

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTION

On 23 December 2015, Tongda Electrical Machinery entered into the Lease Agreement with Tongda Electrics, a wholly-owned subsidiary of the Company, pursuant to which Tongda Electrical Machinery agreed to lease to Tongda Electrics the Premises for a term of three years commencing from 1 January 2016 to 31 December 2018 at a monthly rent of RMB330,000 (equivalent to approximately HK\$392,857).

Tongda Electrical Machinery is principally engaged in the manufacture and sale of small motors, small wind turbines and micro motor.

Tongda Electrics is principally engaged in the manufacturing and sale of accessories for electrical appliance products.

LISTING RULES IMPLICATIONS

As Tongda Electrical Machinery is wholly-owned by Mr. Wang, an executive Director, Tongda Electrical Machinery is a connected person of the Company. Accordingly, the Lease Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As such, Mr. Wang has abstained from voting on the board resolution of the Company to approve the Lease Agreement and the transactions contemplated thereunder.

As all of the relevant percentage ratios (other than the profits ratio) are, on an annual basis, less than 5%, the Lease Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

THE LEASE AGREEMENT

Date: 23 December 2015

Parties: (i) Tongda Electrical Machinery (as the landlord)
(ii) Tongda Electrics (as the tenant)

Premises: The first and second floors of a factory building situated at 中國福建省石獅市蚶江鎮石湖路 (Shihu Road, Hanjiang Town, Shishi City, Fujian Province, the PRC*)

Leased area: Approximately 22,000 sq. m. to be used for production

Term: Three years commencing from 1 January 2016 to 31 December 2018

Monthly rent: RMB330,000 (equivalent to approximately HK\$392,857)

Rental deposit: RMB1,980,000 (equivalent to approximately HK\$2,357,143) payable by Tongda Electrics on the date of signing the Lease Agreement. Upon expiry of the Lease Agreement and Tongda Electrics settling all the outstanding rent and other charges in full, Tongda Electrical Machinery will refund such deposit without interest to Tongda Electrics.

Electricity and water: Water charges will be payable by Tongda Electrics to Tongda Electrical Machinery in respect of the Premises; electricity charges will be payable by Tongda Electrics to the electricity supplier directly.

* *for identification purpose only*

Subject of the Lease

Pursuant to the Lease Agreement, Tongda Electrical Machinery has agreed to lease to Tongda Electrics the Premises for a term of three years commencing from 1 January 2016 to 31 December 2018 at a monthly rent of RMB330,000 (equivalent to approximately HK\$392,857). The rent is payable on a semi-annually basis.

Annual caps

For each of the three years ending 31 December 2018, the maximum annual aggregate amounts payable (the “**Annual Caps**”) by Tongda Electrics to Tongda Electrical Machinery under the Lease Agreement is as follows:

Financial year	Annual Cap
31 December 2016	RMB4,800,000 (equivalent to approximately HK\$5,714,286)
31 December 2017	RMB4,800,000 (equivalent to approximately HK\$5,714,286)
31 December 2018	RMB4,800,000 (equivalent to approximately HK\$5,714,286)

In arriving the above Annual Caps for the Lease Agreement, the Directors have taken into account the following factors:

- (a) the prevailing market rent of comparable properties in Shishi City, Fujian Province, the PRC;
- (b) the agreed monthly rent payable by Tongda Electrics to Tongda Electrical Machinery under the Lease Agreement for the three years ending 31 December 2018; and
- (c) the expected water charges payable by Tongda Electrics to Tongda Electrical Machinery under the Lease Agreement for the three years ending 31 December 2018.

REASONS FOR ENTERING INTO THE LEASE AGREEMENT

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.

The purpose of entering into the Lease Agreement is to facilitate the Group to expand its current business operations in Fujian Province, the PRC. The Board considers that the Premises, being a newly developed factory and located within the proximity of the existing factories of Tongda Electrics, would be the most suitable premises for Tongda Electrics to expand its production.

The terms of the Lease Agreement were determined after arm's length negotiation between the Group and Tongda Electrical Machinery with reference to the prevailing market rent. The Directors (including the independent non-executive Directors but excluding Mr. Wang) consider that the Lease Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms.

The Directors (including the independent non-executive Directors but excluding Mr. Wang) are of the opinion that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As Tongda Electrical Machinery is wholly-owned by Mr. Wang, an executive Director, Tongda Electrical Machinery is a connected person of the Company. Accordingly, the Lease Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As such, Mr. Wang has abstained from voting on the board resolution of the Company to approve the Lease Agreement and the transactions contemplated thereunder.

As all of the relevant percentage ratios (other than the profits ratio) are, on an annual basis, less than 5%, the Lease Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Board” the board of Directors

“Company” Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange

“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 23 December 2015 and entered into between Tongda Electrical Machinery as the landlord and Tongda Electrics as the tenant for the leasing of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Ya Nan, an executive Director and chairman of the Board
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the first and second floors of a factory building situated at 中國福建省石獅市蚶江鎮石湖路 (Shihu Road, Hanjiang Town, Shishi City, Fujian Province, the PRC*)
“Shareholder(s)”	holder(s) of issued ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *for identification purpose only*

“Tongda Electrical Machinery”	石獅市通達電機有限公司 (Tongda Electrical Machinery Company Limited Shishi*), a company established in the PRC with limited liability, which is wholly-owned by Mr. Wang
“Tongda Electrics”	福建省石獅市通達電器有限公司 (Tongda Electrics Company Limited Shishi City Fujian*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metre(s)
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.84. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 23 December 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.

* *for identification purpose only*