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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tongda Group Holdings Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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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)****DISCLOSEABLE AND CONNECTED TRANSACTION**

**Independent financial adviser to the Independent Shareholders and
the Independent Board Committee**

AmCap***Ample Capital Limited******豐盛融資有限公司***

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held on Thursday, 8 October 2009 at 11:00 a.m. at the Board Room of Dynasty Club, at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong is set out on pages 44 to 45 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

4 September 2009

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DEFINITIONS

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

“Acquisition”	the proposed acquisition by Tong Da Holdings of the Sale Shares and the Share Loan subject to and upon the terms and conditions of the Agreement
“Agreement”	the agreement dated 11 August 2009 and made between E-Growth, Tong Da Holdings and Mr. Wang for the sale and purchase of the Sale Shares and the Sale Loan
“Ample Capital”	Ample Capital Limited, a licensed corporation to carry on businesses in types 4, 6 and 9 regulated activities (advising on securities, advising on corporate finance and asset management respectively) under the SFO, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Acquisition
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Castores”	Castores Magi (Hong Kong) Limited
“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
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration Shares”	296,000,000 new Shares to be allotted and issued pursuant to the terms of the Agreement
“Directors”	directors of the Company
“E-Growth”	E-Growth Resources Limited, a company incorporated in the British Virgin Islands and the vendor of the Sale Shares and the Sale Loan

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 8 October 2009 at 11:00 a.m. to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting of the Company to approve the Acquisition
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Issue Price”	the issue price of HK\$0.2405 per Consideration Share
“Latest Practicable Date”	2 September 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meijitsu Tongda”	Meijitsu Tongda (HK) Co. Ltd., an associated company of the Group
“Mr. Wang”	Mr. Wang Ya Nan, an executive Director and the chairman of the Company
“Nagoya Jitsugyo”	Nagoya Jitsugyo Company Limited
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transaction”	the acquisition by Tongda Shanghai of 40% of the entire issued share capital of Tongda Fuso HK pursuant to the sale and purchase agreement dated 12 September 2008

DEFINITIONS

“Property”	a parcel of land and two blocks of industrial/dormitory buildings situated at No. 555 Shenglong Road, Jiuting Town, Songjiang District, Shanghai, the PRC
“Sale Loan”	all obligations, liabilities and debts owing or incurred by Tongda Shanghai to E-Growth on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 31 July 2009, amounted to HK\$7,005,000
“Sale Shares”	100,000 ordinary shares of HK\$1.00 each in the issued share capital of Tongda Shanghai, representing the entire issued share capital of Tongda Shanghai
“SFO”	Security Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“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
“Tong Da General”	Tong Da General Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Tong Da Holdings”	Tong Da Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the vendor of the Sale Shares and the Sale Loan
“Tongda Electric Appliances”	通達(上海)電器裝飾件有限公司(Tongda (Shanghai) Electric Appliances Parts Company Limited [#]), a limited liability company established in the PRC and is a wholly owned subsidiary of Tongda Shanghai
“Tongda Fuso Group”	Tongda Fuso HK and Tongda Fuso Shanghai
“Tongda Fuso HK”	Tongda Fuso (HK) Company Limited, a company incorporated in Hong Kong with limited liability
“Tongda Fuso Shanghai”	通達扶桑印務(上海)有限公司(Tongda Fuso Printing (Shanghai) Co. Ltd. [#]), wholly foreign owned enterprise established in the PRC and is a wholly owned subsidiary of Tongda Fuso HK

DEFINITIONS

“Tongda Shanghai”	Tongda (Shanghai) Company Limited (通達(上海)有限公司), a company incorporated in Hong Kong with limited liability
“Tongda Shanghai Group”	Tongda Shanghai, Tongda Fuso HK, Tongda Fuso Shanghai and Tongda Electric Appliances
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.km.”	square kilometres
“%”	per cent.

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB0.88 = HK\$1. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

[#] *The English translation of Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr Wang Ya Nan
Mr Wang Ya Hua
Mr Wong Ah Yu
Mr Wong Ah Yeung
Mr Choi Wai Sang
Mr Wang Ming Che

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands

Independent non-executive Directors:

Mr Ting Leung Huel, Stephen
Mr Cheung Wah Fung, Christopher, JP
Dr Yu Sun Say, JP

*Head office and principal place
of business in Hong Kong:*

Room 1201-03, 12th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

4 September 2009

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 14 August 2009, the Board announced that on 11 August 2009, Tong Da Holdings, a wholly-owned subsidiary of the Company, entered into the Agreement with E-Growth and Mr. Wang pursuant to which Tong Da Holdings has agreed to purchase and E-Growth has agreed to sell the Sale Shares and the Sale Loan at an aggregate consideration of HK\$71,188,000.

The purpose of this circular is to provide you with details of the Acquisition, the recommendation of the Independent Board Committee, the advice from Ample Capital to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and to provide you the notice of EGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date: 11 August 2009

Parties:

- (1) Vendor: E-Growth
- (2) Purchaser: Tong Da Holdings, a wholly-owned subsidiary of the Company
- (3) Guarantor: Mr. Wang, who guarantees in favour of Tong Da Holdings the due and punctual performance of E-Growth under the Agreement

E-Growth is principally engaged in investment holding and is wholly and beneficially owned by Mr. Wang. Mr. Wang is an executive Director and the chairman of the Company. He is also a beneficial owner of 25% of Landmark Worldwide Holdings Limited, which in turn holds 2,000,490,000 Shares.

Asset to be acquired

Pursuant to the Agreement, Tong Da Holdings has agreed to acquire and E-Growth has agreed to sell (i) the Sale Shares, representing the entire issued share capital of Tongda Shanghai immediately prior to Completion; and (ii) the Sale Loan, which amounts to HK\$7,005,000 as at 31 July 2009.

Consideration

The consideration of HK\$71,188,000 for the sale and purchase of the Sale Shares and the Sale Loan shall be satisfied by Tong Da Holdings procuring the Company to allot and issue the Consideration Shares to E-Growth credited as fully paid, at the Issue Price at Completion.

The consideration for the Sale Shares and the Sale Loan was determined with reference to (i) the preliminary valuation of the Property as at 31 July 2009 by Castores, an independent valuer, of RMB60,000,000 (equivalent to approximately HK\$68,182,000); and (ii) the consideration of RMB2,800,000 (equivalent to approximately HK\$3,182,000) paid by Tongda Shanghai for 40% of Tongda Fuso HK in the Previous Transaction. The Directors consider the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors consider the terms and conditions of the Acquisition to be on normal commercial terms.

Condition

The Agreement was conditional upon:

- (1) all necessary consents and approvals required to be obtained on the part of E-Growth in respect of the Agreement having been obtained;
- (2) there being no matter, fact or circumstance which will constitute or likely to constitute a breach of the warranties or the provisions in the Agreement;

LETTER FROM THE BOARD

- (3) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;
- (4) the passing by the Independent Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder hereunder, including but not limited to the allotment and issue of the Consideration Shares;
- (5) the obtaining of a PRC legal opinion prepared by PRC legal adviser appointed by Tong Da Holdings (in form and substance satisfactory to Tong Da Holdings) in relation to the transactions contemplated under the Agreement; and
- (6) Tong Da Holdings being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Tongda Shanghai Group.

All of the conditions are not waivable. If the conditions have not been satisfied on or before 12:00 noon on 31 October 2009, or such later date as E-Growth and Tong Da Holdings may agree, the Agreement shall cease and determine, and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, condition (6) of the above has been satisfied.

Completion

Completion shall take place at 4:00 p.m. on the date falling five Business Days after the fulfilment of the conditions or such later date as may be agreed between E-Growth and Tong Da Holdings.

Upon Completion, Tongda Shanghai will become a wholly-owned subsidiary of the Company.

THE CONSIDERATION SHARES

The 296,000,000 Consideration Shares will be issued at the Issue Price of HK\$0.2405 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price represents: (i) a premium of approximately 0.63% over the closing price of HK\$0.239 per Share as quoted on the Stock Exchange on 11 August 2009, being the date of the Agreement; (ii) a premium of approximately 5.02% over the average of the closing prices of HK\$0.229 per Share for the last five consecutive trading days up to and including 11 August 2009, being the date of the Agreement; (iii) a premium of 7.85% over the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (iv) a discount of approximately 21.15% to the net asset value per Share of approximately HK\$0.305 based on the audited consolidated financial statements of the Group as at 31 December 2008.

