of Fu Shek Financial Holdings Limited, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issues, and the current and expected market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (d) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (e) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (f) the compliance with and performance of all the undertakings and obligations of Landmark Worldwide, E-Growth Resources and the Wong Brothers under the Irrevocable Undertakings;
- (g) there being no event which would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Termination;

- (h) the Shares remaining listed on the Stock Exchange at all times prior to the settlement date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance; and
- (i) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

Save for the conditions (e) and (g) above which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

### **Termination of the Underwriting Agreement**

If at any time on or before the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or

trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not *ejusdem generis* with any of the foregoing; or
- (vi) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or

- (vii) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days occurs, excluding any halt or suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (ix) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the proposed Rights Issue will not proceed.

### **The Irrevocable Undertakings**

#### *Landmark Undertaking*

As at the date of this announcement, Landmark Worldwide is beneficially interested in an aggregate of 1,583,500,000 Shares. Pursuant to the Landmark Undertaking, Landmark Worldwide has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 791,750,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 1,583,500,000 Shares beneficially held by it;

- (ii) it will not dispose of any of the 1,583,500,000 Shares comprising the current shareholding in the Company owned by Landmark Worldwide, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 791,750,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

#### *E-Growth Undertaking*

As at the date of this announcement, E-Growth Resources is beneficially interested in an aggregate of 296,000,000 Shares. Pursuant to the E-Growth Undertaking, E-Growth Resources has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 148,000,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 296,000,000 Shares beneficially held by it;
- (ii) it will not dispose of any of the 296,000,000 Shares comprising the current shareholding in the Company owned by E-Growth Resources, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 148,000,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

#### *Wong Brothers' Undertakings*

As at the date of this announcement, each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua is beneficially interested in an aggregate of 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares respectively. Pursuant to the Wong Brothers' Undertakings, each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will subscribe for 230,465,000 Rights Shares, 48,230,000 Rights Shares, 59,650,000 Rights Shares and 45,610,000 Rights Shares respectively which comprise the full acceptance of his provisional entitlement in respect of the 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares beneficially held by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua respectively;
- (ii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will not dispose of any of the 460,930,000 Shares, 96,460,000 Shares, 119,300,000 Shares and 91,220,000 Shares respectively comprising the current shareholding in the Company owned by him, and such Shares will remain beneficially owned by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua up to and including the Record Date; and
- (iii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will lodge or procure his acceptance of the 230,465,000 Rights Shares, 48,230,000 Rights Shares, 59,650,000 Rights Shares and 45,610,000 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

**EXPECTED TIMETABLE**

Set out below is the expected timetable for the proposed Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

<b>Expected Timetable</b>	<b>2021</b>
Announcement of the Rights Issue .....	Monday, 19 July
Last day of dealings in Shares on a cum-rights basis .....	Wednesday, 11 August

First day of dealings in the Shares on an ex-rights basis ..... Thursday, 12 August

Latest Lodging Time ..... 4:00 p.m. on  
Friday, 13 August

Register of members of  
the Company closes (both days inclusive) ..... Monday, 16 August  
to Friday, 20 August

Record Date for determining entitlements to the Rights Issue ..... Friday, 20 August

Register of members of the Company re-opens ..... Monday, 23 August

Despatch of Prospectus Documents  
(in the case of Non-Qualifying Shareholders,  
the Prospectus only) ..... Monday, 23 August

First day of dealing in nil-paid Rights Shares ..... 9:00 a.m. on  
Wednesday, 25 August

Latest time for splitting of the PAL ..... 4:00 p.m. on  
Friday, 27 August

Last day of dealing in nil-paid Rights Shares ..... Wednesday, 1 September

Latest Time for Acceptance of and payment for  
the Rights Shares and application and  
payment for excess Rights Shares ..... 4:00 p.m. on  
Monday, 6 September

Latest Time for Termination of the Underwriting Agreement and  
for the Rights Issue to become unconditional ..... 4:00 p.m. on  
Tuesday, 7 September

Announcement of the Rights Issue results ..... Monday, 13 September

Despatch of certificates for fully-paid Rights Shares and  
refund cheques, if any, in respect of wholly or  
partially unsuccessful application for excess Rights Shares ..... Tuesday, 14 September

Expected first day of dealings in fully-paid Rights Shares . . . . . Wednesday, 15 September

Designated broker starts to stand in the market

to provide matching services for odd lots of Shares . . . . . Thursday, 16 September

Designated broker ceases to stand designated broker

to provide matching services for odd lots of Shares . . . . . Thursday, 7 October

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by agreement between the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons as announced by the Hong Kong Government:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 6 September 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 6 September 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Monday, 6 September 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## **REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS**

The Group is a one-stop solution provider for high-precision structures for smart mobile communications and consumer electronics products involving product design, technological research and development, and manufacturing solutions. The Group has four reportable operating segments including (i) handset casings and high-precision components; (ii) smart electrical appliances casings; (iii) household and sports goods; and (iv) network communications facilities and others.

