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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTION

The Board announces that Tongda Shanghai, a wholly-owned subsidiary of the Company, has entered into the Termination Agreement with Shanghai Baishi to terminate the Lease Agreement for the leasing of the Building with effect from 31 January 2016.

As approximately 58.82% of the registered and paid up capital of Shanghai Baishi is owned by Mr. Wong Ah Yeung, an executive Director, Shanghai Baishi is a connected person of the Company. Accordingly, the Termination Agreement constitutes a connected transaction on the part of the Company under the Listing Rules.

As neither Tongda Shanghai nor Shanghai Baishi is required to make any payment to each other under the Termination Agreement, the Termination Agreement is exempt from the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Announcement dated 18 April 2013. As disclosed in the Announcement, Tongda Shanghai entered into the Lease Agreement with Shanghai Baishi on 16 April 2013, pursuant to which Tongda Shanghai agreed to the leasing of the Building for a term commencing from 1 June 2013 to 31 May 2016 at a monthly rent of RMB230,000.

Shanghai Baishi is principally engaged in manufacturing of ironware parts for electrical appliances. Approximately 58.82% of the registered and paid up capital of Shanghai Baishi is owned by Wong Ah Yeung, an executive Director.

TERMINATION AGREEMENT

Tongda Shanghai, a wholly-owned subsidiary of the Company, has entered into the Termination Agreement with Shanghai Baishi to terminate the Lease Agreement for the leasing of the Building with effect from 31 January 2016. Pursuant to the Termination Agreement, (i) Shanghai Baishi will be discharged from its payment and obligations under the Lease Agreement; and (ii) neither Tongda Shanghai nor Shanghai Baishi would have any claims against each other as a result of the termination of the Lease Agreement.

The Board believes that entering into the Termination Agreement will not cause any material adverse impact to the Group's business and operational activities.

REASONS FOR ENTERING INTO THE TERMINATION 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 entering into the Termination Agreement thereby terminating the Lease Agreement would allow the Group to occupy the Building for operating its existing businesses, such that its resources will be utilised more efficiently and its rental expenses and operating costs will be reduced.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Termination Agreement have been arrived at after arm's length negotiations, entered into in the ordinary and usual course of business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As approximately 58.82% of the registered and paid up capital of Shanghai Baishi is owned by Mr. Wong Ah Yeung, an executive Director, Shanghai Baishi is a connected person of the Company. Accordingly, the Termination Agreement constitutes a connected transaction on the part of the Company under the Listing Rules. As such, Mr. Wong Ah Yeung has abstained from voting on the board resolution of the Company to approve the Termination Agreement and the transactions contemplated thereunder.

As neither Tongda Shanghai nor Shanghai Baishi is required to make any payment to each other under the Termination Agreement, the Termination Agreement is exempt from the announcement, reporting and independent Shareholders' approval requirements under 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:

“Announcement”	the announcement of the Company dated 18 April 2013
“Board”	the board of Directors
“Building”	a factory building situated at No. 555 Sheng Long Road, Jiuting Town, Songjiang Region, Shanghai, the PRC (上海市松江區九亭鎮盛龍路555號)
“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 16 April 2013 and made between Tongda Shanghai and Shanghai Baishi for the leasing of the Building by Tongda Shanghai to Shanghai Baishi
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Shanghai Baishi”	上海百時電器有限公司 (Shanghai Baishi Electric Appliances Company Limited*), a company incorporated in the PRC and the tenant under the Lease Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the agreement dated 29 January 2016 entered into between Tongda Shanghai and Shanghai Baishi to terminate the Lease Agreement
“Tongda Shanghai”	通達(上海)電器裝飾件有限公司 (Tongda (Shanghai) Electric Appliances Parts Company Limited*), a company established in the PRC and the landlord under the Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 29 January 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; 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