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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (the “**Announcement**”) of Tongda Group Holdings Limited (the “**Company**”) dated 10 May 2017 in relation to the placing of up to approximately 386,990,000 shares of the Company by Landmark Worldwide Holdings Limited, a substantial shareholder of the Company. Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement.

CLARIFICATION

Due to typographical error, the Company would like to clarify that assuming the Sale Shares are placed in full, immediately after the Placing, Landmark Worldwide, E-Growth Resources Limited and Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yeung and Wong Ah Yu (the “**Wong Brothers**”) will in aggregate hold 2,417,590,000 Shares, representing approximately 39.75% of the issued share capital of the Company.

Save as disclosed herein, all other content of the Announcement remains unchanged.

FACILITY AGREEMENTS

Pursuant to a facility letter (the “**First Facility Letter**”) dated 20 February 2014 issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“**BTMU**”), as lender, to the Company, as borrower, in relation to a HK\$100,000,000 committed term loan facility, it included a covenant that the Company shall ensure that the Wong Brothers shall collectively own directly or indirectly at least 40% of the issued share capital of the Company. Failing to observe such covenant and are not remedied within 14 days of written notice from BTMU will constitute an event of default and all amounts outstanding under the First Facility Letter will immediately become due and payable.

Pursuant to a facility agreement (the “**Facility Agreement**”) dated 7 November 2014 entered into, among others, The Hongkong and Shanghai Banking Corporation Limited, as coordinator, and the Company, as borrower, in relation to a HK\$350,000,000 term loan facility, it included a term that the Wong Brothers collectively shall not cease to own, directly or indirectly, at least 40% of the legal and beneficial interest in the Company. A breach of such term will constitute an event of default and all amounts outstanding under the Facility Agreement will immediately become due and payable.

Pursuant to a facility letter (the “**Second Facility Letter**”) dated 5 August 2016 issued by BTMU, as lender, to Tong Da General Holdings (H.K.) Limited (“**Tong Da General**”), as borrower, in relation to a HK\$200,000,000 committed term loan facility, it included a covenant that Tong Da General shall ensure that the Wong Brothers shall collectively own directly or indirectly at least 40% of the issued share capital of the Company. Failing to observe such covenant and are not remedied within 14 days of written notice from BTMU will constitute an event of default and all amounts outstanding under the Second Facility Letter will immediately become due and payable.

Pursuant to a facility letter (the “**Third Facility Letter**”, together with the First Facility Letter, the Second Facility Letter and the Facility Agreement, the “**Facility Agreements**”) dated 23 January 2017 issued by Hang Seng Bank Limited, as lender, to the Company, as borrower, in relation to a committed non-revolving term loan facility of HK\$355,000,000, it included a term that the Wong Brothers shall collectively maintain not less than 40% of the issued share capital of the Company. A breach of the above term will constitute an event of default and all amounts outstanding under the Third Facility Letter will immediately become due and payable.

Assuming the Sale Shares are placed in full, immediately after the Placing, the Wong Brothers will in aggregate hold approximately 39.75% of the issued share capital of the Company, which will result in a breach of the term of the Facility Agreements and will constitute an event of default under the Facility Agreements. The amounts outstanding under the Facility Agreements will immediately become due and payable.

The Group will obtain a waiver from the lenders under the Facility Agreements. The Group has sufficient financial resources to repay its indebtedness. As of 31 December 2016, the Group has cash and bank balance of approximately HK\$869 million.

CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding 1% convertible bonds due 2018 at the aggregate principal amount of HK\$447,000,000. Upon conversion of such convertible bonds, 248,333,335 new Shares will be issued and the percentage of the shareholding interests in the Company of Landmark Worldwide, E-Growth Resources Limited and the Wong Brothers will be further diluted.

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

Hong Kong, 11 May 2017

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.