TOMORROW INTERNATIONAL HOLDINGS LIMITED
明 日 國 際 集 團 有 限 公 司

(incorporated in Bermuda with limited liability)

(Stock code: 00760)

2009 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Tomorrow International Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Continuing operations			
Revenue		**294,199**	366,226
Cost of sales		**(246,330)**	(300,573)
Gross profit		**47,869**	65,653
Other revenue and net income	4	**11,692**	26,577
Gain on disposal of available-for-sale financial assets		**–**	8,000
Impairment loss on available-for-sale financial assets		**–**	(1,549)
Distribution costs		**(6,016)**	(7,241)
Administrative and other operating expenses		**(68,998)**	(97,640)
Operating loss		**(15,453)**	(6,200)
Impairment loss on an other receivable	5	**–**	(151,367)
Loss before income tax	6	**(15,453)**	(157,567)
Income tax expense	7	**(388)**	(10,181)
Loss for the year from continuing operations, attributable to the owners of the Company		**(15,841)**	(167,748)
Discontinued operations			
Gain/(loss) for the year from discontinued operations, attributable to the owners of the Company	12	**7,455**	(12,325)
Loss for the year, attributable to the owners of the Company		**(8,386)**	(180,073)

	Notes	2009 HK$'000	2008 HK$'000
Other comprehensive income			
Release of translation reserve upon disposal of subsidiaries		**146**	–
Surplus on revaluation of buildings		**7,627**	199
Surplus/(deficit) on available-for-sale financial assets		**914**	(31,307)
Realisation of change in fair value of available-for-sale financial assets		**–**	(11,309)
Exchange loss on translation of financial statements of foreign operations		**–**	(553)
Other comprehensive income for the year		**8,687**	(42,970)
Total comprehensive income for the year, attributable to the owners of the Company		**301**	(223,043)
		HK cents	HK cents
Basic earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the year	9		
From continuing operations		**(0.70)**	(7.46)
From discontinued operations		**0.33**	(0.55)
From continuing and discontinued operations		**(0.37)**	(8.01)
Diluted loss per share for loss attributable to the owners of the Company during the year	9		
From continuing operations		**N/A**	N/A
From discontinued operations		**N/A**	N/A
From continuing and discontinued operations		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**56,992**	57,683
Leasehold land and land use rights		**9,049**	9,301
Deferred product development costs		**937**	1,000
Deposits for acquisition of property, plant and equipment		**3,707**	–
Available-for-sale financial assets		**2,815**	1,901
		73,500	69,885
Current assets			
Leasehold land and land use rights		**252**	252
Financial assets at fair value through profit or loss		**11,157**	4,012
Inventories		**38,929**	52,425
Trade and bill receivables	10	**31,006**	32,408
Prepayments, deposits and other receivables		**6,116**	9,041
Tax recoverable		**158**	–
Cash and cash equivalents		**636,435**	643,884
		724,053	742,022
Assets of a disposal group classified as held for sale	8	**–**	52,698
		724,053	794,720
Current liabilities			
Trade payables	11	**(31,765)**	(34,403)
Accruals and other payables		**(22,955)**	(26,355)
Provision for tax		**(824)**	(1,069)
Obligations under finance lease		**(48)**	(55)
		(55,592)	(61,882)
Liabilities of a disposal group classified as held for sale	8	**–**	(51,300)
		(55,592)	(113,182)
Net current assets		**668,461**	681,538
Total assets less current liabilities		**741,961**	751,423

	Notes	**2009**	2008
		HK$'000	HK$'000
Non-current liabilities			
Provision for long service payment		**(2,160)**	(2,963)
Obligations under finance lease		**(39)**	(100)
		(2,199)	(3,063)
Net assets		**739,762**	748,360
EQUITY			
Share capital		**8,991**	8,991
Reserves		**730,771**	730,470
Equity attributable to the Company's owners		**739,762**	739,461
Minority interest		**–**	8,899
Total equity		**739,762**	748,360

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierachy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. The application of HKFRS8 has not effected in a re-designation of the Group's reputable segments.

The Group has applied changes to its accounting policies on segment reporting retrospectively. However, the changes to the comparative have not affected the consolidated or company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The Group's principal activities consisted of the design, development, manufacture and sale of electronic products, the trading of listed equity investments and commodities and the provision of loan financing. The Group's manufacture and sale of printed circuit boards business was ceased during the year.

3. SEGMENT INFORMATION

The executive directors have identified the Group's three (2008: three) products and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

For the year ended 31 December 2009

	Electronic products HK$'000	Equity and commodity investments HK$'000	Provision of loan finance HK$'000	Total HK$'000
Revenue from external customer				
Reportable segment revenue	281,884	12,315	–	294,199
Reportable segment profit/(loss)	(1,937)	676	–	(1,261)
– Dividends income from listed investments	–	45	–	45
– Products development income	2,215	–	–	2,215
– Reversal of provision for impairment of trade receivables	455	–	–	455
– Sales of obsolete inventories and raw materials	15	–	–	15
– Compensation from vendors	122	–	–	122
– Unrealised gain on inventory at fair value	–	291	–	291
– Realised gain on financial assets at fair value through profit and loss	–	2,721	–	2,721
– Gain on disposal of property, plant and equipment	286	–	–	286
– Depreciation on property, plant and equipment	(7,092)	–	–	(7,092)
– Amortisation of leasehold land and land use rights	(62)	–	–	(62)
– Distribution costs	(6,016)	–	–	(6,016)
– Unrealised loss on financial assets at fair value through profit and loss	–	(2,962)	–	(2,962)
– Amortisation of capitalised deferred product development costs	(1,128)	–	–	(1,128)
– Loss on disposal of property, plant and equipment	(3,276)	–	–	(3,276)
– Provision for slow moving inventory	(1,878)	–	–	(1,878)
– Income tax	(388)	–	–	(388)
Reportable segment assets	146,796	154,829	1,004	302,629
Additions to non-current segment assets during the year	4,450	–	–	4,450
Reportable segment liabilities	(53,994)	(40)	(10)	(54,044)