LETTER FROM THE BOARD

The Issue Price was arrived at after arm's length negotiations between Tong Da Holdings and E-Growth with reference to various factors including the trading price of the Shares as set out above. The Directors consider that the Issue Price is fair and reasonable and issue of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion.

The Consideration Shares represent approximately 7.42% of the existing issued share capital of the Company and approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

E-Growth undertakes to and covenants with Tong Da Holdings that it will not, within the period commencing on the date of Completion and ending on the date falling 12 months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares or any interests therein in respect of any of the Consideration Shares.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

Shareholders	As at the date of the Latest Practicable Date and before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Landmark Worldwide Holdings Limited (<i>Note 1</i>)	2,000,490,000	50.14	2,000,490,000	46.68
Mr. Wang (<i>Notes 1 & 2</i>)	34,920,000	0.88	34,920,000	0.81
Mr. Wang Ya Hua (<i>Note 1</i>)	19,920,000	0.50	19,920,000	0.46
Mr. Wong Ah Yu (<i>Note 1</i>)	25,160,000	0.63	25,160,000	0.59
Mr. Wong Ah Yeung (<i>Note 1</i>)	32,000,000	0.80	32,000,000	0.75
Mr. Choi Wai Sang	21,250,000	0.53	21,250,000	0.50
Mr. Cheung Wah Fung	12,210,000	0.31	12,210,000	0.28
E-Growth (<i>Note 2</i>)	–	–	296,000,000	6.91
Public Shareholders	1,843,850,000	46.21	1,843,850,000	43.02
Total:	3,989,800,000	100.00	4,285,800,000	100.00

Notes:

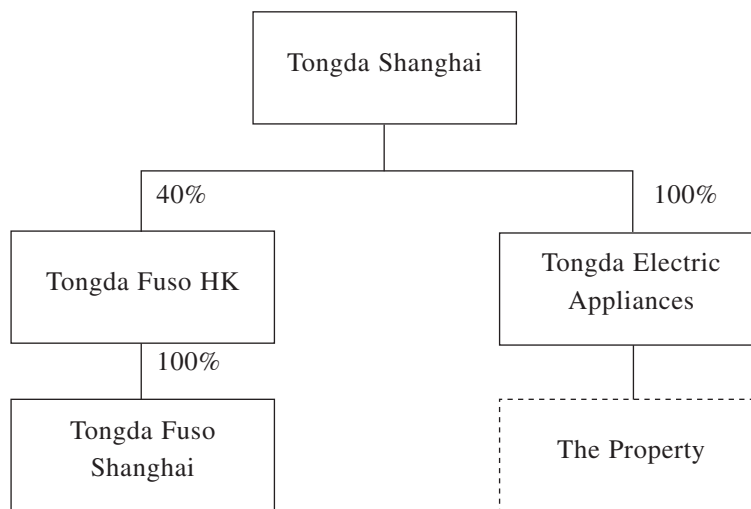
- The entire issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% by each of Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung. Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung are brothers.
- The entire issued share capital of E-Growth is beneficially owned by Mr. Wang.

INFORMATION ON TONGDA SHANGHAI GROUP

Tongda Shanghai is a company incorporated in Hong Kong on 25 May 2001 and is principally engaged in investment holding. Tongda Fuso HK is a company incorporated in Hong Kong on 28 February 2003 and is principally engaged in investment holding. Tongda Fuso Shanghai was established in the PRC on 5 September 2003 and is principally engaged in the production and sale of self-adhesive labels, electric appliances and car labels and parts. Tongda Electric Appliances was established in the PRC on 5 July 2002 and is principally engaged in the production and sale of electric appliances parts, electric appliances plastic parts and metal moulds. The principal asset of the Tongda Electric Appliances is the Property.

LETTER FROM THE BOARD

The shareholding structure of Tongda Shanghai Group is as follows:



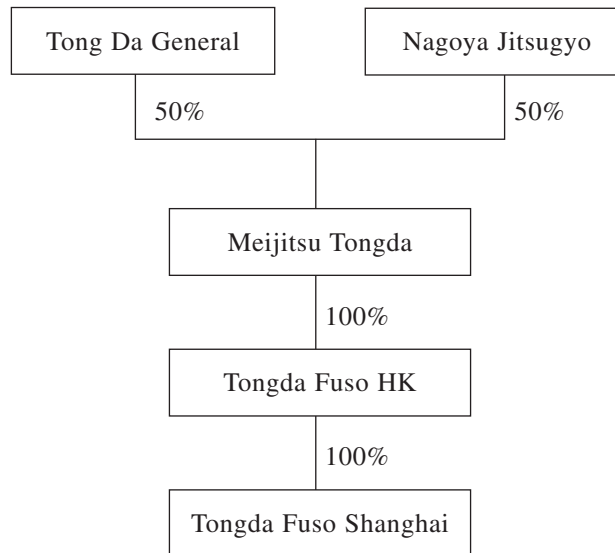
The Property is a parcel of land and two blocks of industrial/dormitory buildings situated at No. 555 Shenglong Road, Jiuting Town, Songjiang District, Shanghai, the PRC. The site area of the parcel of land is approximately 15,643 square metres and the total gross floor area of the buildings is approximately 9,617 square metres. Tongda Shanghai acquired the parcel of land of the Property from上海市松江區房屋管理局(Shanghai Songjiang Building Management Bureau[#]) in 2004 for a total consideration of approximately RMB2,034,000. The aggregate construction cost of the buildings of the Property is approximately RMB8,109,000.

The Property is currently leased to a tenant who is an Independent Third Party. The term of such lease is one year from 1 June 2009 and shall end on 31 May 2010. The rent under such lease is RMB200,000 per month. Upon Completion, the Group intends to continue to lease the Property to such Independent Third Party at least until the end of the term of such lease.

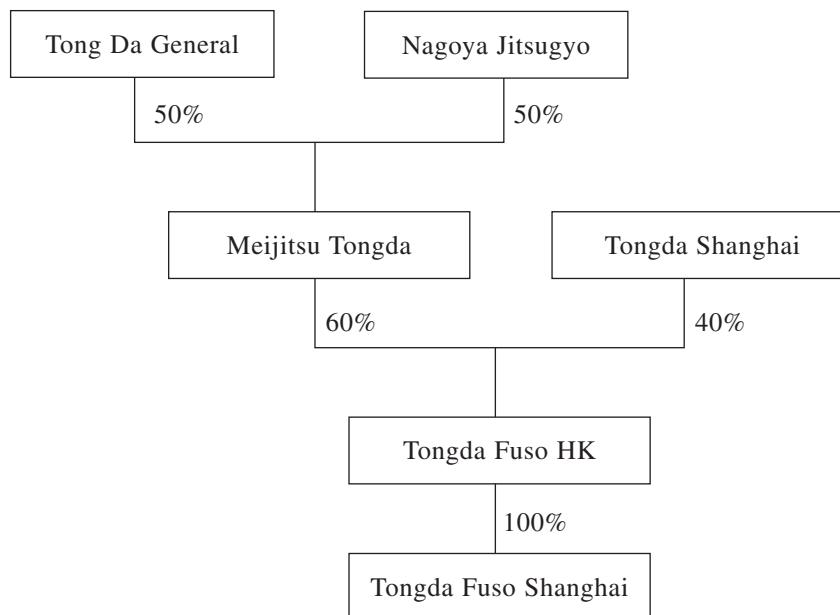
On 12 September 2008, Meijitsu Tongda, an associated company of the Group, and Tongda Shanghai entered into a sale and purchase agreement pursuant to which Tongda Shanghai agreed to purchase and Meijitsu Tongda agreed to sell 40% of the entire issued share capital of Tongda Fuso HK at a consideration of RMB2,800,000. Immediately prior to the entering into of such sale and purchase agreement:(i) Meijitsu Tongda was owned as to 50% of its equity interests by each of Tong Da General and Nagoya Jitsugyo; and (ii) Tongda Fuso HK was wholly and beneficially owned by Meijitsu Tongda.

