



**TUNGDA INNOVATIVE LIGHTING HOLDINGS LIMITED**  
**東大新材料照明控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8229)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**YEAR ENDED 31ST MARCH, 2009**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors of Tungda Innovative Lighting Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purpose only

## HIGHLIGHTS

For the year ended 31st March, 2009, the Group recorded a total turnover of HK\$30,255,000 and profit attributable to the equity holders of the Company of HK\$3,581,000.

The directors do not recommend the payment of a dividend for the year ended 31st March, 2009.

## RESULTS

The Board of Directors (the “Board”) of Tungda Innovative Lighting Holdings Limited announced the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2009 together with the comparative audited consolidated results for the year ended 31st March, 2008 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31st March, 2009*

	<i>Notes</i>	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
<b>Turnover</b>	2	<b>30,255</b>	52,002
Cost of sales		<u>(13,807)</u>	<u>(19,892)</u>
Gross profit		<b>16,448</b>	32,110
Other income and gain, net		<b>2,601</b>	3,686
Selling and distribution costs		<b>(633)</b>	(1,590)
Administrative expenses		<u>(11,187)</u>	<u>(9,249)</u>
<b>Operating profit</b>	3	<b>7,229</b>	24,957
Finance costs		<u>(32)</u>	<u>(19)</u>
<b>Profit before taxation</b>		<b>7,197</b>	24,938
Taxation	4	<u>(3,616)</u>	<u>(4,674)</u>
<b>Profit for the year attributable to the equity holders of the Company</b>		<u><b>3,581</b></u>	<u>20,264</u>
Earnings per share			
– Basic	5	<u><b>0.32 HK cents</b></u>	<u>1.83 HK cents</u>

# CONSOLIDATED BALANCE SHEET

At 31st March, 2009

	Notes	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		44,293	46,907
Leasehold land and land use rights		10,369	10,193
		<u>54,662</u>	<u>57,100</u>
<b>Current assets</b>			
Inventories		5,295	5,608
Trade and other receivables	6	4,364	5,754
Current tax refundable		16	16
Cash and cash equivalents		348,685	327,297
		<u>358,360</u>	<u>338,675</u>
<b>Current liabilities</b>			
Trade and other payables	7	18,033	18,184
Obligation under a finance lease – due within one year		118	110
Current tax payable		5,711	5,577
		<u>23,862</u>	<u>23,871</u>
<b>Net current assets</b>		<u>334,498</u>	<u>314,804</u>
<b>Total assets less current liabilities</b>		<b>389,160</b>	<b>371,904</b>
<b>Non-current liabilities</b>			
Obligation under a finance lease		<u>352</u>	<u>470</u>
<b>Net assets</b>		<u><b>388,808</b></u>	<u><b>371,434</b></u>
<b>Equity</b>			
Share capital	8	11,056	11,056
Reserves		377,752	360,378
<b>Total equity</b>		<u><b>388,808</b></u>	<u><b>371,434</b></u>

*NOTES:*

**1 BASIS OF PREPARATION**

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting year of the Group.

The application of these new and revised HKFRS had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective and which have not been early adopted in these financial statements.

**2 TURNOVER AND SEGMENT INFORMATION**

	<b>The Group</b>	
	<b>2009</b>	2008
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
<b>Turnover</b>		
Sales of light source product	<u><u>30,255</u></u>	<u><u>52,002</u></u>

(a) **Business segments**

The Group is organised into 2 operating divisions – manufacturing and trading of house brand light source products and the distribution of agency brand light source products. These two operating divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented as below:

	<b>House brand light source products HK\$'000</b>	<b>Agency brand light source products HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Segment revenue</b>			
<i>For the year ended 31st March, 2009</i>			
Turnover	<u>22,525</u>	<u>7,730</u>	<u>30,255</u>
Results			
Segment results	<u>14,619</u>	<u>1,829</u>	16,448
Unallocated corporate expenses, net of other income			(11,820)
Interest income, net of finance costs			<u>2,569</u>
Profit before taxation			7,197
Taxation			<u>(3,616)</u>
Profit for the year			<u>3,581</u>

(b) **Geographical segments**

The Group's operations are located in the PRC and Hong Kong. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

	<b>2009 HK\$'000</b>	2008 HK\$'000
The PRC, excluding Hong Kong	<b>1</b>	16
Hong Kong	<b>7,681</b>	9,888
Asia and Europe	<b>11,586</b>	21,602
North America	<u>10,987</u>	<u>20,496</u>
	<u>30,255</u>	<u>52,002</u>

