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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)

### **SUBSCRIPTION OF NON-LISTED WARRANTS**

On 12 November 2010, the Company also entered into the Subscription Agreement with the Subscriber in connection with the Subscription, pursuant to which the Subscriber agreed to subscribe 150,000,000 Warrants conferring rights to subscribe for 150,000,000 Warrant Shares at the Exercise Price of HK\$0.345 per Warrant Share (subject to adjustment upon the occurrence of any of the Adjustment Events and other dilutive events which may have adverse effects on the rights of the holder of the Warrants). Each Warrant carries the right to subscribe for one (1) Warrant Share.

The Warrants are to be subscribed at a Subscription Price of HK\$0.005 per Warrant. The Subscription is conditional upon several conditions as set out in the paragraph headed “Conditions of the Subscription” in the section headed “The Subscription Agreement” in this announcement.

The Warrant Shares issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

12 November 2010

### **Issuer**

The Company

### **The Subscriber**

The Subscriber, which, as at the date of this announcement, is interested in approximately 0.43% of the existing issued share capital of the Company.

### **Number of Warrants**

150,000,000 Warrants

### **Subscription Price**

The Subscription Price is HK\$0.005 per Warrant

### **Exercise Price**

HK\$0.345 per Warrant Share, subject to adjustment upon the occurrence of any of the Adjustment Events and other dilutive events which may have adverse effects on the rights of the holder of the Warrants.

The aggregate of the Subscription Price of HK\$0.005 per Warrant and the Exercise Price of HK\$0.345 per Share, i.e. HK\$0.35, represents a discount of approximately 7.89% to the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a discount of approximately 4.1% to the average of the closing prices of HK\$0.365 per Share for the last five trading days for the Shares prior to the Last Trading Day.

The Exercise Price of HK\$0.345 per Warrant Share represents: (i) a discount of approximately 9.21% to the closing price of HK\$0.38 per Share quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 5.48% to the average of the closing prices of HK\$0.365 per Share for the last five trading days for the Shares prior to the Last Trading Day.

Both the Subscription Price and the Exercise Price are determined based on negotiations on arm's length basis between the Company and the Subscriber with reference to the current market sentiment and the historical Share price. The Directors consider that both the Subscription Price and the Exercise Price are fair and reasonable.

### **The Completion Date**

Completion will take place on the Completion Date being on the second Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Subscription" below.

### **Information of the Warrants**

The Warrants will be issued to the Subscriber upon completion of the Subscription in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one (1) Warrant Share at the Exercise Price and is issued at the Subscription Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 12 months commencing from the date immediately after the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares of the Company.

A total of 150,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 150,000,000 Warrant Shares will be issued, representing (i) approximately 3.34% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants.

### **Transferability**

The Warrants are transferable in integral multiples of 1,500,000 Warrants. In the event of a transfer of the Warrants to a connected person (as defined in the Listing Rules) of the Company, prior approval from the Company and the Stock Exchange will be obtained. The Company undertakes to comply with the relevant Listing Rules and to make necessary announcement(s), where appropriate, if and when any of the holder(s) of the Warrants make any transfer of the Warrants to other parties requiring disclosure.

## **Conditions of the Subscription**

Completion of the Subscription Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 5:00 p.m. on 10 December 2010 (or such later time and date as the Subscriber and the Company shall agree in writing):

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
- (b) all necessary consents and approvals to be obtained on the part of each of the Subscriber and the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above conditions are not fulfilled by 5:00 p.m. on 10 December 2010 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches thereof.

## **Voting rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

## **Rights of the holders of the Warrants on the liquidation of the Company**

If the Company is wound up during the subscription period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants.

## **General Mandate to issue the Warrant Shares**

The issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants is not subject to Shareholder's approval.

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 2 June 2010 subject to the limit of 893,160,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 150,000,000 Warrant Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, will utilise about 16.79% of the General Mandate.

As at the date of this announcement, save for the proposed issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants, the Company has not utilised the General Mandate.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

### **REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in manufacture and sale of electronic products, electrical accessories, ironware products, and electrical appliances in the PRC.

The Board considers that the Warrants are not interest bearing and the Subscription will not result in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Subscription, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of such Warrants during the subscription period.