The global economy has improved in 2021 as compared with last year, but it is still full of variables and uncertainties. Although the COVID-19 outbreak has been gradually improving with the introduction of vaccines globally, the pandemic is expected to continue for some time, which would result in a tougher recovery on the overall manufacturing industry. At the same time, the geopolitical instability coupled with the strong global demand for chips for electronic products has caused a shortage of chip supply, which intensifies competition in the mobile phone parts production market. It is expected that the impact on the mobile phone parts production market would continue until at least 2022. On the other hand, global commodity prices continued to rise, which increased the Group's operating costs and brought challenges to the Group's operating environment.

Although the current market environment has brought various uncertainties to the Group's operations, the Group will continue to rely on its high-quality products, innovative processing technology, outstanding research and development team, effective internal management, sincere service attitude, and through close communications with its major customers, continuing to provide its customers a variety of leading and practical process technologies and solutions and assist them in launching competitive products which as a result would increase the Group's sales. Going forward, the management of the Group believes that, with the above-mentioned advantages of the Group, coupled with the Group's current high-quality and continuously expanding local and international first-class customer base, the Group will be able to maintain a steady business growth despite the challenging market environment.

The Group currently relies mainly on funds from operating activities and different interest-bearing borrowings from financial institutions to support the Group's operating activities and other capital expenditures. The Directors believe that in response to the current rapidly changing and uncertain external economic environment, rights issue will increase the overall working capital of the Group, strengthen the financial status and stability of the Group, and support the Group's sustainable and stable development in the future. Compared with debt financing, not only rights issue can bring new funds for the steady development of the Group, it can also immediately reduce the Group's gearing ratio, resulting in a more stable balance sheet of the Group. Under current uncertain economic environment and fierce market competition, not only a more stable balance sheet can be the foundation for the long-term development of the Group, it can also enhance the confidence of all the stakeholders in the Group's future development, including customers, suppliers, finance institutions and investors, and, at the same time, to enhance the Group's future financing capabilities.

The gross proceeds from the Rights Issue are expected to be approximately HK\$752 million. The net proceeds from the Rights Issue (after deducting the estimated expenses, including the underwriting commission (assuming no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings)) are estimated to be approximately HK\$737 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.227. The Company intends to apply the net proceeds from the proposed Rights Issue as to (i) approximately HK\$330 million in capital expenditure for the purchase of machinery and equipment as well as plant decoration to improve automation and production efficiency and increase production capacity so as to support the development of handset casings and high-precision components business; (ii) approximately HK\$243 million in the repayment of the Group's interest-bearing long-term bank borrowings which will be matured within 6-month or short-term interest-bearing bank borrowings that can be repaid at any time; (iii) approximately HK\$100 million for research and development expenditure to strengthen the Group's competitive advantage in the handset casings and high-precision components business, so as to support the continuous development of the Group's major business; and (iv) approximately HK\$64 million as general working capital of the Group. In the event that the amount of the actual net proceeds from the Rights Issue exceeds HK\$737 million, the Company intends to apply the surplus proceeds as general working capital of the Group.

