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 FOR THE YEAR ENDED 31ST MARCH, 2011

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.

This announcement, for which the directors of Tungda Innovative Lighting Holdings Limited (the "Company") collectively and individually accept full 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, 2011, the Group recorded a total turnover of HK$12,765,000 and loss attributable to the equity holders of the Company of HK$20,950,000.

The directors do not recommend the payment of a dividend for the year ended 31st March, 2011.

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, 2011 together with the comparative audited consolidated results for the year ended 31st March, 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Turnover	*3*	**12,765**	11,333
Cost of sales		**(11,729)**	(12,177)
Gross profit/(loss)		**1,036**	(844)
Other income		**1,460**	1,618
Selling and distribution costs		**(511)**	(530)
Administrative expenses		**(7,224)**	(7,117)
Impairment loss of property, plant and equipment	*4*	**(15,694)**	–
Operating loss	*5*	**(20,933)**	(6,873)
Finance costs		**(17)**	(25)
Loss before taxation		**(20,950)**	(6,898)
Taxation	*6*	**–**	–
Loss for the year attributable to the equity holders of the Company		**(20,950)**	(6,898)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign operations		**16,684**	221
Total comprehensive expense for the year attributable to the equity holders of the Company		**(4,266)**	(6,677)
Loss per share			
– Basic	*7*	**(1.89) HK cents**	(0.62) HK cents

CONSOLIDATED BALANCE SHEET

As at 31st March, 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**18,640**	38,707
Leasehold land and land use rights		**10,377**	10,144
		29,017	48,851
Current assets			
Inventories		**2,903**	3,741
Trade and other receivables	*8*	**3,314**	3,460
Cash and cash equivalents		**360,612**	345,033
		366,829	352,234
Current liabilities			
Trade and other payables	*9*	**17,755**	18,602
Obligation under a finance lease – due within one year		**133**	126
		17,888	18,728
Net current assets		**348,941**	333,506
Total assets less current liabilities		**377,958**	382,357
Non-current liabilities			
Obligation under a finance lease		**93**	226
Net assets		**377,865**	382,131
Equity			
Share capital	*10*	**11,056**	11,056
Reserves		**366,809**	371,075
Total equity		**377,865**	382,131

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2011

	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000*	Translation reserve *HK$'000*	General reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance as at 1st April, 2009	11,056	101,670	(2,128)	59,223	17,383	201,604	388,808
Total comprehensive (expense)/ income for the year	–	–	–	221	–	(6,898)	(6,677)
Balance as at 31st March, 2010	11,056	101,670	(2,128)	59,444	17,383	194,706	382,131
Total comprehensive (expense)/ income for the year	–	–	–	16,684	–	(20,950)	(4,266)
Balance as at 31st March, 2011	**11,056**	**101,670**	**(2,128)**	**76,128**	**17,383**	**173,756**	**377,865**

Notes:

1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 3 (revised 2008)	*Business combinations*
Amendments to HKAS 27	*Consolidated and separate financial statements*
Amendments to HKFRS 5	*Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
Amendments to HKAS 39	*Financial instruments: Recognition and measurement – Eligible hedged items*
Improvements to HKFRSs (2009)	
HK(IFRIC) 17	*Distributions of non-cash assets to owners*
HK(Int) 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

The amendments to HKAS 39 and the issuance of HK(Int) 5 have had no material impact on the Group's financial statements as the amendment and the interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period.

3 TURNOVER AND SEGMENT INFORMATION

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sales of light source products	**12,765**	11,333

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors for the purposes of resource allocation and assessment of performance focuses more specifically on sales of house brand light source products and agency brand light sources products. The Group has presented the following two reportable segments:

– house brand light source products

– agency brand light source products

No operating segments have been aggregated to form the above reportable segments.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

The Board assesses the performance of the business segments based on loss before taxation without allocation of finance income/(costs), which is consistent with that presented in the financial statements.

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the years ended 31st March, 2011 and 2010 is set out below.

(a) Business segments

	House brand light source products *HK$'000*	**Agency brand light source products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue			
For the year ended 31st March, 2011			
Turnover	7,470	5,295	12,765
Results			
Segment results	(417)	1,453	1,036
Impairment loss of property, plant and equipment	(15,694)	–	(15,694)
Unallocated corporate expenses, net of other income			(7,606)
Interest income, net of finance costs			1,314
Loss before taxation			(20,950)
Taxation			–
Loss for the year			(20,950)

	House brand light source products	Agency brand light source products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets and liabilities			
At 31st March, 2011			
Assets			
Segment assets	33,162	1,510	34,672
Unallocated corporate assets			361,174
Consolidated total assets			395,846
Liabilities			
Segment liabilities	14,530	715	15,245
Unallocated corporate liabilities			2,736
Consolidated total liabilities			17,981