In view of the immediate inflow of approximately HK\$750,000 upon completion of the Subscription, coupled with the potential inflow of further capital upon the exercise of the subscription rights attaching to the Warrants, the Directors are of the view that the Subscription provides a good opportunity to strengthen the Company's financial position and in the event the Subscriber fully exercise his subscription rights attaching to the Warrants, funds received may cater for future needs for its general working capital.

In view of the above, the Board considers that the terms of the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

It is expected the aggregated net proceeds of approximately HK\$650,000 (with a net issue price of approximately HK\$0.004 per Warrant) will be raised by the Subscription and the same will be utilised by the Group as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected approximately HK\$51.75 million will be raised. The net proceeds of approximately HK\$51.55 million (with a net subscription price of approximately HK\$0.34 per Warrant) will be used for general working capital of the Group including but not limited to repayment of bank loan.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Warrant Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following is the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
15 January 2010	Top-up placing of up to 160,000,000 Shares	HK\$37.7 million	As general working capital of the Group including but not limited to repayment of bank loan	General working capital
15 January 2010	Placing of up to 192,000,000 non-listed warrants	HK\$1.5 million	As general working capital of the Group	General working capital

## Changes in shareholding structure of the Company

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscription and upon exercise of the subscription rights attaching to the Warrants in full are as follows:

Shareholders	At the date of this announcement		Immediately after completion of the Subscription and upon exercise of the subscription rights attached to the Warrants in full	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Landmark Worldwide Holdings Limited ( <i>Note 1</i> )	2,000,490,000	44.60%	2,000,490,000	43.16%
E-Growth Resources Limited ( <i>Note 2</i> )	296,000,000	6.60%	296,000,000	6.39%
Mr. Wang Ya Nam ( <i>Notes 1 and 2</i> )	79,020,000	1.76%	79,020,000	1.70%
Mr. Wang Ya Hua ( <i>Note 1</i> )	19,920,000	0.44%	19,920,000	0.43%
Mr. Wong Ah Yu ( <i>Note 1</i> )	25,160,000	0.56%	25,160,000	0.54%
Mr. Wong Ah Yeung ( <i>Note 1</i> )	32,000,000	0.71%	32,000,000	0.69%
Mr. Choi Wai Sang	21,250,000	0.47%	21,250,000	0.46%
Mr. Cheung Wah Fung	12,210,000	0.27%	12,210,000	0.26%
The Subscriber	19,200,000	0.43%	169,200,000	3.65%
Other public Shareholders	1,979,750,000	44.16%	1,979,750,000	42.72%
Total	4,485,000,000	100.0%	4,635,000,000	100%

### Notes:

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

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Adjustment Events”	(1) alteration to the nominal amount of each of the Shares by reason of any subdivision or consolidation of Shares; or (2) issue of Shares by way of capitalization of profit or reserves; or (3) capital distribution to all Shareholders or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries; or (4) offer to the Shareholders new Shares for subscription by way of rights; or grant of any options or warrants to all Shareholders to subscribe for new Shares, at a price which is less than 80% per cent (5) issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares; or (6) issue for cash any Shares at a price which is less than 80% of the market price; or (7) the repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange
“Completion Date”	the third Business Day following the date on which the conditions precedent set out in the Subscription Agreement are fulfilled
“Director(s)”	director(s) of the Company
“Exercise Price”	an initial exercise price of HK\$0.345 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Share(s)



“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 2 June 2010, pursuant to which a maximum of 893,160,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial subscription price for Shares
“Last Trading Day”	12 November 2010, being the last trading day for the Shares before the issue of this announcement.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Cheung Chun Sek, a Shareholder holding 19,200,000 Shares representing approximately 0.43% of the entire issued share capital of the Company
“Subscription”	the subscription of 150,000,000 Warrants pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 12 November 2010 and entered into between the Company and the Subscriber in relation to the Subscription

“Subscription Price”	HK\$0.005, being the issue price per Warrant payable in full on application under the Subscription Agreement
“Warrant(s)”	150,000,000 non-listed warrants to be issued by the Company at the Subscription Price, each entitles the holder thereof to subscribe for one Warrant Share at the Exercise Price (subject to adjustment) at any time during a period of twelve (12) months commencing from the date of issue of the Warrants
“Warrant Shares”	150,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“HK\$ and cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 November 2010

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