LETTER FROM THE BOARD

The shareholding structure of Tongda Fuso HK prior to the completion of the Previous Transaction is as follows:



The shareholding structure of Tongda Fuso HK immediately after the completion of the Previous Transaction is as follows:



The Group initially intended to acquire 40% of the entire issued share capital of Tongda Fuso HK from Meijitsu Tongda, which will result in the Group obtaining a majority attributable equity interests in Tongda Fuso Group. However, Nagoya Jitsugyo has voted against such proposed transfer to the Group and as a result, 40% of the entire issued share capital of Tongda Fuso HK was then transferred to Tongda Shanghai, which was owned by E-Growth at the time.

LETTER FROM THE BOARD

Prior to the Previous Transaction, the directors nominated by Nagoya Jitsugyo were responsible for the management and operations of Tongda Fuso Group. Upon completion of the Previous Transaction, Tongda Shanghai nominated certain senior management to Tongda Fuso Group and the operations, profitability and financial position of Tongda Fuso Group had improved since.

As Meijitsu Tongda is an associated company of the Group and not a subsidiary of the Company, the Previous Transaction is not considered to be a transaction involving the Group. As such, the Previous Transaction does not constitute a notifiable and/or connected transaction on the part of the Company.

As at the Latest Practicable Date, Meijitsu Tongda and Tongda Shanghai holds 60% and 40% of the entire issued share capital of Tongda Fuso HK respectively. As Meijitsu Tongda is an associated company of the Group, the Company's interests in Tongda Fuso HK was accounted for by equity method prior to Completion.

The following tables show the consolidated turnover, net profit/loss before tax, net profit/loss after tax, net liabilities and total asset value of Tongda Shanghai Group based on its unaudited financial statements:

	For the year ended			As at	
	31 December 2007			31 December 2007	
	Turnover	Net loss before tax	Net loss after tax	Net liabilities	Total asset value
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Tongda Shanghai Group	–	3,419	3,419	2,071	10,757

	For the year ended			As at	
	31 December 2008			31 December 2008	
	Turnover	Net loss before tax	Net loss after tax	Net liabilities	Total asset value
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Tongda Shanghai Group	–	394	394	1,811	16,211

	For the seven months ended			As at	
	31 July 2009			31 July 2009	
	Turnover	Net profit before tax	Net profit after tax	Net liabilities	Total asset value
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Tongda Shanghai Group	455	935	900	911	18,133

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE ACQUISITION

It is estimated that both the total assets and total liabilities of the Group will increase upon Completion as the assets and liabilities of Tongda Shanghai Group will be consolidated into that of the Group, but the Acquisition will not have any material adverse effect on the overall net assets position of the Group.

Immediately upon Completion, the results of Tongda Shanghai Group will be consolidated with that of the Group. Given the existing size of Tongda Shanghai Group in comparison with that of the Group, there will not be any material effect on the current earnings of the Group, though it is expected that Tongda Shanghai Group, will contribute positively to the results of the Group in future.

REASONS FOR THE ACQUISITION

As at the date hereof, the Group is principally engaged in the manufacture and sale of electronic products, electrical accessories, ironware products, and electrical appliances in the PRC.

Keeping in pace with market needs and industry development trend, the Group has been phasing out traditional and low margin products gradually and focusing on high value-added products such as in-mould lamination products for notebook computers, which made substantial progress during the year. The notebook business related products, which formally started to manufacture during 2008, attracted satisfactory orders, showing strong potential in becoming a major growth driver of the Group.

Market data has the average annual growth rate of the notebook computer market between 2009 and 2012 estimated at approximately 10%, meaning the market has huge growth potential. Seeing the constantly rising demand for notebook computers in stylish casings, the Group has injected more resources into developing the business segment. Looking ahead, notebook computer casings are expected to continue to provide the Group with strong growth momentum.

The Directors expect that the prices of industrial properties in Shanghai will continue to increase in the future. As such, the Directors consider that the Acquisition represents a good opportunity for the Group to acquire the Property in Shanghai, while the price of the property market for industrial properties in Shanghai has not reached its peak. Shanghai is also in close proximity with a number of the Group's customers which are major computer manufacturers. Given the expected growth in the notebook computer market, the Group intends to construct further production facilities at the Property to increase its production capacity on notebook computer casting should the circumstances so warrant in the future. As the current production capacity of other production facilities of the Group is not saturated, the Group intends to continue to lease the Property to an Independent Third Party upon Completion. The Group has considered acquiring the Property alone instead of the Sale Shares and the Sale Loan, however, such acquisition of the Property will involve more complicated, lengthy and costly procedures in the PRC. In addition to the acquisition of the Property, the Group will also be required to enter into an additional agreement for the acquisition of the 40% equity interests in Tongda Fuso HK with Tongda Shanghai.

LETTER FROM THE BOARD

As (i) upon the change in management of Tongda Fuso Group, the Directors consider that the profitability of the business of Tongda Fuso Group will further improve; and (ii) the consideration for 40% entity interests of Tongda Fuso HK was determined with reference to the original consideration of RMB2,800,000 (equivalent to approximately HK\$3,182,000) paid by Tongda Shanghai in the Previous Transaction, even though the operations, profitability and financial position of Tongda Fuso Group had improved since the completion of the Previous Transaction, the Board consider, that the Acquisition also represents a good opportunity for the Group to increase its attributable interests in Tongda Fuso HK. Upon Completion, the Group will be interested in 70% attributable interests in Tongda Fuso HK. As Tongda Fuso Shanghai is principally engaged in the production of electric appliances labels, including computer labels, the Directors also consider that the Acquisition will provide a synergy effect to the Group.

Taking into account of the aforesaid reasons, the Directors consider that terms of the Acquisition is fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

LISTING RULES IMPLICATION

The Acquisition constitutes a discloseable transaction on the part of the Company. As Mr. Wang is a connected person of the Company and E-Growth is an associate of Mr. Wang, the Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirement.

Pursuant to the Listing Rules, the resolution proposed at the EGM will be taken by way of poll and an announcement will be made after the EGM on the results of the EGM.

Pursuant to Chapter 14A of the Listing Rules, Landmark Worldwide Holdings Limited, Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu, Mr. Wong Ah Yeung, E-Growth and their associates are required to abstain from voting on the resolution at the general meeting of the Company to approve the Acquisition.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Dr. Yu Sun Say, Mr. Ting Leung Huel Stephen and Mr. Cheung Wah Fung, Christopher, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

A notice convening the EGM to be held on Thursday, 8 October 2009 at 11:00 a.m. at the Board Room of Dynasty Club, at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong is set out on pages 44 to 45 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

RECOMMENDATION

The Board considers that the terms of the Acquisition is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 and 17 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Acquisition; and (ii) the letter from Ample Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from Ample Capital is set out on pages 18 to 31 of this circular.

The Independent Board Committee, having taken into account the advice of Ample Capital, considers that the Acquisition are entered into on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms of the Acquisition are fair and reasonable and in the interests of the Group so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Acquisition.

GENERAL

Your attention is drawn to the general information set out in the appendices to this circular.

Yours faithfully,
Tongda Group Holdings Limited
Wang Ya Nan
Chairman



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)

4 September 2009

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 4 September 2009 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Acquisition whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and how to vote on resolution regarding the Acquisition.

Ample Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole and how to vote on resolution regarding the Acquisition. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 18 to 31 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 15 of the Circular and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Acquisition and the advice of Ample Capital, we are of the opinion that the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
Independent Board Committee of
Tongda Group Holdings Limited

Dr. Yu Sun Say
Independent
non-executive Director

Mr. Ting Leung Huel Stephen
Independent
non-executive Director

Mr. Cheung Wah Fung, Christopher
Independent
non-executive Director

LETTER OF ADVICE FROM AMPLE CAPITAL

AmCap

Ample Capital Limited

豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

4 September 2009

*To the Independent Board Committee and
the Independent Shareholders of
Tongda Group Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the particulars of which have been set out in a circular to the Shareholders dated 4 September 2009 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Circular.

Ample Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to (i) give our recommendation as to whether the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms; (ii) give our recommendations as to whether the Acquisition are in the interest of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) advice the Independent Shareholders on how to vote at the EGM. Details of the reasons for the Acquisition are set out in the section headed “Letter from the Board” in the Circular (the “**Board Letter**”).