The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so. However, those Shareholders who do not participate in the Rights Issue to which they are entitled should note that their shareholding interest in the Company will be diluted.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of the announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders (other than Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings) under the Rights Issue <i>(Note 7)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Landmark Worldwide <i>(Note 1)</i>	1,583,500,000	24.44	2,375,250,000	24.44	2,375,250,000	24.44
E-Growth Resources <i>(Note 2)</i>	296,000,000	4.57	444,000,000	4.57	444,000,000	4.57
Mr. Wang <i>(Note 3)</i>	460,930,000	7.11	691,395,000	7.11	691,395,000	7.11
Mr. Wong Ah Yu <i>(Note 4)</i>	96,460,000	1.49	144,690,000	1.49	144,690,000	1.49
Mr. Wong Ah Yeung <i>(Note 5)</i>	119,300,000	1.84	178,950,000	1.84	178,950,000	1.84
Mr. Wang Ya Hua <i>(Note 6)</i>	91,220,000	1.41	136,830,000	1.41	136,830,000	1.41
<b>Landmark Worldwide and parties acting in concert with it</b>	<b>2,647,410,000</b>	<b>40.86</b>	<b>3,971,115,000</b>	<b>40.86</b>	<b>3,971,115,000</b>	<b>40.86</b>
Mr. Hui Wai Man <i>(Note 8)</i>	78,000,000	1.20	117,000,000	1.20	78,000,000	0.80
Dr. Yu Sun Say <i>(Note 9)</i>	21,610,000	0.33	32,415,000	0.33	21,610,000	0.22
Mr. Ting Leung Huel Stephen <i>(Note 10)</i>	6,450,000	0.10	9,675,000	0.10	6,450,000	0.07
Mr. Cheung Wah Fung, Christopher <i>(Note 11)</i>	5,950,000	0.09	8,925,000	0.09	5,950,000	0.06
Underwriter <i>(Note 12)</i>	–	–	–	–	1,916,047,548	19.71
Other public Shareholders	3,720,085,097	57.41	5,580,127,645	57.41	3,720,085,097	38.28
<b>Total</b>	<b><u>6,479,505,097</u></b>	<b><u>100.00</u></b>	<b><u>9,719,257,645</u></b>	<b><u>100.00</u></b>	<b><u>9,719,257,645</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Landmark Worldwide is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially owned as to 25% by each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua.
2. E-Growth Resources is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is wholly and beneficially owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in 296,000,000 Shares held by E-Growth Resources.
3. Mr. Wang is the younger brother of Mr. Wong Ah Yeung, Mr. Wong Ah Yu and Mr. Wang Ya Hua.
4. Mr. Wong Ah Yu is the younger brother of Mr. Wong Ah Yeung and the elder brother of Mr. Wang Ya Hua and Mr. Wang.
5. Mr. Wong Ah Yeung is the elder brother of Mr. Wong Ah Yu, Mr. Wang Ya Hua and Mr. Wang.
6. Mr. Wang Ya Hua is the elder brother of Mr. Wang and the younger brother of Mr. Wong Ah Yeung and Mr. Wong Ah Yu.
7. Assuming no excess applications are made by Qualifying Shareholders.
8. Mr. Hui Wan Man is an executive Director.
9. Dr. Yu Sun Say is an independent non-executive Director.
10. Mr. Ting Leung Huel Stephen is an independent non-executive Director.
11. Mr. Cheung Wah Fung, Christopher is an independent non-executive Director.
12. These scenarios are for illustrative purpose only. Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its reasonable endeavours to ensure that (i) each of the subscribers or purchasers of the Untaken Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); (ii) the public float requirements under the Listing Rules shall be fulfilled by the Company upon completion of the Rights Issue; and (iii) any subscription or purchase of the Untaken Shares by the Underwriter and each of the subscribers or purchasers procured by the Underwriter shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter and the subscribers or purchasers procured by the Underwriter upon completion of the Rights Issue.
13. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

## **LISTING RULES IMPLICATIONS**

The Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement. The Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). Hence, the Rights Issue is not subject to Shareholders' approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL and EAF to the Non-Qualifying Shareholders.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" above). Accordingly, the proposed Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Thursday, 12 August 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 25 August 2021 to Wednesday, 1 September 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (Stock Code: 698)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“E-Growth Resources”	E-Growth Resources Limited, a company incorporated in the British Virgin Islands with limited liability
“E-Growth Undertaking”	the irrevocable undertaking given by E-Growth Resources in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “E-Growth Undertaking” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertakings”	collectively, the Landmark Undertaking, the E-Growth Undertaking and the Wong Brothers’ Undertakings
“Landmark Undertaking”	the irrevocable undertaking given by Landmark Worldwide in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Landmark Undertaking” in this announcement
“Landmark Worldwide”	Landmark Worldwide Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder of the Company

“Last Trading Day”	19 July 2021, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Lodging Time”	4:00 p.m. on Friday, 13 August 2021 or such other time and/or date may be agreed between the Underwriter and the Company as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Monday, 6 September 2021 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Ya Nan, being an executive Director, a substantial shareholder of the Company and a party acting in concert with Landmark Worldwide
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong

“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Southbound Trading Investors”	the PRC investors who hold the shares of Hong Kong listed companies through ChinaClear as nominee under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Monday, 23 August 2021, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Friday, 20 August 2021 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong

“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being 3,239,752,548 Shares based on the Company’s issued share capital as at the date of this announcement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.232 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriter”	Sinomax Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 19 July 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

“Underwritten Share(s)”	1,916,047,548 Rights Shares, being all the Rights Shares in excess of the aggregate of 1,323,705,000 Rights Shares that will be provisionally allotted to and subscribed for by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“Wong Brothers”	collectively, Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua
“Wong Brothers’ Undertakings”	irrevocable undertakings given by each of the Wong Brothers in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Wong Brothers’ Undertakings” in this announcement
“%”	percentage

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

Hong Kong, 19 July 2021

*As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Hung Man, Mr. Wong Ming Sik, Mr. Wong Ming Yuet and Mr. Hui Wai Man as executive Directors; Ms. Chan Sze Man as non-executive Director; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.*