### 3 OPERATING PROFIT

	<b>The Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
Operating profit has been arrived at after charging:		
Directors' remuneration		
– Fees	–	–
– Other emoluments	773	473
– Retirement benefits contributions	43	10
	<u>816</u>	<u>483</u>
Other staff costs	1,971	2,057
Retirement benefits contributions for other staff	150	188
	<u>2,937</u>	<u>2,728</u>
Auditors' remuneration		
– Current year	480	450
– Underprovision in prior year	30	–
Cost of inventories recognised as an expense	13,807	19,892
Depreciation and amortisation on		
– owned assets	3,962	5,556
– leased asset	130	123
– leasehold land and land use rights	231	222
Operating lease rentals in respect of land and buildings	681	715
Bad debts written off	101	34
Exchange loss, net	98	511
	<u>98</u>	<u>511</u>

### 4 TAXATION

Taxation in the income statement represents:

	<b>The Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax:		
PRC Enterprise Income Tax	3,965	4,674
Overprovision in respect of previous year	(349)	–
	<u>3,616</u>	<u>4,674</u>

No provision for Hong Kong profits tax has been provided as the Group has sustained a tax loss for both years.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 25% (2008: 12% to 25%) of the assessable profits of the companies within the Group.

## 5 EARNINGS PER SHARE

The calculation of the earnings per share is based on the following data:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year for the purposes of basic earnings per share	<u><u>3,581</u></u>	<u><u>20,264</u></u>
<b>Number of shares</b>		
Number of ordinary shares in issue for the purpose of basic earnings per share	<u><u>1,105,600,000</u></u>	<u><u>1,105,600,000</u></u>

No diluted earnings per share has been presented for the years ended 31st March, 2009 and 2008 as the Company did not have any dilutive potential shares outstanding in both years.

## 6 TRADE AND OTHER RECEIVABLES

	<b>The Group</b>	
	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	<b>1,001</b>	1,532
Other receivables, deposits and prepayments	<u><u>3,363</u></u>	<u><u>4,222</u></u>
	<u><u>4,364</u></u>	<u><u>5,754</u></u>

An ageing analysis of the Group's trade receivables, included in trade and other receivables is as follows:

	<b>The Group</b>	
	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Three months or less	<b>889</b>	1,389
More than three months but less than six months	<b>80</b>	128
More than six months but less than one year	<b>32</b>	13
More than one year	<u><u>-</u></u>	<u><u>2</u></u>
	<u><u>1,001</u></u>	<u><u>1,532</u></u>

7 **TRADE AND OTHER PAYABLES**

	<b>The Group</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	1,556	2,036
Other payables and accrued charges	<u>16,477</u>	<u>16,148</u>
	<b><u>18,033</u></b>	<b><u>18,184</u></b>

The average credit period on purchases of goods is 90 days.

An ageing analysis of the Group's trade payables is as follows:

	<b>The Group</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Three months or less	906	1,288
More than three months but less than six months	497	588
More than six months but less than one year	3	18
More than one year	<u>150</u>	<u>142</u>
	<b><u>1,556</u></b>	<b><u>2,036</u></b>

8 **SHARE CAPITAL**

	<b>Class</b>	<b>Number of shares</b>	<b>Nominal value</b>	<b>Amount</b>
			<i>HK\$</i>	<i>HK\$'000</i>
<i>Authorised:</i>				
At 1st April, 2007, 31st March, 2008 and 31st March, 2009	Ordinary	<u>5,000,000,000</u>	<u>0.01</u>	<u>50,000</u>
<i>Issued and fully paid:</i>				
At 1st April, 2007, 31st March, 2008 and 31st March, 2009	Ordinary	<u>1,105,600,000</u>	<u>0.01</u>	<u>11,056</u>



## **DIVIDEND**

The Directors do not recommend the payment of any dividend in respect of the year ended 31st March 2009.

## **FINANCIAL AND BUSINESS REVIEW**

### **Operating Results**

For the year ended 31st March, 2009, the Group's turnover was approximately HK\$30.26 million, representing a decrease of approximately 41.80% from HK\$52.00 million last year.

The gross profit margin for the year ended 31st March, 2009 decreased to 54.36% compared to 61.74% for the same period in 2008. The change is attributable to the decrease in sales of house brand products and absorption of un-utilised direct production overhead.