On 11 August 2009, Tong Da Holdings, a wholly-owned subsidiary of the Company, entered into the Agreement with E-Growth and Mr. Wang pursuant to which Tong Da Holdings has agreed to purchase and E-Growth has agreed to sell the Sale Shares and the Sale Loan at an aggregate consideration of HK\$71,188,000 (the “**Consideration**”).

The Company is incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in design, manufacture and sale of components and accessories for electrical and electronic appliances in the PRC.

LETTER OF ADVICE FROM AMPLE CAPITAL

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. In addition, Mr. Wang is a connected person of the Company under the Listing Rules and E-Growth is an associate of Mr. Wang, the Acquisition also constitutes a non-exempted connected transaction under Chapter 14A of the Listing Rules. The Acquisition (including the issue of the Consideration Shares) is subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

BASIS OF ADVICE

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular and the valuation report (the “**Castores Valuation Report**”) on the Property prepared by Castores set out in Appendix I to the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Acquisition and the Castores Property Valuation.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER OF ADVICE FROM AMPLE CAPITAL

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Acquisition we have taken into consideration the following factors:

1. Background information

As mentioned earlier, the Group is principally engaged in design, manufacture and sale of components and accessories for electrical and electronic appliances. The table below summarises the certain key financial information as extracted from the Group's annual report for the year ended 31 December 2008 (the "Annual Report").

	Year ended 31 December	
	2007	2008
	HK\$'000	HK\$'000
	(audited)	(audited)
Turnover	1,139,540	1,393,843
Net profit attributable to Shareholders	174,818	65,301
Total assets (<i>as at period end</i>)	1,677,384	2,073,015
Total liabilities (<i>as at period end</i>)	538,983	857,683
Net assets (<i>as at period end</i>)	1,138,401	1,215,332

We note that the Company recorded a consolidated turnover of approximately HK\$1,393,843,000 for the year ended 31 December 2008, representing an approximately 22.32% increase when compared with the consolidated turnover of approximately HK\$1,139,540,000 recorded during the year ended 31 December 2007. In the Annual Report, the Directors attribute the increase in the turnover for the year ended 31 December 2008 to the success of the strategy of the Group to the development of the notebook computer casings business, the support from internationally-renowned customers, and the newly acquired subsidiary. During the year ended 31 December 2008, the Company also experienced a decrease of its consolidated profit attributable to Shareholders to approximately HK\$65,301,000, an amount which is approximately 62.65% lower than the consolidated profit attributable to Shareholders of approximately HK\$174,818,000 recorded during the year ended 31 December 2007. The Directors attribute the drop in profit for the year ended 31 December 2008 to (i) a drop in gross profit margin as the result of the year-on-year decrease in average selling price of the Group's products; and (ii) an increase in operation costs, such as raw material costs, direct labour expenses and depreciation. As at 31 December 2008, the Company had consolidated total assets, total liabilities and net assets of approximately HK\$2,073,015,000, approximately HK\$857,683,000 and approximately HK\$1,215,332,000 respectively.

LETTER OF ADVICE FROM AMPLE CAPITAL

2. Information on the Tongda Shanghai Group

As shown in the Board Letter, Tongda Shanghai is a company incorporated in Hong Kong on 25 May 2001 and is principally engaged in investment holding. Tongda Fuso HK is a company incorporated in Hong Kong on 28 February 2003 and is principally engaged in investment holding. Tongda Fuso Shanghai was established in the PRC on 5 September 2003 and is principally engaged in the production and sale of self-adhesive labels, electric appliances and car labels and parts. Tongda Electric Appliances was established in the PRC on 5 July 2002 and is principally engaged in the production and sale of electric appliances parts, electric appliances plastic parts and metal moulds. The principal asset of Tongda Electric Appliances is the Property. Selected key financial information of the Tongda Shanghai Group as extracted from the Circular is set out below:

	Year ended 31 December		Seven months
	2007	2008	ended 31 July
	HK\$'000	HK\$'000	2009
	(unaudited)	(unaudited)	(unaudited)
Turnover	–	–	455
Net profit/(loss) attributable to shareholders	(3,419)	(394)	900
Total assets (<i>as at period end</i>)	10,757	16,211	18,133
Total liabilities (<i>as at period end</i>)	12,828	18,022	19,043
Net liabilities (<i>as at period end</i>)	2,071	1,811	911

As illustrated above, Tongda Shanghai Group's consolidated revenue was approximately HK\$455,000 for the seven months ended 31 July 2009. The senior management of Tongda Shanghai Group attributes the revenue to the completion of the building within the Property and the 2-month rents received from June 2009. In addition, the Tongda Shanghai Group recorded a consolidated net profit of approximately HK\$900,000 for the seven months ended 31 July 2009. The senior management of Tongda Shanghai Group attributes the net profit to the rental income received and the share of profit of associates. As at 31 July 2009, Tongda Shanghai Group had consolidated total assets, consolidated total liabilities, and consolidated net liabilities of approximately HK\$18,133,000, approximately HK\$19,043,000, and approximately HK\$911,000 respectively.

From the financial information stated above, we note that Tongda Shanghai Group recorded zero turnovers for the two years ended 31 December 2007 and 2008. We have discussed with the senior management of Tongda Shanghai Group, and understand that the building within Property was under construction for the two years ended 31 December 2007 and 2008, and therefore, no revenues were recorded for these two periods. We note that Tongda Shanghai Group recorded a consolidated net loss of approximately HK\$394,000 for the year ended 31 December 2008 as compared with a consolidated net loss of approximately HK\$3,419,000 for the year ended 31 December 2007. The senior management of Tongda Shanghai Group attributes the net losses for the two years 31 December 2007 and 2008 to the expenses, such salaries, office expenses, electricity,

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and etc., incurred. As at 31 December 2008, Tongda Shanghai Group had consolidated total assets of approximately HK\$16,211,000, an increase of approximately HK\$5,454,000 from year ended 31 December 2007. During the year ended 31 December 2008, Tongda Shanghai Group experienced a decrease of its consolidated net liabilities to approximately HK\$1,811,000, an amount which is approximately 12.55% lower than the consolidated net liabilities of approximately HK\$2,071,000 during the year ended 31 December 2007.

It is stated in the Board Letter that the principal asset of Tongda Electric Appliances, which is wholly-owned by Tongda Shanghai Group, is the Property. The Property is a parcel of land and two blocks of industrial/dormitory buildings situated at No. 555 Shenglong Road, Jiuting Town, Songjiang District, Shanghai, the PRC. The site area of the parcel of land is approximately 15,643 square metres and the total gross floor area of the buildings is approximately 9,617 square metres. Shanghai Tongda acquired the parcel of land of the Property from 上海市松江區房屋管理局 (Shanghai Songjiang Building Management Bureau) in 2004 for a total consideration of approximately RMB2,034,000. The aggregate construction cost of the buildings of the Property is approximately RMB8,109,000.

The Property is currently leased to a tenant who is an Independent Third Party. The term of such lease is one year from 1 June 2009 and shall end on 31 May 2010. The rent under such lease is RMB200,000 per month. Upon Completion, the Group intends to continue to lease the Property to such Independent Third Party at least until the end of the term of such lease. As per the Castores Valuation Report set out in Appendix I to the Circular. As the value of the Property is approximately HK\$68,182,000 at 31 July 2009.

3. Reasons for the Acquisition

As mentioned in the Board Letter, the Group is principally engaged in the manufacture and sale of electronic products, electrical accessories, ironware products, and electrical appliances in the PRC.

Keeping in pace with market needs and industry development trend, the Group has been phasing out traditional and low margin products gradually and focusing on high added value products such as in-mould lamination products for notebook computers, which made substantial progress during the year. The notebook business related products, which formally started to manufacture during 2008, attracted satisfactory orders, showing strong potential in becoming a major growth driver of the Group.

Market data has the average annual growth rate of the notebook computer market between 2009 and 2012 estimated at approximately 10%, meaning the market has huge potential. Seeing the constantly rising demand for notebook computers in stylish casings, the Group has injected more resources into developing the business segment. Looking ahead, notebook computer casings are expected to continue to provide the Group with strong growth momentum.