	House brand light source products	Agency brand light source products	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other information				
For the year ended 31st March, 2011				
Impairment loss of property, plant and equipment	15,694	–	–	15,694
Depreciation of property, plant and equipment	5,747	–	130	5,877
Amortisation of leasehold land and land use rights	242	–	–	242

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

	House brand light source products HK$'000	Agency brand light source products HK$'000	Consolidated HK$'000
Assets and liabilities			
At 31st March, 2010			
Assets			
Segment assets	53,598	1,651	55,249
Unallocated corporate assets			345,836
Consolidated total assets			401,085
Liabilities			
Segment liabilities	14,240	1,038	15,278
Unallocated corporate liabilities			3,676
Consolidated total liabilities			18,954

	House brand light source products	Agency brand light source products	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other information				
For the year ended 31st March, 2010				
Depreciation of property, plant and equipment	5,469	–	137	5,606
Amortisation of leasehold land and land use rights	231	–	–	231

(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:

	2011	2010
	HK$'000	*HK$'000*
The PRC, excluding Hong Kong	**4**	1
Hong Kong	**5,328**	5,863
Asia and Europe	**7,433**	5,469
	12,765	11,333

4 IMPAIRMENT LOSS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the property, plant and equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise. As at 31st March, 2011, the carrying amount of property, plant and equipment is approximately HK$18,640,000 (2010: HK$38,707,000) (net of accumulated depreciation and impairment of approximately HK$60,323,000 (2010: HK$37,383,000)).

The directors performed impairment assessment of the Group's property, plant and equipment and the above estimation of the recoverable amounts of plant and machinery as at 31st March, 2011 was carried out by an independent professional valuer, Roma Appraisals Limited. An impairment loss of HK$15,694,000 (2010: HK$Nil) was recognised in profit or loss during the year.

5 OPERATING LOSS

	2011	2010
	HK$'000	*HK$'000*
Operating loss has been arrived at after charging:		
Directors' remuneration		
– Fees	**192**	194
– Other emoluments	**449**	549
– Retirement benefits scheme contributions	**27**	36
	668	779
Other staff costs	**1,791**	1,864
Retirement benefits contributions for other staff	**138**	131
Total staff costs	**2,597**	2,774
Auditors' remuneration		
– Current year	**400**	400
– Overprovision in prior year	**–**	(80)
Depreciation and amortisation on		
– Owned assets	**5,747**	5,476
– Leased asset	**130**	130
– Leasehold land and land use rights	**242**	231
Impairment loss of property, plant and equipment	**15,694**	–
Operating lease rentals in respect of land and buildings	**408**	479
Bad debts written off	**164**	145
Exchange loss, net	**10**	15
Research and development costs	**1,901**	1,272

6 TAXATION

No provision for PRC enterprise income tax and 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% (2010: 25%) of the assessable profits of the companies within the Group.

No provision for deferred taxation has been made in both years as the amount involved is insignificant.

7 LOSS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purposes of basic loss per share	**(20,950)**	(6,898)
Number of shares		
Number of ordinary shares in issue for the purpose of basic loss per share	**1,105,600,000**	1,105,600,000

No diluted loss per share has been presented for the years ended 31st March, 2011 and 2010 as the Company did not have any dilutive potential shares outstanding in both years.

8 TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**643**	697
Other receivables, deposits and prepayments	**2,671**	2,763
	3,314	3,460

The Group generally allows an average credit period of 30 days to its trade customers and keeps monitoring its outstanding trade receivables. Overdue balances are regularly reviewed by management of the Group.

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

	2011	2010
	HK$'000	*HK$'000*
Three months or less	**574**	611
More than three months but less than six months	**60**	49
More than six months but less than one year	**8**	34
More than one year	**1**	3
	643	697

As at 31st March, 2011, trade receivables of HK$309,000 (2010: HK$364,000) 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:

	2011	2010
	HK$'000	*HK$'000*
Three months or less past due	**268**	308
One year or less but over three months past due	**40**	53
Over one year past due	**1**	3
	309	364

9 TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**664**	957
Other payables and accrued charges	**16,430**	16,605
Amounts due to directors	**661**	1,040
	17,755	18,602

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

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

	2011	2010
	HK$'000	*HK$'000*
Three months or less	**656**	790
More than three months but less than six months	**8**	164
More than six months but less than one year	**–**	–
More than one year	**–**	3
	664	957

10 SHARE CAPITAL

	Class	**Number of shares**	**Nominal value**	**Amount**
			HK$	*HK$'000*
Authorised:				
At 1st April, 2009, 31st March, 2010 and 31st March, 2011	Ordinary	5,000,000,000	0.01	50,000
Issued and fully paid:				
At 1st April, 2009, 31st March, 2010 and 31st March, 2011	Ordinary	1,105,600,000	0.01	11,056

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st March, 2011.