House brand products that usually give higher gross profit margin as compared to agency brand products accounted for about 74.45% of total turnover for the year 2008/09 (2007/08: 82.15%).

### **Other Income and Gain, net**

The major component of other income and gain, net approximately HK\$2.60 million was interest income for the year 2009 as compared to approximately HK\$3.69 million for the same period in 2008. The decrease was accounted by written back of overprovided fees in prior years and net gain on disposal of non-current assets in the year ended 31st March, 2008.

### **Selling and Administrative Expenses**

The selling expenses, which primarily comprised of delivery and salaries expenses, amounted to approximately HK\$0.63 million and decreased in line with the business and from savings in exhibitions and fairs expenses for the year ended 31st March, 2009, as compared to approximately HK\$1.59 million for the same period in 2008.

The administrative expenses for the year ended 31st March, 2009 comprised primarily of staff remuneration, depreciation, entertainment, fee for audit services, rental and management fee expenses. The administrative expenses for the year ended 31st March, 2009 increased to approximately HK\$11.19 million as compared to approximately HK\$9.25 million with last year mainly because of the non-recurring expenses incurred for repairs and maintenance of production equipments and machineries for the year.

## **Net Profit**

As a result of the factors discussed above and decrease in taxation, the profits attributable to shareholders for the year ended 31st March, 2009 amounted to approximately HK\$3.58 million as compared to approximately HK\$20.26 million for the same period in 2008.

## **Suspension of Trading in Shares**

Trading in the shares of the Company has been suspended on the Stock Exchange since 29th July, 2004. The management understands and shares the concern of the shareholders of the Company in relation to the suspension of share trading. The management had appointed a financial advisor in January, 2005 and has sought advice and assistance from various professionals with a view to resume the share trading as soon as possible.

In order to resume the share trading as soon as possible, the Company has been actively communicating with relevant section of the Stock Exchange since January, 2007.

With reference to the Company's announcement on 3rd April 2009,

- (1) the Company received a letter in around November 2008 from the Stock Exchange in which the Stock Exchange set out conditions prior to uplifting of the Company's suspension of trading in shares pursuant to Rule 9.10 of the GEM Listing Rules.
- (2) the Company has been in contact with the Department of Justice and understands that the CCB's investigation remains ongoing.

The Company will make further announcements as appropriate for any further material developments.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31st March, 2009, the Group's shareholders' funds amounted to approximately HK\$388.81 million (2008: HK\$371.43 million). Cash and cash equivalents was approximately HK\$348.69 million as at 31st March, 2009, compared to HK\$327.30 million as at 31st March, 2008. Increases in cash stemmed primarily from income generated from operations. The Board believes that the Group has adequate funds to support its operations and capital expenditures for future expansion and development.

The Group's gearing ratio, defined as the Group's total debt to total equity, was 4.75% (2008: 5.05%).

## **SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

There were no material acquisitions and disposals of subsidiaries and affiliated companies for the years ended 31st March, 2009 and 2008.

## **CHARGE ON GROUP ASSETS**

The Group's buildings along with one of the leasehold land and land use rights in the PRC have been pledged to a bank to secure general banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group and the Company had no contingent liabilities as at both 31st March, 2009 and 2008.

## **EMPLOYEE INFORMATION**

As at 31st March, 2009, the Group had about 53 full time employees. The Group's employees were remunerated according to the nature of their duty and market trend, with discretionary bonus and benefit of retirement scheme, share options and necessary training. Total staff costs for the year amounted to approximately HK\$2.74 million (2008: HK\$2.53 million).

## **PROSPECTS**

As the Group's products have longer life hours and high energy efficiency. In addition, more customers are now concerning the importance of environmental protection, and therefore they are intending to use the Group's products instead of traditional light source products.

The Group will continue to pursue and focus on its core business of being a provider of good quality light source products and will use its best endeavor to maximise return to its shareholders in the years ahead.

The worst situation has been passed, the Group's management is optimistic to the future development and prospect of the Group.

## **COMPETING INTERESTS**

During the year, the Board is not aware of any business or interest of each director, management shareholder and their respective associates that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has complied with the requirements of director's securities transaction stated in the GEM Listing Rules. All the directors of the Company have confirmed that they have complied with the requirements as set out in the GEM Listing Rules for the year ended 31st March, 2009.