The Directors expect that the prices of industrial properties in Shanghai will continue to increase in the future. As such, the Directors consider that the Acquisition represents a good opportunity for the Group to acquire the Property in Shanghai, while the price of the property market for industrial properties in Shanghai has not reached its peak. Shanghai is also in close

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proximity with a number of the Group's customers which are major computer manufacturers. Given the expected growth in the notebook computer market, the Group intends to construct further production facilities at the Property to increase its production capacity on notebook computer casting should the circumstances so warrant in the future. As the current production capacity of other production facilities of the Group is not saturated, the Group intends to continue to lease the Property to an Independent Third Party upon Completion. The Group has considered acquiring the Property alone instead of the Sale Shares and the Sale Loan, however, such acquisition of the Property will involve more complicated, lengthy and costly procedures in the PRC. In addition to the acquisition of the Property, the Group will also be required to enter into an additional agreement for the acquisition of the 40% equity interests in Tongda Fuso HK with Tongda Shanghai.

As (i) upon the change in management of Tongda Fuso Group, the Directors consider that the profitability of the businesses of Tongda Fuso Group will further improve; and (ii) the consideration for 40% entity interests of Tongda Fuso HK was determined with reference to the original consideration of RMB2,800,000 (equivalent to approximately HK\$3,182,000) paid by Tongda Shanghai in the Previous Transaction, even though the operations, profitability and financial position of Tongda Fuso Group had improved since the completion of the Previous Transaction, the Board considers, that the Acquisition also represents a good opportunity for the Group to increase its attributable interests in Tongda Fuso HK. Upon Completion, the Group will be interested in 70% attributable interests in Tongda Fuso HK. As Tongda Fuso Shanghai is principally engaged in the production of electric appliances labels, including computer labels, the Directors also consider that the Acquisition will provide a synergy effect to the Group.

4. Terms of the Agreement

4.1 *The Consideration*

The Consideration for the purchase of the Sale Shares and the Sale Loan is HK\$71,188,000, which is satisfied upon Completion, by way of the allotment and issue of the Consideration Shares to the E-Growth at an issue price of HK\$0.2405 for each Consideration Share (the "**Issue Price**").

The Consideration of HK\$71,188,000 for the Sale Shares and the Sale Loan was determined with reference to (i) the preliminary valuation of the Property as at 31 July 2009 by Castores, an independent valuer, of RMB60,000,000 (equivalent to approximately HK\$68,182,000); and (ii) the consideration of RMB2,800,000 (equivalent to approximately HK\$3,182,000) paid by Tongda Shanghai for 40% of Tongda Fuso HK in the Previous Transaction.

The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors also consider the terms and conditions of the Acquisition are on normal commercial terms. Moreover, as stated in the Board Letter, the Issue Price was arrived at after arm's length negotiations between Tong Da Holdings and E-Growth after taking into account a number of factors, including the trading price of the Shares.

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We note that Tongda Shanghai Group had consolidated net liabilities of approximately HK\$911,000 as at 31 July 2009. We have discussed with the senior management of the Company, and understand that the value of the Property is entered into the balance sheet at cost, representing an amount of approximately RMB10,143,000 (equivalent to approximately HK\$11,526,000) as at 31 July 2009. Accordingly, Tongda Shanghai Group's financial position as at 31 July 2009 (in particular its net liabilities position) does not fully reflect the fair value of the Property as stated in the Castores Valuation Report. As per our discussion with the Group's management, a fair value gain on the Property based on the Castores Valuation Report is expected to arise. The aforementioned fair value gain on the Property is expected to turn the consolidated net liabilities of the Tongda Shanghai Group into consolidated net assets.

Furthermore, we also note that the Sale Loan in the amount of HK\$7,005,000 is to be sold under the Acquisition by E-Growth to Tong Da Holdings. We have learnt from the Group's management that the Sale Loan is currently booked as a current liability due to E-Growth in Tongda Shanghai Group's accounts. Such liability is expected to be eliminated in the Group's account upon the consolidation of Tongda Shanghai Group into the Group's account after Completion.

Based on the above, we do not consider the financial position of Tongda Shanghai Group as at 31 July 2009 (in particular its net liabilities position) fully reflects Tongda Shanghai's existing value. Therefore, we have assessed (i) the value of the Property set out in the Castores Valuation Report and (ii) the net asset value of 40% of Tongda Fuso HK in the determination of the fairness and reasonableness of the Consideration.

4.2 *The Property*

Set out in Appendix I to the Circular is the Castores Valuation Report. Castores was appointed by the Company to determine the fair value of the Property on which the Consideration was based upon.

It is stated in the Castores Valuation Report that Castores has been engaged to provide its opinion on the market value of the Property as at 31 July 2009. In Castores' investigation in arriving at the appraised market value of the Property, Castores has, among other things (i) made relevant enquiries and searches and obtained information as they consider necessary; (ii) been shown copies of various documents relating to the Property; (iii) inspected the exterior and where possible, the interior of the Property; and (iv) prepared a valuation model based on generally accepted valuation procedures and methodologies to derive its concluded value.

We note that depreciated replacement cost is the methodology used by Castores in arriving at the appraised market value of the Property. Castores considers the buildings and structures of the Property, in accordance with International Valuation Guidance Note No.8 published by the International Valuation Standards Committee, belong to the category of specialised properties, which are rarely if ever sold on the open market, except by way of a sale of a business or entity of which they are a part, due to their uniqueness, which arises from the specialised nature and design of the buildings, their configuration, size, location

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or otherwise. In view of that, reliable sale comparables cannot generally be identified for specialised properties and depreciated replacement cost is the methodology used for the valuation of specialised properties. Having reviewed the Castores Valuation Report, we consider that the valuation methodology adopted in the Castores Valuation Report is fair and reasonable.

The market value of the Property as at 31 July 2009 as per the Castores Valuation Report is HK\$68,216,000, comprising of (i) HK\$52,159,000 attributable to the buildings and structures; and (ii) HK\$16,057,000 attributable to the land use rights. The Consideration of approximately HK\$68,182,000 attributable to the Property is therefore at an approximately 0.05% discount to the fair value of the Property.

4.3 *The consideration for 40% of the entire issued share capital of Tongda Fuso HK (the "TF Acquisition")*

As stated in the Board Letter, the Consideration for the purchase of the Sale Shares and the Sale Loan is HK\$71,188,000, comprising of (i) RMB60,000,000 (equivalent to approximately HK\$68,182,000), which is the preliminary valuation of the Property as at 31 July 2009 by Castores, an independent valuer; and (ii) RMB2,800,000 (equivalent to approximately HK\$3,182,000), which is the same amount paid by Tongda Shanghai for 40% of the entire issued share capital of Tongda Fuso HK in the Previous Transaction.

Selected Key financial information of the Tongda Fuso Group provided by the Company is set out below:

	Year ended 31 December	Seven months
	2007	ended 31 July
	<i>HK\$'000</i>	2009
	<i>(unaudited)</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>
Turnover	11,543	4,727
Net profit attributable to shareholders	283	1,940
Total assets (<i>as at period end</i>)	10,475	15,570
Total liabilities (<i>as at period end</i>)	11,805	4,235
Net assets/(liabilities) (<i>as at period end</i>)	(1,330)	11,334
Total issued share capital (<i>as at period end</i>)	100	7,626

As illustrated above, Tongda Fuso Group's unaudited consolidated revenue was approximately HK\$4,727,000 for the seven months ended 31 July 2009. Furthermore, the Tongda Fuso Group recorded an unaudited consolidated net profit of approximately HK\$1,940,000 for the seven months ended 31 July 2009. As at 31 July 2009, Tongda Fuso

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Group had unaudited consolidated total assets, consolidated total liabilities, and consolidated net assets of approximately HK\$15,570,000, HK\$4,235,000 and HK\$11,334,000 respectively.

We note that, for the year ended 31 December 2008, Tongda Fuso Group recorded an unaudited consolidated net profit of approximately HK\$2,770,000, representing an increase of approximately 878.45% from the year ended 31 December 2007. During the year ended 31 December 2008, Tongda Fuso Group experienced an increase of its unaudited consolidated total assets of approximately HK\$3,108,000, rising to approximately HK\$13,583,000. As at 31 December 2008, Tongda Fuso Group recorded unaudited consolidated net assets of approximately HK\$9,394,000, as compared with unaudited consolidated net liabilities of approximately HK\$1,330,000 as at 31 December 2007.