FINANCIAL AND BUSINESS REVIEW

Operating Results

For the year ended 31st March, 2011, the Group's turnover was approximately HK$12.77 million, representing an increase of approximately 12.70% from HK$11.33 million last year.

The gross profit margin for the year ended 31st March, 2011 was about 8.11% compared to gross loss margin about 7.45% for the same period in 2010. The change is attributable to the increase in sales and relevant production of house brand products as to be able to cover the fixed direct production overhead.

House brand products that usually give higher gross profit margin as compared to agency brand products accounted for about 58.52% of total turnover for the year ended 31st March 2011 (2010: 48.16%).

Other Income

The major component of other income approximately HK$1.46 million was interest income. As compared to approximately HK$1.62 million for the same period in 2010, there was no material change in other income.

Selling and Distribution Costs

The selling expenses and distribution costs, which primarily comprised of salaries expenses, amounted to approximately HK$0.51 million for the year ended 31st March, 2011 and remained stable as compared to approximately HK$0.53 million for the same period in 2010.

Administrative Expenses

The administrative expenses for the year ended 31st March, 2011 comprised primarily of staff remuneration, depreciation, entertainment, fee for audit services, rental expenses and research and development costs. The administrative expenses for the year ended 31st March, 2011 increased to approximately HK$22.92 million as compared to approximately HK$7.12 million with last year mainly because of the non-recurring impairment loss of property, plant and equipment recognised in the year.

Net Loss

As a result of the factors discussed above, the loss attributable to equity holders for the year ended 31st March, 2011 amounted to approximately HK$20.95 million as compared to loss attributable to equity holders approximately HK$6.90 million for the same period in 2010.

Suspension on Trading in shares

Trading in the shares of the Company has been suspended on the Stock Exchange since 29th July, 2004. In order to resume the share trading as soon as possible, the Company has actively communicated with relevant section of the Stock Exchange of Hong Kong Limited since January 2007.

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

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

Investigation by the Commercial Crime Bureau

With reference to the Company's announcement on 13 August 2010, officers of Commercial Crime Bureau of the Hong Kong Police Force ("CCB") executed a search warrant at the premises of the Group. The search warrant concerned an investigation by the CCB of a suspected offence (conspiracy to defraud, contrary to Common Law). Mr. Chu Chien Tung, the Chairman, Mr. Chu Chick Kei, an executive director, and Ms. Chu Pik Ang, an accounting clerk of the Company have informed the Company that they: (a) were arrested as part of the CCB's investigation; (b) have been charged by the police; and (c) have been released on police bail. Based on the information in the search warrant, the Board understands that the CCB's investigation may also involve certain individuals who previously worked for the Company.

The relevant executive directors has subsequently informed the Company that the trials in relation to the case will be commenced in July 2011.

The Company will keep the public informed through further announcements as appropriate.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March, 2011, the Group's shareholders' funds amounted to approximately HK$377.87 million (2010: HK$382.13 million). Cash and cash equivalents was approximately HK$360.61 million as at 31st March, 2011, compared to HK$345.03 million as at 31st March, 2010. Increase in cash stemmed primarily from changes in exchange rate of translation from Renminbi to Hong Kong dollars. 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% (2010: 4.96%).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31st March, 2011.

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.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's trading transactions, monetary assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars, the impact of the foreign exchange exposure of the Group was considered to be minimal and there was no significant adverse effect on the normal operations of the Group. As at 31st March, 2011, no related hedges were made by the Group.

CONTINGENT LIABILITIES

The Group and the Company had no contingent liabilities as at both 31st March, 2011 and 2010.

EMPLOYEE INFORMATION

As at 31st March, 2011, the Group had about 37 (including three Executive Directors) 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 all the Directors' fees and Directors' emoluments in the form of salaries and allowances) for the year amounted to approximately HK$2.60 million (2010: HK$2.77 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.

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. The existing audit committee comprises two independent non-executive directors, Mr. Hong Yong Hwan and Mr. Zhu Lei Bo.

The audit committee has reviewed on 20th June, 2011 the audited consolidated results of the Company for the year ended 31st March, 2011.

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, 2011.

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 auditor of the Company has set out its responsibilities in the independent auditor's report in this annual report of the Company for the year ended 31st March, 2011.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 15 to the GEM Listing Rules.

In the opinion of the Directors, the Company has complied with the Code Provisions except for the following deviations:

(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 A.4.2 which requires, among others, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years;

(4) the Code Provision B.1.1 which requires the establishment of a remuneration committee with specific written terms of reference; and

(5) 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 in order to comply with the requirements of the Code Provisions.

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.

RETIREMENT OF DIRECTORS

The Directors of the Company retire by rotation according to the Articles of the Company which states, among others, that one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire by rotation provided that the chairman of the Board shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire each year.

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.

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

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, 20th June, 2011

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.