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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 SPIN-OFF AND SEPARATE LISTING OF THE NOTEBOOK AND TABLET CASINGS MANUFACTURING BUSINESS OF THE GROUP ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

This announcement is made pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) and Practice Note 15 of the Listing Rules.

Further to the Company's announcement on 11 December 2015 regarding the Proposed Spin-off, the Board is pleased to announce that on 31 August 2016, the Listing Application was submitted to the Stock Exchange for the listing of, and permission to deal in, the THT Shares on the Main Board.

It is currently intended that THT will seek a listing on the Main Board by way of (a) a distribution in specie; and (b) a Share Offer, accounting for approximately 74.92% and 25.08% of the enlarged issued share capital of THT respectively immediately following completion of the Proposed Spin-off.

In accordance with the requirements of Practice Note 15 of the Listing Rules, the Board proposes to give due regard to the interests of the Shareholders by providing Qualifying Tongda Shareholders with an assured entitlement to the THT Shares by way of a distribution in specie of approximately 74.92% of the enlarged issued share capital of THT on the basis of one THT Share for every 40 Shares held on the record date to be determined by the Board if the Proposed Spin-off proceeds.

The terms of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

As at the date of this announcement, THT is a wholly-owned subsidiary of the Company. Following completion of the Proposed Spin-off, THT will no longer be a subsidiary of the Company and the Remaining Group will be engaged principally in the Remaining Business. The Proposed Spin-off, if materialises, constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is expected that the Proposed Spin-off will constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

The Proposed Spin-off is subject to the listing approval of the Stock Exchange and the final decision of the Board and the board of directors of THT which are dependent upon, among others, market conditions during the period from now and up to the Proposed Spin-off. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place and as to when it may take place. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

INTRODUCTION

This announcement is made pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) and Practice Note 15 of the Listing Rules.

Reference is made to the announcement of the Company dated 11 December 2015 in relation to the Proposed Spin-off of the Notebook and Tablet Casings Business on the Main Board of the Stock Exchange.

LISTING APPLICATION

The Board is pleased to announce that on 31 August 2016, the Listing Application was submitted to the Stock Exchange for the listing of, and permission to deal in, the THT Shares on the Main Board. THT was incorporated as a limited company in the Cayman Islands on 21 March 2016 and is, as at the date of this announcement, wholly-owned by the Company. The THT Group, being the subject of the Proposed Spin-off, comprises an existing subsidiary of the Company which is principally engaged in the Notebook and Tablet Casings Business in the PRC. THT is the holding company of the THT Group. The THT Shares are intended to be listed by way of (a) a distribution in specie; and (b) a Share Offer, accounting for approximately 74.92% and 25.08% of the enlarged issued share capital of THT respectively immediately following completion of the Proposed Spin-off. Following completion of the Proposed Spin-off, THT will no longer be a subsidiary of the Company and the Remaining Group will be engaged principally in the Remaining Business.

The Application Proof of THT's listing document is expected to be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to THT. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which can be material. The Company does not have any obligation or liability whatsoever in relation to the Application Proof.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interests of the Remaining Group and the THT Group for the following reasons:

- (1) the Proposed Spin-off will provide the THT Group with a separate platform to raise future funds from the capital markets to support the growth through continuing organic expansion;

- (2) the cash proceeds to be received pursuant to the Share Offer associated with the Proposed Spin-off will provide capital to the Company for its operations and expansion plan;
- (3) the Proposed Spin-off will allow the THT Group to enlarge market share and enhance the Group's position in the notebook and tablet casings industry by:
 - (i) facilitating dedicated management to focus on the specific opportunities arising in the notebook and tablet casings markets;
 - (ii) attracting new investors seeking investments in the notebook and tablet casings industry; and
 - (iii) allowing the THT Group to obtain further source of equity and debt financing.
- (4) the respective management of the THT Group and the Remaining Group will be remunerated independently based on their performance which can provide stronger incentive to the management team dedicated to the THT Group's business; and
- (5) the Proposed Spin-off will result in more timely disclosure and more organised monitoring of the THT Group's performance and corporate governance which provide investors, the market and rating agencies with greater clarity on the business and the financial status of the THT Group.

ASSURED ENTITLEMENT

In accordance with the requirements of Practice Note 15 of the Listing Rules, the Board proposes to give due regard to the interests of the Shareholders by providing Qualifying Tongda Shareholders with an assured entitlement to the THT Shares by way of a distribution in specie of approximately 74.92% of the enlarged issued share capital of THT on the basis of one THT Share for every 40 Shares held at the close of business on the record date to be determined by the Board if the Proposed Spin-off proceeds. The terms of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

Following completion of the Proposed Spin-off, THT will no longer be a subsidiary of the Company. The Proposed Spin-off, if materialises, constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is expected that the Proposed Spin-off will constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

GENERAL

The Proposed Spin-off is subject to the listing approval of the Stock Exchange and the final decision of the Board and the board of directors of THT which are dependent upon, among others, market conditions during the period from now and up to the Proposed Spin-off. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place and as to when it may take place. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

DEFINITIONS

“Application Proof”	the redacted form of application proof of THT’s listing document
“Board”	the board of directors of the Company
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries (including THT and its subsidiaries)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Application”	an application for listing of and permission to deal in all the ordinary shares of THT on the Main Board in Form A1 — Listing Application Form (For Equity Securities and Debt Securities) set out in Appendix 5 to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Notebook and Tablet Casings Business”	the business of manufacture and sale of casings and components of notebook and tablet
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Proposed Spin-off”	the proposed spin-off of the Notebook and Tablet Casings Business by way of a separate listing of THT Shares on the Main Board to be achieved by (i) a distribution in specie by the Company of the issued share capital of THT; and (ii) the Share Offer
“Qualifying Tongda Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on such record date to be determined by the Board
“Remaining Business”	produces components for electrical appliance products; supply of metallic casings and other ironware parts for electrical and electronic appliances (other than notebook and tablet casings); supply of plastic set top box and the manufacture of sport products

“Remaining Group”	the Group, excluding the THT Group
“Shares”	ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Share Offer”	the public offering in Hong Kong and the placing of the THT Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THT”	Tongda Hong Tai Holdings Limited, a company intended to be listed on the Main Board of the Stock Exchange pursuant to the Proposed Spin-off
“THT Group”	THT and its subsidiaries
“THT Shares”	ordinary shares with a nominal value of HK\$0.01 each in the capital of THT

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

Hong Kong, 31 August 2016

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu, Mr. Wong Ah Yeung, Mr. Choi Wai Sang and Mr. Wang Ming Che as executive directors of the Company; and Dr. Yu Sun Say, GBM, GBS, SBS, J.P., Mr. Cheung Wah Fung, Christopher, SBS, J.P. and Mr. Ting Leung Huel Stephen as independent non-executive directors of the Company.