We have discussed with the Company and understand that the consideration for the TF Acquisition is based on 40% of the total issued share capital of Tongda Fuso Group, which is HK\$3,050,252. In addition, we note that the unaudited consolidated net assets of Tongda Fuso Group were approximately HK\$11,334,000 as at 31 July 2009. When considering the 40% of Tongda Fuso HK relevant to the Acquisition, the unaudited consolidated net assets is approximately HK\$4,534,000. Based on our calculations, the Consideration of approximately HK\$3,182,000 attributable 40% of Tongda Fuso HK is at (i) an approximately 29.81% discount to the unaudited consolidated net asset value attributable to 40% in Tongda Fuso HK and (ii) an approximately 4.32% premium over 40% of the total issued share capital of Tongda Fuso HK. More than that, we have considered the following in order to determine the fairness and the reasonableness of the RMB2,800,000 (equivalent to approximately HK\$3,182,000) payable by the Company for the TF Acquisition as part of the overall Consideration for the purchase of the Sales Shares and the Sale Loan:

- (a) The TF Acquisition is one of the terms of the Acquisition;
- (b) The consideration is the same amount as the consideration paid by Tongda Shanghai in the Previous Transaction, and the operations, profitability and financial position of Tongda Fuso Group had improved since the completion of the Previous Transaction;
- (c) The consideration is paid by the issue of Consideration Shares which result in no immediate cash outflow for the Company; and
- (d) The Acquisition will provide a synergy effect to the Group upon the Completion.

4.4 Conclusion regarding the Consideration

Base on the reasons discussed above, we are of the view that the Consideration payable by the Company for the Acquisition is fair and reasonable.

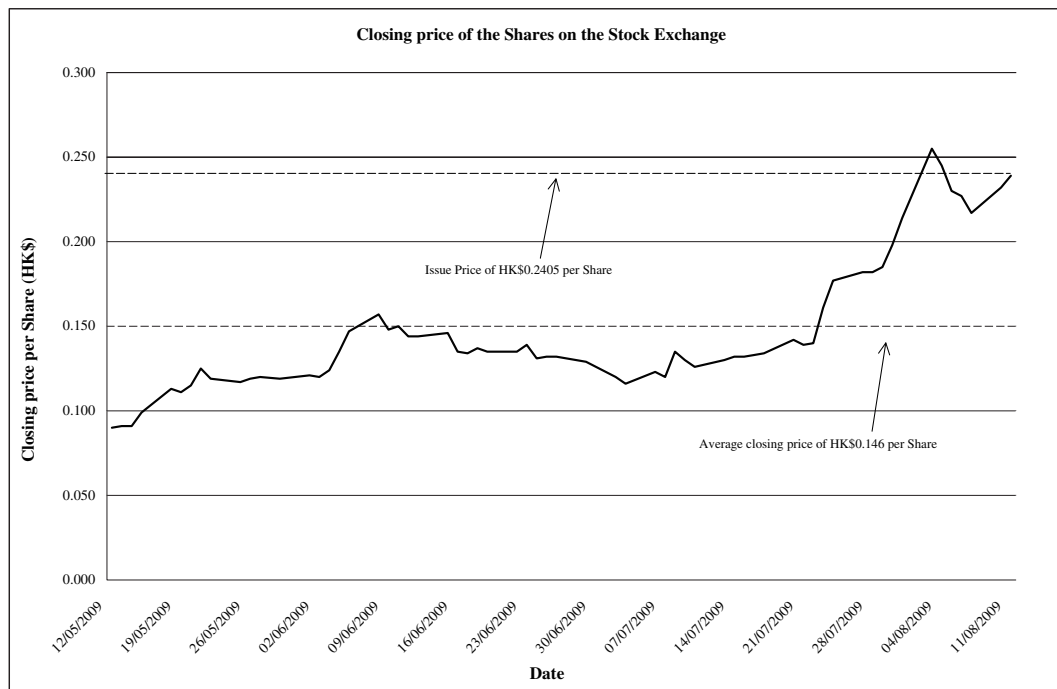
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4.5 The Consideration Shares

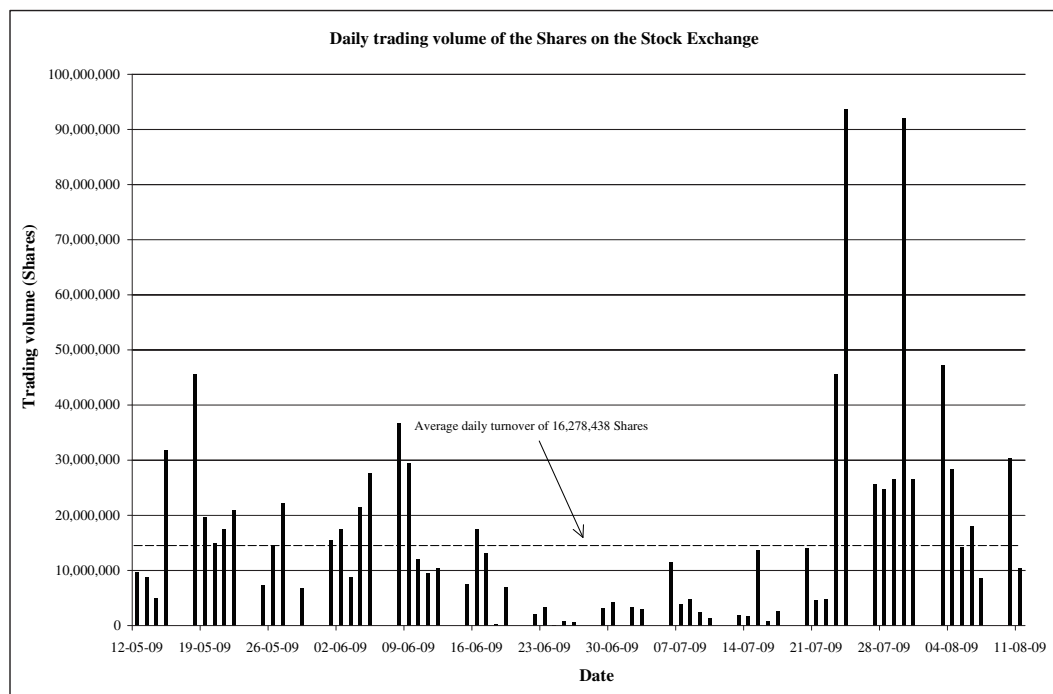
As set out in the Board Letter, the Consideration shall be satisfied by the Company by the way of the allotment and issue of an aggregate of 296,000,000 Consideration Shares, representing approximately 7.42% of the existing issued share capital of the Company and approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Issue Price of HK\$0.2405 per Consideration Share represents:

- (i) a premium of approximately 0.63% over the closing price of HK\$0.239 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.02% over the average of the closing prices of HK\$0.229 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.85% over the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Day; and
- (iv) a discount of approximately 21.15% to the net asset value per Share of approximately HK\$0.305 based on the audited consolidated financial statements of the Group as at 31 December 2008.

We set out below charts illustrating the historical closing price and daily trading volume of the Shares on the Stock Exchange during the 3 months ended 11 August 2009 (the “**Review Period**”), i.e. the date of the Agreement.



LETTER OF ADVICE FROM AMPLE CAPITAL



Source: <http://www.hkex.com.hk/>

As illustrated above, we note that closing price of the Shares went through a generally rising trend during the Review Period, increasing from a low of HK\$0.090 per Share on 12 May 2009 (i.e. the commencement of the Review Period) to a high of HK\$0.255 on 3 August 2009. The average closing price of the Shares during the Review Period was approximately HK\$0.146 per Share, with the Issue Price representing an approximately 64.73% premium over such average closing price. We also note that the Shares have closed below the Issue Price on 62 trading days, representing approximately 96.88% of the 64 trading days during the entire Review Period.

As for the Shares' daily trading volume on the Stock Exchange, we note that trading activity has not been very active during the Review Period, averaging approximately 16,278,438 Shares or approximately 0.41% of the Company's issued share capital of 3,989,800,000 Shares as at the Latest Practicable Date.

Furthermore, we have attempted to compare the Issue Price with the issue price of consideration shares under acquisitions carried out by companies listed on the Stock Exchange with underlying businesses and market capitalisation similar to that of the Company. However, we have not been able to identify any such cases, i.e. acquisitions involving the issue of considerations shares with same parameters, such as type of transaction, size of the companies, percentage of consideration shares to be issued, etc.

