



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, 2010

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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, 2010, the Group recorded a total turnover of HK\$11,333,000 and loss attributable to the equity holders of the Company of HK\$6,898,000.

The directors do not recommend the payment of a dividend for the year ended 31st March, 2010.

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, 2010 together with the comparative audited consolidated results for the year ended 31st March, 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2010

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Turnover	2	11,333	30,255
Cost of sales		<u>(12,177)</u>	<u>(13,807)</u>
Gross (loss)/profit		(844)	16,448
Other income		1,618	2,601
Selling and distribution costs		(530)	(633)
Administrative expenses		<u>(7,117)</u>	<u>(11,187)</u>
Operating (loss)/profit	3	(6,873)	7,229
Finance costs		<u>(25)</u>	<u>(32)</u>
(Loss)/profit before taxation		(6,898)	7,197
Taxation	4	<u>–</u>	<u>(3,616)</u>
(Loss)/profit for the year attributable to the equity holders of the Company		(6,898)	3,581
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign operations		<u>221</u>	<u>13,793</u>
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company		<u>(6,677)</u>	<u>17,374</u>
(Loss)/earnings per share			
– Basic	5	<u>(0.62) HK cents</u>	<u>0.32 HK cents</u>

CONSOLIDATED BALANCE SHEET

As at 31st March, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Non-current assets			
Property, plant and equipment		38,707	44,293
Leasehold land and land use rights		10,144	10,369
		<u>48,851</u>	<u>54,662</u>
Current assets			
Inventories		3,741	5,295
Trade and other receivables	6	3,460	4,364
Current tax refundable		–	16
Cash and cash equivalents		345,033	348,685
		<u>352,234</u>	<u>358,360</u>
Current liabilities			
Trade and other payables	7	18,602	18,033
Obligation under a finance lease – due within one year		126	118
Current tax payable		–	5,711
		<u>18,728</u>	<u>23,862</u>
Net current assets		<u>333,506</u>	<u>334,498</u>
Total assets less current liabilities		382,357	389,160
Non-current liabilities			
Obligation under a finance lease		226	352
Net assets		<u>382,131</u>	<u>388,808</u>
Equity			
Share capital	8	11,056	11,056
Reserves		371,075	377,752
Total equity		<u>382,131</u>	<u>388,808</u>

NOTES:

1 BASIS OF PREPARATION

The consolidated 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 consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. The consolidated 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 for the year ended 31st March, 2010 and which have not been early adopted in these financial statements.

2 TURNOVER AND SEGMENT INFORMATION

	The Group	
	2010	2009
	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover		
Sales of light source product	<u><u>11,333</u></u>	<u><u>30,255</u></u>

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1st April, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers, represented by executive directors of the Company, for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 “Segment Reporting”, required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

(a) **Business segments**

Information regarding the Group's reportable segments as provided to the Board for the purpose of assessment of segment performance for the years ended 31st March, 2010 and 2009 is set out below:

	House brand light source products HK\$'000	Agency brand light source products HK\$'000	Consolidated HK\$'000
Segment revenue			
<i>For the year ended 31st March, 2010</i>			
Turnover	<u>5,458</u>	<u>5,875</u>	<u>11,333</u>
Results			
Segment results	<u>(1,755)</u>	<u>911</u>	(844)
Unallocated corporate expenses, net of other income			(7,406)
Interest income, net of finance costs			<u>1,352</u>
Loss before taxation			(6,898)
Taxation			<u>–</u>
Loss for the year			<u>(6,898)</u>

	House brand light source products HK\$'000	Agency brand light source products HK\$'000	Consolidated HK\$'000
Segment revenue			
<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>

4 TAXATION

Taxation in the consolidated statement of comprehensive income represents:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	–	3,965
Overprovision in respect of previous year	–	(349)
	<u>–</u>	<u>(349)</u>
	<u>–</u>	<u>3,616</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% (2009: 25%) of the assessable profits of the companies within the Group.

5 (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the following data:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/earnings		
(Loss)/profit for the year for the purposes of basic (loss)/earnings per share	<u>(6,898)</u>	<u>3,581</u>
Number of shares		
Number of ordinary shares in issue for the purpose of basic (loss)/earnings per share	<u>1,105,600,000</u>	<u>1,105,600,000</u>

No diluted (loss)/earnings per share has been presented for the years ended 31st March, 2010 and 2009 as the Company did not have any dilutive potential shares outstanding in both years.

