
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tongda Group Holdings Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

DISCLOSEABLE TRANSACTION

A letter from the board of directors of the Company is set out on pages 3 to 6 of this circular.

* *for identification purpose only*

7 April 2008

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day not being a Saturday, Sunday and statutory holiday in the PRC
“Capital Increase”	the proposed increase of the registered capital of Tongda Technology from RMB32,265,780 to RMB53,776,300 pursuant to the Written Resolution
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB21,510,520 payable by Tongda Xiamen for the Capital Increase and to be satisfied by cash
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and are not connected persons of the Company
“Latest Practicable Date”	1 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongda Technology”	通達(廈門)科技有限公司(Tongda (Xiamen) Technology Limited) [#] , a joint venture company incorporated in the PRC and a jointly-controlled entity which is owned as to 50% by Tongda Xiamen and as to 50% by Xin Yeng before the registration of the Capital Increase
“Tongda Xiamen”	通達(廈門)有限公司(Tongda (Xiamen) Company Limited) [#] , a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Written Resolution”	the written resolution of the board of directors of Tongda Technology dated 25 January 2008 in respect of the proposed increase of registered capital of Tongda Technology from RMB32,265,780 to RMB53,776,300
“Xin Yeng”	廈門鑫陽投資股份有限公司(Xiamen Xin Yeng Investments Company Limited) [#] , an enterprise established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

[#] *the English translations of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



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
Mr Wang Ya Hua
Mr Wong Ah Yu
Mr Wong Ah Yeung
Mr Choi Wai Sang
Mr Wang Ming Che

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands

Independent non-executive Directors:

Mr Ting Leung Huel, Stephen
Mr Cheung Wah Fung, Christopher, JP
Dr Yu Sun Say, JP

*Head office and principal place of
business in Hong Kong:*

Room 1201-03, 12th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

7 April 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 17 March 2008 in which the Board announces that on 25 January 2008, written resolution was passed by the directors of Tongda Technology in relation to the proposed increase in the registered capital of Tongda Technology from RMB32,265,780 to RMB53,776,300.

The proposed increase in registered capital of Tongda Technology constitutes discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details regarding the proposed increase in registered capital of Tongda Technology in accordance with the Listing Rules.

THE CAPITAL INCREASE

On 25 January 2008, written resolution was passed by the directors of Tongda Technology in relation to the proposed increase in the registered capital of Tongda Technology from RMB32,265,780 to RMB53,776,300.

Pursuant to the Written Resolution, the increase in the registered capital by RMB21,510,520 is made through the contribution in cash by Tongda Xiamen solely, as to US\$1,920,000 (equivalent to approximately RMB13,630,000) was contributed by Tongda Xiamen in cash upon the registration of the Capital Increase and the remaining amount as to RMB7,880,520 to be paid within 2 years after the date of the Written Resolution. Approval for the Capital Increase was granted by the relevant regulatory authority in PRC on 28 February 2008. The registration of the Capital Increase pursuant to the Written Resolution took effect on 11 March 2008.

CONSIDERATION

The Consideration was determined with reference to the paid up capital before and after the Capital Increase as shown below:

Before increase in the registered capital of Tongda Technology		After increase in the registered capital of Tongda Technology	
Tongda Xiamen	Xin Yeng	Tongda Xiamen	Xin Yeng
RMB16,132,890 (50%)	RMB16,132,890 (50%)	RMB37,643,410 (70%)	RMB16,132,890 (30%)

The following tables show the turnover, net profit before tax, net profit after tax, the net asset value and the total asset value of Tongda Technology based on its audited financial statements:

	For the year ended			As at 31 December 2005	
	31 December 2005			Net	Total
	Turnover	Net profit before tax	Net profit after tax	asset value	asset value
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tongda Technology	29,210	4,754	4,754	25,593	39,313

	For the year ended			As at 31 December 2006	
	31 December 2006			Net	Total
	Turnover	Net profit before tax	Net profit after tax	asset value	asset value
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tongda Technology	67,041	11,117	11,117	36,711	58,601

LETTER FROM THE BOARD

20% of the net asset value of Tongda Technology was RMB7,342,000 as at 31 December 2006. 20% of the net profits before and after tax of Tongda Technology was RMB950,800 for the year ended 31 December 2005. 20% of the net profits before and after tax of Tongda Technology was RMB2,223,400 for the year ended 31 December 2006.

The Group intends to finance the capital contribution from its internal resources.

Apart from the contributions towards the Capital Increase as set out herein, there are no further capital commitments that are required to be contributed by the relevant parties at this stage. If there is any further material capital commitments to be contributed by the relevant parties to Tongda Technology, further announcement will be made if and when appropriate to comply with the requirements under the Listing Rules.

FINANCIAL EFFECT

The Company's interests in Tongda Technology were recorded in the accounts of the Group using equity interest method before the Capital Increase. Immediately upon the registration of the Capital Increase, Tongda Technology was owned as to 70% by Tongda Xiamen and as to 30% by Xin Yeng, Tongda Technology became a non-wholly owned subsidiary of the Company and the accounts of Tongda Technology would be consolidated into the consolidated financial statements of the Company. After the Capital Increase, Xin Yeng became a substantial shareholder of Tongda Technology and a connected person of the Company.

It is estimated that both the total assets and total liabilities of the Group will increase after the registration of the Capital Increase as Tongda Technology will become a non-wholly owned subsidiary of the Company and its assets and liabilities will be consolidated into that of the Group, but the Capital Increase will not have any material adverse effect on the overall net assets position of the Group.