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Although the Issue Price represents a discount to the net asset value per Share, we consider that the Issue Price, which represents a premium over (i) the closing price as at the last trading day; (ii) the average of the closing prices for the last five consecutive trading days up to and including the Last Trading Day; and (iii) the average closing price of the Shares during the Review Period, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4.6 Dilution effect on shareholding of Shareholders

As at the Latest Practicable Date, the public Shareholders were interested in approximately 46.21% of the issued share capital of the Company. If the Acquisition is approved and becomes unconditional, the Company will issue 296,000,000 Consideration Shares to the E-Growth, representing approximately 7.42% of the existing issued share capital of the Company and approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Assuming that the Acquisition is approved and becomes unconditional, the aggregate shareholding interests of the Independent Shareholders in the Company will be reduced to approximately 43.02%, representing a dilution of approximately 6.91% from their existing holdings of approximately 46.21%. Having considered (i) the Acquisition represents an opportunity for the Group to acquire the Property in Shanghai and (ii) the Issue Price for the Consideration Shares is fair and reasonable from base on the analysis conducted above, we are of the view that the dilution on the shareholding interests of the Independent Shareholders in the Company is acceptable.

5. Financial effects of the Acquisition

5.1 Earnings

The Annual Report states that the Group recorded profit attributable to Shareholders of approximately HK\$65,301,000 during the year ended 31 December 2008. With the reference to the unaudited financial information of Tongda Shanghai Group, Tongda Shanghai Group recorded a net loss of approximately HK\$394,000 during the year ended 31 December 2008. Upon Completion, it is expected that the Acquisition would enhance earning capabilities of the Group, subject to the actual operating performance of the Target Group in the future as we also note that for the seven months ended 31 July 2009, Tongda Shanghai Group recorded a net profit of approximately HK\$900,000.

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5.2 *Net asset value*

According to the Annual Report, the net asset value of the Group was approximately HK\$1,215,332,000 as at 31 December 2008. With the reference to the unaudited financial statement provided by the Company, Tongda Shanghai Group had net liabilities of HK\$1,811,000. As mentioned earlier, we have discussed with the senior management of the Company, and understand that the value of the Property is entered into the balance sheet at cost, representing an amount of approximately RMB10,143,000 (equivalent to approximately HK\$11,526,000) as at 31 July 2009. Accordingly, Tongda Shanghai Group's financial position as at 31 July 2009 (in particular its net liabilities position) does not fully reflect the fair value of the Property as stated in the Castores Valuation Report. As per our discussion with the Group's management, a fair value gain on the Property based on the Castores Valuation Report is expected to arise. The aforementioned fair value gain on the Property is expected to turn the consolidated net liabilities of the Tongda Shanghai Group into consolidated net assets. If the net asset value of Tongda Shanghai Group after the fair value gain is greater than the Consideration, the Acquisition is expected to result in a positive impact to the Group's net asset value, and vice versa.

5.3 *Gearing*

With the reference to the Annual Report, the Group had total debts of approximately HK\$382,112,000 as at 31 December 2008 (comprised of interest-bearing bank borrowings of approximately HK\$382,112,000). In addition, it had total assets of approximately HK\$2,073,015,000. Accordingly, the gearing ratio (total debts/total assets x 100%) of the Group as at 31 December 2008 was approximately 18.43%. Base on the unaudited financial statement provided by the Company, if the Acquisition is approved and becomes unconditional, we do not expect that the Acquisition would increase the Group's gearing ratio significantly.

5.4 *Liquidity*

The Annual Report states that the Group had current assets and current liabilities of approximately HK\$1,190,660,000 and approximately HK\$642,721,000 respectively as at 31 December 2008, translating into a current ratio (current assets/current liabilities) of approximately 1.85. Upon Completion, we do not expect that the Acquisition would significantly reduce the Group's net current ratio after reviewing the unaudited financial statement provided by the Company.

It should be noted that the above-mentioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion of the Acquisition.

LETTER OF ADVICE FROM AMPLE CAPITAL

CONCLUSION

Having considered the above principal factors, we are of the opinion that the terms of the Acquisition (including the issue of Consideration Shares) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, we consider that the Acquisition (including the issue of Consideration Shares) is on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we would recommend (1) the Independent Board Committee to advise the Independent Shareholders and (2) the Independent Shareholders, to vote in favour of the ordinary resolutions to approve the Agreement and the transactions contemplated thereunder including the Acquisition (including the issue and allotment of the Conversion Shares) at the EGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Castores, an independent valuer, in connection with its valuation as at 31 July 2009 of the Property.

嘉漫(香港)有限公司

CASTORES MAGI(HONG KONG) LIMITED

REGISTERED PROFESSIONAL SURVEYORS

REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES



MAGI

Suite 211
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

4 September 2009

The Director
Tongda Group Holdings Limited
Room 1201-03
12th Floor
Shui On Centre
6-8 Harbour Centre
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property to be acquired by Tongda Group Holdings Limited (the “Company”) and its subsidiaries (together the “Group”), we confirm that we have made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 31 July 2009 (“date of valuation”).

Our valuation of the property interest is our opinion of Market Value which we would define as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.” Market Value is understood as the value of an asset estimate without regard to costs of sale or purchase and without offset for any associated taxes.

Our valuation of the property has been made on the assumption that the owner sells the property on the market in its existing state without the benefit of a deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property.

In accordance with International Valuation Guidance Note No. 8 published by The International Valuation Standards Committee, the buildings and structures of the property belong to the category of specialized properties, which are rarely if ever sold on the open market, except by way of a sale of the business or entity of which they are a part, due to their uniqueness, which arises from the specialized nature and design of the buildings, their configuration, size, location or otherwise. Consequently, reliable sale comparables cannot generally be identified for specialized properties.

Our valuation of buildings and structures of the property is on the basis of Depreciated Replacement Cost which is used for the valuation of specialized properties. Depreciated Replacement Cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization”. It is a method used in financial reporting to arrive at a surrogate for the market value of specialized and limited market properties, for which market evidence is unavailable. Depreciated Replacement Cost is based on an estimate of the current gross replacement (reproduction) costs of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization.

In arriving at the capital value of the property, we have made the summation of the market value of the land use rights and the depreciated replacement cost of the buildings and structures as at the date of valuation.

The current status of the property interest regarding major approvals, consents or licenses required in the People’s Republic of China (the“PRC”) is set out as follows:

Document/Approval

State-owned Land Use Rights Grant Contract	Yes
Certificate of Real Estate Ownership	Yes

In valuing the property in the PRC, we have complied with all the requirements contained in Chapter 5 and the Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the property interest, we have adopted the basis of valuation and have made the valuation assumptions in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. Based on our valuation experience of similar properties in the PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have inspected the exterior and where possible, the interior of the property, in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey, investigation or examination have been made. We are not, however, able to report that the property was free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property was free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We have been shown copies of various documents relating to the property. However, we have not searched the original documents to verify any amendments which may not appear on the copies handed to us. Due to restrictions of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the property in the PRC or any material encumbrances that might be attached to the property.

The scope of valuation has been determined with reference to the property list provided by the Group. The property on the list has been included in this valuation certificate.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated in this valuation certificate are in Hong Kong Dollar. The exchange rate adopted in our valuation was the exchange rate prevailing as at the date of valuation which was HK\$1=RMB0.88 and there has been no significant fluctuation in the exchange rate between the date of valuation and the date of this report.

The conclusion of value is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the valuation, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Company or the value reported.

Our valuation certificate is attached.

Yours faithfully,

For and on behalf of

Castores Magi (Hong Kong) Limited

Deret Au Chi Chung

*Member of China Institute of Real Estate Appraisers and Agents
Registered Business Valuer of Hong Kong Business Valuation Forum
B.Sc. MRICS MHKIS RPS MCI Arb AHKI Arb
Director*

Note: Deret Au Chi Chung is a Registered Professional Surveyor and has over 17 years of experience in valuing the properties in Hong Kong and the properties of private and state-owned enterprises in over 100 towns and cities in the PRC. He also possesses over 12 years of valuation experience in the Asia-Pacific region. His name is included in the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers set forth by the Hong Kong Institute of Surveyors.

