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TONGDA HONG TAI HOLDINGS LIMITED

通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

DISCLOSEABLE TRANSACTION IN RESPECT OF THE TENANCY AGREEMENT

THE TENANCY AGREEMENT

The Board announces that on 28 February 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, and the Landlord entered into the Tenancy Agreement in respect of the leasing of the Premises for a term of three years commencing from 1 January 2021 and ending on 31 December 2023.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognise the unaudited value of the right-of-use assets on its consolidated statement of financial position in connection with the leasing of the Premises under the Tenancy Agreement. Accordingly, the transaction under the Tenancy Agreement will be regarded as acquisition of asset by the Tenant for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregated value of the right-of-use assets under the Tenancy Agreement are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The Board announces that on 28 February 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, and the Landlord entered into the Tenancy Agreement in respect of the leasing of the Premises for a term of three years commencing from 1 January 2021 and ending on 31 December 2023, details of which are set out below:

THE TENANCY AGREEMENT

Date	:	28 February 2021
Parties	:	Landlord: 常熟市金穗房地產有限責任公司 (Changshu City Jinsui Real Estate Co., Ltd.*) Tenant: 通達宏泰科技(蘇州)有限公司 (Tongda HT Technology (Suzhou) Company Limited*)
Premises	:	The factory buildings located at 15-23 Nanxin Road, Changshu, Suzhou, Jiangsu Province, the PRC.
Lettable area	:	Approximately 21,500 square metres.
Term	:	Three years, commencing from 1 January 2021 and expiring on 31 December 2023 (both days inclusive).
Usage	:	Manufacturing base and staff quarters.
Annual rental	:	RMB3,010,343 per year (PRC VAT inclusive) (equivalent to approximately HK\$3,550,000 per year), which shall be payable in advance on an annual basis and is exclusive of management fees, utility charges and other outgoings. The first year of the annual rental has been paid by the Tenant.

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounted to approximately RMB8,184,000 (equivalent to approximately HK\$9,649,000), which is the present value of total consideration payable at the inception of the lease terms of the Tenancy Agreement in accordance with HKFRS 16. Discount rate of 5.18% is applied to compute the present value of total consideration payable under the terms of the Tenancy Agreement.

INFORMATION ON THE PARTIES

The Landlord

The Landlord is a company established in the PRC with limited liability and is principally engaged in real estate development and sales of building materials and decoration materials. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) the ultimate beneficial owners of the Landlord are 張國華 (Zhang Guohua*), 張保岐 (Zhang Baoqi*) and 張東 (Zhang Dong*); and (ii) each of the Landlord and its ultimate beneficial owners is an Independent Third Party.

The Tenant

The Tenant is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Tenant is principally engaged in the manufacture and sale of accessories for electrical appliance products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in the manufacture and sale of the casings of notebook and tablet.

The main production facilities of the Group are in the Changshu Factory leased by the Group. The Changshu Factory consists of a total gross floor area of approximately 37,100 square metres, of which the Premises form part. The Group has been leasing the Premises as its manufacturing base and staff quarters for over 5 years and the previous tenancy agreement in respect of the Premises expired on 31 December 2020. In evaluating the options of renewal of the existing tenancy or leasing another factory building, the Directors considered that (i) the Premises are in the vicinity of other main production facilities in the Changshu Factory; and (ii) any potential benefits for the Group's relocation of production facilities are outweighed by the substantial relocation costs and temporary disruption to the Group's production process.

The terms of the Tenancy Agreement, including the rental payments, were determined after arm's length negotiations between the Landlord and the Tenant upon normal commercial terms taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. The Group intends to finance the rental payments by the internal resources of the Group. The Tenancy Agreement is necessary for continuing the operation of business of the Group for use as its manufacturing base and staff quarters and is in the ordinary and usual course of business of the Group. In view of the above, the Directors consider that the terms of the Tenancy Agreement are fair and reasonable and the transactions are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregated value of the right-of-use assets under the Tenancy Agreement are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Changshu Factory”	the factory buildings which the Group's manufacturing base is located in Changshu and are leased and operated by the Tenant
“Company”	Tongda Hong Tai 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: 2363)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Landlord”	常熟市金穗房地產有限責任公司 (Changshu City Jinsui Real Estate Co., Ltd.*), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the factory buildings located at 15-23 Nanxin Road, Changshu, Suzhou, Jiangsu Province, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 28 February 2021 and entered into between the Landlord and the Tenant in respect of the leasing of the Premises
“Tenant”	通達宏泰科技(蘇州)有限公司 (Tongda HT Technology (Suzhou) Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 1 March 2021

As at the date of this announcement, the executive Directors are Mr. Wong Ming Li, Mr. Wong Ah Yu and Mr. Wang Ming Zhi; the non-executive Director is Mr. Wang Ya Nan; and the independent non-executive Directors are Ms. Leung Pik Kwan, Mr. Sun Wai Hong and Mr. Wu Kin San Alfred.

For illustration purposes only and unless otherwise stated, all amounts denominated in RMB in this announcement has been translated into HK\$ at the exchange rate of RMB1 = HK\$1.18.

* *For identification purposes only*