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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)

BUSINESS UPDATE OPERATING POSITION FOR THE THREE MONTHS ENDED 31 MARCH 2018

This announcement is made by Tongda Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby presents the operating performance for the three months ended 31 March 2018 (the “**Period**”) to shareholders and potential investors of the Company.

Based on the unaudited consolidated management accounts of the Group, the turnover of the Period was HK\$1,864.0 million, which has increased by 4.5% as compared to the corresponding period of last year.

	Three months ended 31 March				Changes in turnover	
	2018		2017		Amount	
	Amount	Proportion	Amount	Proportion	Amount	Amount
	<i>(HK\$ million)</i>	<i>(%)</i>	<i>(HK\$ million)</i>	<i>(%)</i>	<i>(HK\$ million)</i>	<i>(%)</i>
Top five customers	1,190.3	63.9	1,013.8	56.8	176.5	17.4
Other customers	673.7	36.1	770.7	43.2	-97.0	-12.6
Total	1,864.0	100.0	1,784.5	100.0	79.5	4.5

During the Period, the Group continued to adjust its customer portfolio based on market demand. During the Period, the top five customers contributed a total of HK\$1,190.3 million to the turnover, representing an increase of 17.4% Period-over-Period, and accounted for 63.9% of total turnover. During the Period, handsets business accounted for 67.2% of total turnover, which was higher than 66.3% in the corresponding period of the previous year. Among which, the proportion of certain customers increased continuously year-on-year.

For waterproof/dustproof/shockproof and precision components, the Group's performance in the first quarter increased significantly as compared with the corresponding period of the previous year. The Group currently provides rubber molding parts, liquid-silicone rubber ("LSR") and precise insert molding parts to an international customer. During the first quarter, the Group has researched and developed for the customer for the new handset models which will be launched in the second half of the year, and also actively strengthened the cooperation with different business units of the customer, strived to secure orders for the second half of the year and the coming year, in order to reinforce the long-term cooperative relationship with the customer. The gross profit margin of such business is generally higher than the average gross profit margin of the Group, which is conducive to the growth of gross profit margin of the Group in the long run.

On 16 March 2018, the distribution of all the Company's shares in Tongda Hong Tai Holdings Limited ("THT") to the qualifying shareholders were completed and THT became a listed company on the Main Board of the Stock Exchange, and thereafter THT and its subsidiaries ceased to be wholly-owned subsidiaries of the Company and the results of THT is no longer included in the Company.

The Board hereby reminds shareholders and potential investors that the above information were prepared based on the unaudited consolidated management accounts of the Group which have neither been reviewed nor audited by the auditors of the Company. The operational information for the Period may not reflect the overall performance of the Group for a complete reporting period. Shareholders and potential investors of the Company are advised not to place undue reliance on the aforesaid information and they are advised to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 26 April 2018

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yeung, Mr. Choi Wai Sang and Mr. Wang Ming Che as executive Directors; Mr. Wong Ah Yu as non-executive Director; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.