6 TRADE AND OTHER RECEIVABLES

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	697	1,001
Other receivables, deposits and prepayments	2,763	3,363
	3,460	4,364

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

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Three months or less	611	889
More than three months but less than six months	49	80
More than six months but less than one year	34	32
More than one year	3	–
	697	1,001

As at 31st March, 2010, trade receivables of HK\$364,000 (2009: HK\$502,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances. The ageing analysis of these receivables is as follows:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Three months or less past due	308	413
One year or less but over three months past due	53	89
Over one year past due	3	–
	364	502

7 TRADE AND OTHER PAYABLES

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Trade payables	957	1,556
Other payables and accrued charges	16,605	16,477
Amounts due to directors	1,040	–
	<u>18,602</u>	<u>18,033</u>

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

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

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Three months or less	790	906
More than three months but less than six months	164	497
More than six months but less than one year	–	3
More than one year	3	150
	<u>957</u>	<u>1,556</u>

8 SHARE CAPITAL

	Class	Number of shares	Nominal value	Amount
			HK\$	HK\$'000
<i>Authorised:</i>				
At 1st April, 2008, 31st March, 2009 and 31st March, 2010	Ordinary	<u>5,000,000,000</u>	<u>0.01</u>	<u>50,000</u>
<i>Issued and fully paid:</i>				
At 1st April, 2008, 31st March, 2009 and 31st March, 2010	Ordinary	<u>1,105,600,000</u>	<u>0.01</u>	<u>11,056</u>

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st March, 2010.

FINANCIAL AND BUSINESS REVIEW

Operating Results

For the year ended 31st March, 2010, the Group's turnover was approximately HK\$11.33 million, representing a decrease of approximately 62.56% from HK\$30.26 million last year.

The gross loss margin for the year ended 31st March, 2010 was about 7.45% compared to gross profit margin about 54.36% for the same period in 2009. The change is attributable to the significant decrease in sales and relevant production of house brand products with the consequent 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 48.16% of total turnover for the year 2009/10 (2008/09: 74.45%).

Other Income

The major component of other income approximately HK\$1.62 million was interest income for the year 2010 as compared to approximately HK\$2.60 million for the same period in 2009. The decrease was accounted by decrease in deposit interest rates.

Selling and Distribution Costs

The selling expenses and distribution costs, which primarily comprised of delivery and salaries expenses, amounted to approximately HK\$0.53 million and decreased with decrease in business for the year ended 31st March, 2010, as compared to approximately HK\$0.63 million for the same period in 2009.

Administrative Expenses

The administrative expenses for the year ended 31st March, 2010 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, 2010 decreased to approximately HK\$7.12 million as compared to approximately HK\$11.19 million with last year mainly because of the non-recurring expenses incurred for repairs and maintenance of production equipments and machineries for the last year.

Net Loss

As a result of the factors discussed above and decrease in taxation, the loss attributable to shareholders for the year ended 31st March, 2010 amounted to approximately HK\$6.90 million as compared to profit attributable to shareholders approximately HK\$3.58 million for the same period in 2009.

Suspension of Trading in Shares and Investigation by the Commercial Crime Bureau

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 16th March, 2005, officers of the Commercial Crime Bureau of the Hong Kong Police Force ("CCB") have executed a warrant for search and seizure against the premises of the Group ("CCB Event").

With reference to the Company's announcement on 17th January, 2007, the bail conditions of the three executive directors, Mr. Chu Chien Tung, Mr. Chu Chick Kei and Mr. Chu Sen Hei, have been lifted and they were released unconditionally and no charges have been brought against them.

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, 2010, the Group's shareholders' funds amounted to approximately HK\$382.13 million (2009: HK\$388.81 million). Cash and cash equivalents was approximately HK\$345.03 million as at 31st March, 2010, compared to HK\$348.69 million as at 31st March, 2009. Decrease in cash stemmed primarily from expenses incurred in 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 4.96% (2009: 4.75%).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31st March, 2010.

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, 2010 and 2009.

EMPLOYEE INFORMATION

As at 31st March, 2010, the Group had about 46 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 (including Directors' fees and Directors' emoluments in the form of salaries and allowances) for the year amounted to approximately HK\$2.77 million (2009: HK\$2.94 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 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.

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.

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, 2010.

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, 2010.

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, 25th June, 2010

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 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.