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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Tongda Group Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)***RENEWAL OF THE 10% GENERAL LIMIT ON THE GRANT OF OPTIONS****UNDER THE SHARE OPTION SCHEME**

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A notice convening the extraordinary general meeting of the Company to be held at the Board Room of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 October 2009 immediately after the extraordinary general meeting of the Company to be held at 11:00 a.m. is set out on pages 8 to 9 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

\* *for identification purpose only*

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## DEFINITIONS

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

“10% General Limit”	the limit imposed under Clause 8.2(a) of the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme, which has been “refreshed” and may be further “refreshed” on and pursuant to the rules of the Share Option Scheme
“Board”	the board of Directors from time to time
“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 main board of the Stock Exchange
“Directors”	the directors of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held on Thursday, 8 October 2009 immediately after the extraordinary general meeting of the Company to be held at 11:00 a.m. to consider and, if thought fit, to approve, among other things, the proposed refreshment of 10% General Limit
“Group”	the Company and all of its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Grant Resolution”	the ordinary resolution passed at the annual general meeting of the Company convened on 9 June 2004 for the grant of the refreshed 10% General Limit
“Latest Practicable Date”	11 September 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 10 June 2002 replacing the Terminated Scheme

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminated Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution in writing passed by all shareholders of the Company on 7 December 2000 and terminated by an ordinary resolution of the Company passed on 10 June 2002
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wang Ya Nan (*Chairman*)

Mr. Wang Ya Hua (*Vice Chairman*)

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 2681 GT

George Town

Grand Cayman, KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Mr. Ting Leung Huel, Stephen

Mr. Cheung Wah Fung, Christopher, JP

Dr. Yu Sun Say, SBS, GBS, 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

11 September 2009

*To the Shareholders and, for information only,  
the holders of the options*

Dear Sir or Madam,

### **RENEWAL OF THE 10% GENERAL LIMIT ON THE GRANT OF OPTIONS**

### **UNDER THE SHARE OPTION SCHEME**

#### **INTRODUCTION**

The Board proposes to refresh the 10% General Limit so that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme or any other share option schemes of the Company on or after the date of the EGM will not exceed 10% of the issued share capital of the Company as at the date of passing of the resolution approving the refreshment of 10% General Limit.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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The purpose of this circular is to (i) present the proposal for the refreshment of 10% General Limit; and (ii) provide the Shareholders with the notice of the EGM at which the necessary ordinary resolution will be proposed to consider and, if thought fit, to approve the refreshment of 10% General Limit.

### **REFRESHMENT OF 10% GENERAL LIMIT**

#### **Background on the proposed refreshing of the 10% General Limit**

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 June 2002. Under the rules of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme is subject to the 10% General Limit, which was 10% of the Company's issued share capital as at the date of adoption of the Share Option Scheme. The 10% General Limit may be "refreshed" from time to time on and pursuant to the rules of the Share Option Scheme.

Since the adoption of the Share Option Scheme, the 10% General Limit has been refreshed on 9 June 2004. The current limit is 324.75 million Shares which was set pursuant to the ordinary resolution passed on 9 June 2004, being 10% of the Shares in issue as at the date of passing of such resolution.

As at the Latest Practicable Date, (i) options carrying the rights to subscribe for up to a total of 233.36 million Shares have been granted under the Share Option Scheme since the passing of the Last Grant Resolution, (ii) options to subscribe for an aggregate of 2.36 million Shares have been lapsed and cancelled, (iii) options to subscribe for an aggregate of 74 million Shares have been exercised, and (iv) the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme is 157 million Shares. The Directors consider that it is in the interest of the Company to refresh the 10% General Limit to permit the grant of further options under the Share Option Scheme.

#### **Share Option Scheme – Renewal of 10% General Limit**

At the annual general meeting of the Company convened on 10 June 2002, an ordinary resolution was passed by the Shareholders for the adoption of the Share Option Scheme and termination of the Terminated Scheme.

Apart from the Share Option Scheme and the Terminated Scheme, the Company has no other share option scheme. As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 157 million Shares (representing approximately 3.94% of the Shares in issue as at the Latest Practicable Date) remained outstanding under the Share Option Scheme. No further options may be granted under the Terminated Scheme.

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares of the Company in issue from time to time ("**30% Overall Limit**");

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## LETTER FROM THE BOARD

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- (2) the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the 10% General Limit; and
- (3) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each participant of the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company (“**Single Participant Limit**”).

The Company may seek approval from the Shareholders in general meeting for refreshing the 10% General Limit so that the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares of the Company in issue as at the date of the approval of the limit as refreshed.

In this connection, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% General Limit as refreshed.