## **AUDIT COMMITTEE**

The Audit Committee's principal duties are the review and supervision of the Company's financial reporting process and internal control system. The existing Audit Committee comprises only of two Independent Non-executive Directors and is not in compliance with Rule 5.28 of the GEM Listing Rules which requires, among others, the audit committees must comprise a minimum of three members.

The Company will arrange to appoint at least three Audit Committee members in order to comply with the relevant requirement of the GEM Listing Rules.

## **COMPANY SECRETARY**

Rule 11.07(2) of the GEM Listing Rules requires the appointment, among other offices, of a company secretary. The Company has not appointed a company secretary and is not in compliance with Rule 11.07(2) of the GEM Listing Rules.

The Company will arrange to appoint a company secretary in order to comply with the relevant requirement of the GEM Listing Rules.

## **NOMINATION COMMITTEE**

Nomination committee of the Company is not considered necessary after the assessment of the present situation of the Company. The Board will review the profile of the current Directors and nominate directors (if any) on a regular basis in order to ensure that the composition of the Board is capable to fulfill its obligation and responsibility.

## **PREPARATION OF FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group and the auditors of the Company also set out their responsibilities in the independent auditor's report in the annual report of the Company for the year ended 31st March, 2009.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Stock Exchange has promulgated the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 to the GEM Listing Rules which sets out corporate governance principles (the "Principles") and code provisions (the "Code Provisions").

The Company has applied most of the Principles and complied with most of the Code Provisions as far as possible and practicable except for:

- (1) the Code Provision A.2.1 which requires the separation of the roles of chairman and chief executive officer;
- (2) the Code Provision A.4.1 which requires non-executive directors should be appointed for a specific term subject to re-election;
- (3) the Code Provision B.1.1 which requires the establishment of a remuneration committee with specific written terms of reference; and
- (4) the Code Provision C.2.1 which requires at least annually conduct a review of the effectiveness of the system of internal control.

An explanation of the deviations is set out at below. The Company will review its current practice of the Principles and Code Provisions in order to comply with the requirements of the CG Code.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not have an officer with the title of “Chief Executive Officer”. Mr. CHU Chien Tung is responsible for the management of the Board and strategic development of the Company. Mr. CHU Chick Kei and Mr. CHU Sen Hei respectively are responsible for the day to day management of the Group. Mr. CHU Chien Tung is also responsible for the overall management and decision of the Group. This constitutes a deviation of the Code Provision of A.2.1. As Mr. CHU Chien Tung has extensive experience in the industry, the Board considers that the arrangement is beneficial to the Group as a whole. Despite the aforesaid, the Board will review such arrangement from time to time and consider the appointment of a chief executive officer in the best interest of the Company and its shareholders.

## **NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Non-executive Director and Independent Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the next Annual General Meeting and no contract is currently in force with them.

The relevant retiring Director has offered himself for election at the forthcoming Annual General Meeting.

The Board comprises of only two independent non-executive directors and is not in compliance with Rule 5.05 of the GEM Listing Rules which requires, among others, every board of directors must include at least three independent non-executive directors.

The Company will appoint at least three independent non-executive directors in order to comply with the relevant requirement of the GEM Listing Rules.

## **REMUNERATION COMMITTEE**

The Company has not established a remuneration committee, the Board is authorised by the Shareholders at Annual General Meeting to fix the remuneration of the Directors whereas a Director shall abstain from voting in respect of any remuneration and fees paid to his interest. The Company will arrange for the setting up of a remuneration committee in order to comply with the Code Provision.

## **INTERNAL CONTROL**

The Company has not conducted an annual review of the effectiveness of the system of internal control as the Board considered that resumption of trading in shares is needed to be dealt with priority. At the same time, an effective internal control is one of the important factors for resumption of trading in shares; therefore, the Company will conduct a review of the effectiveness of the system of internal control in order to comply with the Code Provision.

By order of the Board  
**Tungda Innovative Lighting Holdings Limited**  
**Chu Chien Tung**  
*Chairman*

Hong Kong, 26th June, 2009

*At the date of this announcement, the executive directors are Mr. Chu Chien Tung, Mr. Chu Chick Kei and Mr. Chu Sen Hei, the non-executive director is Dr. Fung Shiu Lun, Anthony and the independent non-executive directors are Mr. Hong Yong Hwan and Mr. Zhu Lei Bo.*

*This announcement will remain on GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the day of its publication and the website of the Company at [www.tungdalighting.hk](http://www.tungdalighting.hk).*