Immediately after completion of the Capital Increase, as a non-wholly owned subsidiary, the results of Tongda Technology will be consolidated with that of the Group. Given the existing size of Tongda Technology in comparison with that of the Group, there will not be any material effect on the current earnings of the Group, though it is expected that Tongda Technology, being a non-wholly owned subsidiary, will contribute positively to the results of the Group in future.

REASONS FOR THE CAPITAL INCREASE

The Directors have always been active in seeking opportunities for expanding and enhancing the manufacture and sale of electronic products and appliances business and is optimistic about the enduring increase in demand of electronic products and appliances in the PRC. In view of the future exploitation, utilisation and development of electronic appliances in the PRC, the Directors consider that it is necessary for Tongda Technology to have sufficient funds to meet its future expansion. The Board therefore is of the opinion that the Capital Increase is required to facilitate the future growth and development in the business of Tongda Technology.

LETTER FROM THE BOARD

Pursuant to the terms of the Written Resolution, the capital contributions will be made by Tongda Xiamen. Taking into account of the aforesaid reasons and the contributions, the Directors consider that the terms of the Written Resolution is fair and reasonable and the Capital Increase is in the interests of the Shareholders and the Company as a whole.

INFORMATION ON TONGDA TECHNOLOGY

Tongda Technology is a joint venture company incorporated in the PRC in 2003 which is owned as to 50% by Tongda Xiamen and as to 50% by Xin Yeng with a registered capital of RMB32,265,780 as to RMB16,132,890 contributed by Tongda Xiamen and as to the remaining RMB16,132,890 contributed by Xin Yeng immediately before the registration of the Capital Increase. Tongda Technology is principally engaged in the manufacture and sale of handset components and accessories in the PRC. Xin Yeng is an enterprise established in the PRC and is principally engaged in investment holding.

GENERAL

As at the date hereof, the Group is principally engaged in the manufacture and sale of electronic products, electrical accessories, ironware products and electrical appliances in the PRC.

IMPLICATION UNDER THE LISTING RULES

The proposed increase in the registered capital of Tongda Technology constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

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

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

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors and their associates in the Shares and underlying shares and debenture of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of Director	Nature of interest	Total number of Shares held	Percentage of the issued share capital of the Company (%)
Mr Wang Ya Nan	Held by controlled corporation and beneficial interest (Note 1)	2,044,670,000 (L)	51.25
Mr Wong Ah Yeung	Held by controlled corporation and beneficial interest (Note 2)	2,041,750,000 (L)	51.17
Mr Wong Ah Yu	Held by controlled corporation and beneficial interest (Note 3)	2,034,910,000 (L)	51.00
Mr Wang Ya Hua	Held by controlled corporation and beneficial interest (Note 4)	2,029,670,000 (L)	50.87

Name of Director	Nature of interest	Total number of Shares held	Percentage of the issued share capital of the Company (%)
Mr Choi Wai Sang	Held by controlled corporation and beneficial interest (Note 5)	98,500,000	2.47
Mr Ting Leung Huel	Beneficial interest	4,000,000	0.10
Mr Cheung Wah Fung, Christopher	Beneficial interest	4,000,000	0.10
Mr Yu Sun Say	Beneficial interest	2,000,000	0.05

(L) Long position

Notes:

1. Among the 2,044,670,000 Shares and underlying shares, 1,994,750,000 Shares were held by Landmark Worldwide Holdings Limited (“**Landmark Worldwide**”), the issued share capital of which is beneficially owned as to 25% each by Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (collectively referred to as the “**Wong Brothers**”).
2. Among the 2,041,750,000 Shares and underlying shares, 1,994,750,000 Shares were held by Landmark Worldwide, the issued, the issued share capital of which is beneficially owned as to 25% each by the Wong Brothers.
3. Among the 2,034,910,000 Shares and underlying shares, 1,994,750,000 Shares were held by Landmark Worldwide, the issued, the issued share capital of which is beneficially owned as to 25% each by the Wong Brothers.
4. Among the 2,029,670,000 Shares and underlying shares, 1,994,750,000 Shares were held by Landmark Worldwide, the issued, the issued share capital of which is beneficially owned as to 25% each by the Wong Brothers.
5. These shares are held by Faye Limited, the entire issued share capital of which is held and beneficially owned by Mr. Choi Wai Sang.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) 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, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Substantial shareholders of the Company:

Name of Shareholders	Nature of interest	Total number of Shares held	Percentage of the issued share capital of the Company (%)
Landmark Worldwide Holdings Limited (Note 1)	Corporate interest	1,994,750,000 (L)	49.99
Value Partners Limited (Note 2)	Corporate interest	362,820,000 (L)	9.09
Atlantis Investment Management Limited	Corporate interest	285,000,000 (L)	7.14

(L) Long position

Notes:

- The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% each by the Wong Brothers.
- The issued share capital of Value Partners Limited is held beneficially owned as to 35.65% by Mr Cheah Cheng Hye.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), 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, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

Mr. Wang Ming Che, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 18 March 2008 renewable automatically for successive term of one year and may be terminated by either party by giving not less than three months' written notice at the end of the initial term or any time thereafter.

Save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries had engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Group were made up).

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 1201-03, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Butterfield Fung Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (e) The secretary and qualified accountant of the Company is Mr. Ko Chun Hay, Kelvin.
- (f) The English test of this circular shall prevail over their respective Chinese texts in case of inconsistency.