The existing 10% General Limit is 324.75 million Shares, being 10% of the Shares of the Company in issue as at the date of passing of the Last Grant Resolution. As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 233.36 million Shares had been granted under the Share Option Scheme since the passing of the Last Grant Resolution. The options were granted in 2005, 2006, 2007 and 2008 and are in accordance with the terms and restrictions of the Share Option Scheme (including the Single Participant Limit). All these options were granted to 17 employees of the Group.

All the above grantees of the options fell within the category of eligible participants under the Share Option Scheme. The Directors confirm that the grant of options to the above grantees was in line with the rules of the Share Option Scheme and the relevant requirements of the Listing Rules. None of these grantees is a connected person of the Company.

Since the adoption of the Share Option Scheme, none of the grantees has been granted options that exceed the Single Participant Limit.

As at the Latest Practicable Date, (i) options carrying the rights to subscribe for up to a total number of 233.36 million Shares have been granted under the Share Option Scheme since the passing of the Last Grant Resolution, (ii) options to subscribe for an aggregate of 2.36 million Shares have been lapsed and cancelled, (iii) options to subscribe for an aggregate of 74 million Shares have been exercised and (iv) the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme is 157 million Shares (representing approximately 3.94% of the Shares in issue as at the Latest Practicable Date). Unless the 10% General Limit is refreshed, only up to 91.39 million Shares (“**Remaining Options**”, which include limits previously sought but not yet granted as at the Latest Practicable Date) may be issued pursuant to the grant of further options under the Share Option Scheme.

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## LETTER FROM THE BOARD

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If the 10% General Limit is refreshed, on the basis of 3,989.8 million Shares in issue as at the Latest Practicable Date and assuming that, prior to the EGM (i) no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company and (ii) none of the Remaining Options are granted, the 10% General Limit will be reset at 398.98 million Shares and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for a maximum of 398.98 million Shares (“**Available Limit**”, being the sum total of the refreshed limit).

On the basis of 3,989.8 million Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 1,196.94 million Shares. Accordingly, the Available Limit arising from the refreshing of the 10% General Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The purpose of the Share Option Scheme is to provide incentives or rewards to employees, customers and suppliers of the Group and other eligible participants of the Share Option Scheme for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Given that the existing 10% General Limit is near depletion, the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and its Shareholders unless the General Scheme Limit is refreshed in accordance with the rules of the Scheme.

The Directors consider that it will be for the benefit of the Company and its Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the EGM for refreshing the 10% General Limit.

### **Conditions of the refreshment of the 10% General Limit**

The refreshment of the 10% General Limit is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the EGM to approve the refreshment of the 10% General Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the options to be granted under the refreshed 10% General Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options to be granted under the refreshed 10% General Limit.



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## LETTER FROM THE BOARD

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### EGM

A notice convening the EGM to be held at the Board Room of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 October 2009 immediately after the extraordinary general meeting of the Company to be held at 11:00 a.m. is set out on pages 8 to 9 of this circular. An ordinary resolution will be proposed at the EGM to approve the refreshment of 10% General Limit.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

### RESPONSIBILITY STATEMENT

This circular 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 circular and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Directors consider the proposed refreshment of 10% General Limit is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

### GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM.

Yours faithfully  
For and on behalf of the Board of  
**Tongda Group Holdings Limited**  
**WANG YA NAN**  
*Chairman*

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## NOTICE OF EGM

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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)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Tongda Group Holdings Limited (the “**Company**”) will be held at the Board Room of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 October 2009 immediately after the extraordinary general meeting of the Company to be held at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

#### ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may be issued pursuant to the exercise of option to be granted under the refreshed scheme mandate limit (the “**10% General Limit**”) under the share option scheme of the Company adopted on 10 June 2002, which entitles the directors of the Company (the “**Directors**”) to grant options after the listing of Shares on the Stock Exchange, in the manner as set out in paragraph (a) of this resolution,
  - (a) the refreshment of the 10% General Limit of up to 10 per cent. of the Shares in issue as at the date of passing of this resolution be and is hereby approved; and
  - (b) the Directors be and are hereby authorized to do all such acts and things and execute all such documents, including under seal where applicable as they consider necessary or expedient to give effect to the foregoing arrangement.”

Yours faithfully  
For and on behalf of the Board of  
**Tongda Group Holdings Limited**  
**WANG YA NAN**  
*Chairman*

Hong Kong, 11 September 2009

\* for identification purpose only

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## NOTICE OF EGM

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*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman, KY1-1111  
Cayman Islands

*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

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. A form of proxy for use at the meeting is enclosed. To be valid, the proxy form, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrars in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled to vote, but if more than one of such joint holders be present at the meeting in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect of it. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the EGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.