Property interest to be acquired by the Group

Property	Description and tenure	Particulars of tenancy	Capital value in existing state as at 31 July 2009 HK\$
A parcel of land and various buildings and structures erected thereon situated at No. 555 Shenglong Road, Jiuting Town, Songjiang District, Shanghai, The PRC.	<p>The property comprises a parcel of land and 7 blocks of industrial/dormitory building erected thereon. The buildings are 1-3 storeys in height and were completed between 2006 and 2008.</p> <p>The land on which the buildings situated has a site area of about 15,643 sq.m.</p> <p>The property has a total gross floor area of approximately 9,617.3 sq.m.</p> <p>The property is held under the land use rights for a term commencing from 1 May 2004 to 30 April 2054.</p>	The property is currently leased to上海百時電器有限公司 for a term of one year commencing from 1 June 2009 to 31 May 2010 at annual rent of RMB2,400,000.	68,216,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract of Shanghai – Hu Song Fang Di (2004) Chu Yang He Tong No. 043 (上海市國有土地使用權出讓合同 – 滬松房地(2004)出讓合同第043號) dated 24 February 2004 made between Building and Land Administration Bureau of Shanghai, Songjiang District (上海市松江區房屋土地管理局) and 通達(上海)有限公司 which is a wholly-owned subsidiary of 通達(上海)電器裝飾件有限公司, the latter party has been granted the land use rights of a parcel of land having a site area of 15,643 sq.m. for a term of 50 years at a land premium of RMB406,718 for industrial use.
- The property is subject to a Shanghai Certificate of Real Estate Ownership – Hu Fang Di Song Zi (2006) No. 001996 (上海市房地產權証 – 滬房地松字第001996號) registered on 20 January 2006, and issued to 通達(上海)電器裝飾件有限公司.
- As advised by the Company, the Company is now applying for another Shanghai Certificate of Real Estate Ownership (上海市房地產權証) to cover the additional building area which is not included in the existing one as shown in Note 2 above.
- The capital value of the property as at the date of valuation was HK\$68,216,000 of which HK\$52,159,000 was attributable to the buildings and structures and HK\$16,057,000 was attributable to the land use rights.

5. It is stated in legal opinion given by the Company's PRC legal advisers, Hills & Co. (君道律師事務所), inter alia that:
- (a) 通達(上海)有限公司 has fully paid the land premium. In spite of the name of the land use rights holder under the State-owned Land Use Rights Grant Contract of Shanghai (上海市國有土地使用權出讓合同) is different from the name of realty titler under the Shanghai Certificate of Real Estate Ownership (上海市房地產權証), the land use rights and building ownership of the property held by 通達(上海)電器裝飾件有限公司 are lawful and valid and are protected by the PRC law. There is no legal obstacle for 通達(上海)電器裝飾件有限公司 to execute its property rights and the property can be freely transferred, leased and mortgaged;
 - (b) there is no obstacle for 通達(上海)有限公司 to obtain the Shanghai Certificate of Real Estate Ownership (上海市房地產權証) for the additional building area. Upon obtaining such certificate, 通達(上海)有限公司 can freely transfer, lease and mortgage the buildings; and
 - (c) although the tenancy agreement has not been filed and registered, such agreement is still valid and legal binding in accordance with the Contract Law of the People's Republic of China's Explanation to Questions (【中華人民共和國合同法】若干問題的解釋(一)); and,
 - (d) the property is not subject to any encumbrances such as retention, mortgage, lease, licence and the rights of the third party as well as any unusual contract terms and unreasonable restrictions.

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

<i>Authorised</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000</u>
 <i>Issued and to be issued, fully paid or credited as fully paid</i>		
3,989,800,000	Shares in issue as at the Latest Practicable Date	39,898,000
<u>296,000,000</u>	Consideration Shares to be allotted and issued upon Completion	<u>2,960,000</u>
<u>4,285,800,000</u>	Shares	<u>42,858,000</u>

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors and their associates in the Shares and underlying shares and debenture of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of Director	Number or attributable number of Shares held or short positions	Nature of interests		Approximate percentage or attributable percentage of shareholdings (%)
		Interest of controlled corporation	Beneficial owner	
Mr. Wang (<i>Notes 1 & 2</i>)	2,331,410,000 (L)	2,296,490,000 (L)	34,920,000 (L)	58.43
Mr. Wang Ya Hua (<i>Note 1</i>)	2,020,410,000 (L)	2,000,490,000 (L)	19,920,00 (L)	50.64
Mr. Wong Ah Yu (<i>Note 1</i>)	2,025,650,000 (L)	2,000,490,000 (L)	25,160,000 (L)	50.77
Mr. Wong Ah Yeung (<i>Note 1</i>)	2,032,490,000 (L)	2,000,490,000 (L)	32,000,000 (L)	50.94
Mr. Choi Wai Sang	100,000,000 (L)	78,750,000 (L)	21,250,000 (L)	2.51
Mr. Cheung Wah Fung	12,210,000 (L)	–	12,210,000 (L)	0.31

L: Long positions

- The entire issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% by each of Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung. Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung are brothers.
- The entire issued share capital of E-Growth is beneficially owned by Mr. Wang.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Landmark Worldwide Holdings Limited (Note 1)	2,000,490,000 (L)	Beneficial owner	50.14
E-Growth (Note 2)	296,000,000 (L)	Beneficial owner	7.42

L: Long positions

1. The entire issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% by each of Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung. Mr. Wang, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung are brothers.
2. The entire issued share capital of E-Growth is beneficially owned by Mr. Wang.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Mr. Wang Ming Che, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 18 March 2008 renewable automatically for successive term of one year and may be terminated by either party by giving not less than three months' written notice at the end of the initial term or any time thereafter.

Save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2008 (being the date to which the latest published audited consolidated accounts of the Group were made up).

7. EXPERT AND CONSENT

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Ample Capital	A licensed corporation to carry on businesses in types 4, 6 and 9 regulated activities (advising on securities, advising on corporate finance and asset management respectively) under the SFO
Castores	Professional surveyor

Each of Ample Capital and Castores has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, each of Ample Capital and Castores does not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Ample Capital, Castores and the directors does not have any direct or indirect interests in any assets which had been since 31 December 2008, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of the Group.

8. MISCELLANEOUS

- (a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.
- (b) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is located at Room 1201-03, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Butterfield Fung Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (f) The secretary and qualified accountant of the Company is Mr. Ko Chun Hay, Kelvin.
- (g) The English text of this circular shall prevail over their respective Chinese texts in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 1201-03, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Agreement;
- (c) the sale and purchase agreement dated 12 September 2008 entered into between Meijitsu Tongda as vendor and Tongda Shanghai as purchaser in relation to the sale and purchase of 40% of the entire issued share capital of Tongda Fuso HK at a consideration of RMB2,800,000;
- (d) the service contract referred to in the paragraph headed “Directors service contracts” in this appendix;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 16 and 17 in this circular;
- (f) the letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 31 in this circular; and
- (g) the valuation report on the Property, the text of which is set out in Appendix I to this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tongda Group Holdings Limited (the “**Company**”) will be held on Thursday, 8 October 2009 at 11:00 a.m. at the Board Room of Dynasty Club, at 7th Floor of South West Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the agreement (the “**Agreement**”) (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) dated 11 August 2009 and entered into between E-Growth Resources Limited (“**E-Growth**”) as vendor, Tong Da Holdings (BVI) Limited as purchaser and Mr. Wang Ya Nan as guarantor in relation to the sale and purchase of 100,000 ordinary shares of HK\$1.00 each in the issued share capital of Tongda (Shanghai) Company Limited (“**Tongda Shanghai**”) and all obligations, liabilities and debts owing or incurred by Tongda Shanghai to E-Growth on or at any time prior to completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on completion of the Agreement at an aggregate consideration of HK\$71,188,000 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one or more of the directors (the “**Directors**”) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder; and

NOTICE OF EGM

- (c) the allotment and issue of an aggregate of an aggregate of 296,000,000 shares (the “**Consideration Shares**” and each a “**Consideration Share**”) of HK\$0.01 each in the share capital of the Company credited as fully paid at an issue price of HK\$0.2405 per Consideration Share to E-Growth in accordance with the Agreement be and is hereby approved.”

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

Hong Kong, 4 September 2009

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1201-03, 12th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.