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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION OF 100% EQUITY INTEREST IN GRAND PROSPER INVESTMENTS LIMITED

The Board announces that after the Stock Exchange trading hours on 17 April 2015, the Purchaser and the Vendor entered into the MOU in relation to the possible acquisition of a 100% equity interest in the Target. The Target beneficially owns 25% of the equity interest of Tongda (Xiamen) and Tongda Electronic, each of which in turn is a 75% indirectly owned subsidiary of the Company established in the PRC. Subject to the terms and conditions of the Agreement, the consideration for the Acquisition is expected to be satisfied by the Company partly by way of cash and partly by the allotment and issue of an aggregate of 190,000,000 Consideration Shares at the price of HK\$1.288 per Share.

The Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Acquisition, if materialises, may constitute a notifiable and connected transactions for the Company under the Listing Rules. Should the Company enter into the Agreement or decide to terminate the MOU or there be any material development on the Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE MOU

The Board announces that after the Stock Exchange trading hours on 17 April 2015, the Purchaser and the Vendor entered into the MOU in relation to the Acquisition. Details of the MOU are set out below.

Date

17 April 2015

Parties:

- (i) the Purchaser; and
- (ii) the Vendor.

The Vendor is the sole owner of the Target, which in turn beneficially owns 25% of the equity interest in of Tongda (Xiamen) and Tongda Electronic, each a company established in the PRC and the remaining 75% of each of their respective equity interest are beneficially and indirectly owned by the Company. The Vendor is also a senior management staff member of the Company, and a director of an indirect non-wholly owned subsidiary of the Company. As such, the Vendor is regarded as a connected person of the Company under the Listing Rules.

Assets to be acquired

Subject to the parties entering into the Agreement, the Vendor shall sell and the Company shall acquire the entire issued share capital in the Target.

Consideration

The consideration for the Acquisition shall be HK\$275,077,000 and is expected to be satisfied by the Company as to HK\$30,357,000 by way of cash and as to the balance of HK\$244,720,000 by way of procuring the Company to allot and issue an aggregate of 190,000,000 Consideration Shares to the Vendor upon completion of the Agreement.

The issue price of the Consideration Shares shall be HK\$1.288 per Share, which represents the average of the closing prices per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the MOU.

The Consideration Shares, after allotment and issue, shall be subject to lock up undertakings to be given by the Vendor on such terms to be negotiated between the Vendor and the Purchaser.

Exclusivity period

The Vendor agreed that it will not and will procure that the Target and its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of three (3) months from the date of the MOU, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the sale or other disposition of the equity interest in or the sale, subscription, or allotment of any part thereof or any other shares of the Target.

The parties shall negotiate in good faith towards one another in ensuring the Agreement be entered into as soon as possible and in any event, on or before the date falling three (3) months from the date of the MOU, or such later date as the parties to the MOU may agree.

Conditions

Completion of the Acquisition is conditional upon, among other things, (i) the Company being satisfied with the results of the due diligence review to be conducted after signing of the MOU on the assets, liabilities, operations and affairs of the Target Group; (ii) the passing by the Shareholders who are allowed to vote and not required to abstain to vote under the Listing Rules at an extraordinary general meeting of the Company to be convened and held of ordinary resolution(s) by poll to approve the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and the applicable laws and regulations; and (iii) any other conditions agreed by the parties to be included in the Agreement.

Legal effect

The MOU is non-legally binding save for the provisions relating to, among other things, the issue price for the Consideration Shares to be issued by the Company, due diligence, exclusivity, confidentiality, costs and governing law and jurisdiction of the MOU.

INFORMATION ON THE GROUP

The Group is a one-stop solution provider of high-precision components for consumer electronics products, principally engaged in the design and production of the casings and components of handsets, notebook computers, electrical appliances, ironware parts, communication facilities and other products, and the provision of a wide range of casings made by high precision plastic, metal and composite materials.

GENERAL

The Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Acquisition, if materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Should the Company enter into the Agreement or decide to terminate the MOU or there be any material development on the Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Acquisition”	the possible acquisition by the Company of the entire equity interest in the Target from the Vendor
“Agreement”	the formal sale and purchase agreement to be further negotiated between the Vendor and the Purchaser in relation to the Acquisition which may or may not be entered into
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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

“Consideration Shares”	An aggregate of 190,000,000 new Shares to be allotted and issued to the Vendor upon completion of the Agreement to satisfy part of the consideration payable by the Purchaser
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“MOU”	the memorandum of understanding dated 17 April 2015 entered into between the Company and the Vendor setting out preliminary understanding in relation to the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and Macau
“Purchaser”	Tongda (Xiamen) Company Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	“Shareholder(s)” the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Grand Prosper Investments Limited, a company incorporated in the Hong Kong with limited liability
“Tongda (Xiamen)”	Tongda (Xiamen) Technology Limited (通達(廈門)科技有限公司#), a company established in the PRC with limited liability, the entire equity interest of which is owned as to 25% by the Target and 75% by the Purchaser
“Tongda Electronics”	Shenzhen Tongda Electronic Company Limited (深圳通達電子有限公司#), a company established in the PRC with limited liability, the entire equity interest of which is owned as to 25% by the Target and 75% by the Purchaser
“Vendor”	Mr. Hui Wai Man
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	Per cent.

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

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

Hong Kong, 17 April 2015

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; and Dr. Yu Sun Say, J.P., Mr. Cheung Wah Fung, Christopher, J.P. and Mr. Ting Leung Huel Stephen as independent non-executive directors.