For the year ended 31 December 2008

	Electronic products HK$'000	Equity and commodity investments HK$'000	Provision of loan finance HK$'000	Total HK$'000
Revenue from external customer				
Reportable segment revenue	366,225	–	1	366,226
Reportable segment profit/(loss)	(9,260)	2,838	(4,211)	(10,633)
– Dividends income from listed investments	–	622	–	622
– Products development income	3,136	–	–	3,136
– Compensation from vendors	110	–	–	110
– Realised gain on financial asset at fair value through profit and loss	–	179	–	179
– Write back of provision for slow moving inventories	370	–	–	370
– Gain on disposal of property, plant and equipment	75	–	–	75
– Distribution costs	(7,241)	–	–	(7,241)
– Depreciation on property, plant and equipment	(8,727)	–	–	(8,727)
– Amortisation of leasehold land and land use rights	(62)	–	–	(62)
– Amortisation of capitalised deferred product development costs	(7,848)	–	–	(7,848)
– Unrealised loss on financial asset at fair value through profit and loss	–	(598)	–	(598)
– Provision for impairment of trade receivables recognised	(773)	–	–	(773)
– Impairment loss on available-for-sale financial assets	(1,549)	–	–	(1,549)
– Income tax	(10,181)	–	–	(10,181)
Reportable segment assets	162,889	51,008	–	213,897
Additions to non-current segment assets during the year	1,982	–	–	1,982
Reportable segment liabilities	(59,802)	(10)	–	(59,812)

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009	2008
	HK$'000	HK$'000
Reportable segment revenue and Group revenue	**294,199**	366,226
Reportable segment loss	**(1,261)**	(10,633)
Impairment loss on an other receivables	**–**	(151,367)
Operating lease charges	**(8,469)**	(9,983)
Discontinued operations	**7,455**	(12,325)
Unallocated expenses	**(10,874)**	(10,897)
Unallocated income	**4,763**	15,132
Loss for the year	**(8,386)**	(180,073)
Reportable segment assets	**302,629**	213,897
Assets of a disposal group classified as held for sale	**–**	52,698
Corporate assets	**494,924**	598,010
Group assets	**797,553**	864,605
Reportable segment liabilities	**(54,044)**	(59,812)
Liabilities of a disposal group classified as held for sale	**–**	(51,300)
Corporate liabilities	**(3,747)**	(5,133)
Group liabilities	**(57,791)**	(116,245)

During the year ended 31 December 2009, approximately HK$88,908,000 or 30% (2008: approximately HK$149,032,000 or 41%) of the Group's revenues depended on a single customer (2008: two customers) in the trading of electronic products segment.

At the reporting date, 31% (2008: 30%) of the Group's trade receivables was due from the above customer(s).

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

Revenue from external customers:

			2008	
		Continuing	Discontinued	
	2009	operations	operations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong (domicile) (note (a))	**52,429**	58,899	71,867	130,766
North America (note (b))	**51,971**	70,094	2,799	72,893
Europe (note (c))	**26,053**	36,682	2,001	38,683
Japan	**144,539**	183,205	–	183,205
Others (note (d))	**19,207**	17,346	6,991	24,337
Total	**294,199**	366,226	83,658	449,884

Non-current assets:

		2008		
	2009	Continuing operations	Discontinued operations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong (domicile) (note (a))	**31,090**	23,582	–	23,582
Mainland China	**39,595**	44,402	17,346	61,748
Total	**70,685**	67,984	17,346	85,330

Note:

(a) The place of domicile is determined based on the location of central management.

(b) Principally included United States of America ("USA") and Canada.

(c) Principally included United Kingdom, France, Germany and Mainland Europe.

(d) Principally included Taiwan, Korea and elsewhere in Asia.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets.

4. OTHER REVENUE AND NET INCOME

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Other revenue				
Interest income on financial assets carried at amortised costs	**4,902**	14,903	14	14,917
Dividends income from listed investments	**45**	622	–	622
Sales of obsolete inventories and raw materials	**15**	–	1,482	1,482
Products development income	**2,215**	3,136	–	3,136
Other interest income on financial assets carried at amortised costs	**42**	226	–	226
Compensation from vendors	**122**	110	1,096	1,206
Reversal of provision for impairment of trade receivables	**455**	–	–	–
Others	**884**	3,417	575	3,992
	8,680	22,414	3,167	25,581
Other net income				
Exchange gain, net	**–**	18	–	18
Realised gain on financial assets at fair value through profit or loss	**2,721**	179	–	179
Unrealised gain on inventory at fair value	**291**	–	–	–
Gain on disposal of a subsidiary	**–**	1,000	–	1,000
Gain on disposal of an associate	**–**	5	–	5
Gain on disposal of property held for sale	**–**	2,961	–	2,961
	3,012	4,163	–	4,163
	11,692	26,577	3,167	29,744

5. IMPAIRMENT LOSS ON AN OTHER RECEIVABLE

During the year ended 31 December 2008, approximately HK$151,367,000 was reclassified from amount due from an associate to other receivables, as a result of the disposal of the entire equity interest in the associate of the Group. In the opinion of the directors of the Company, due to the continued global market deterioration caused by the financial tsunami which had affected the financial ability of the other receivable to repay the debt, they considered the recoverability of such debt was slim and full provision had been made against the carrying amount of this other receivable for the year ended 31 December 2008.

6. LOSS BEFORE INCOME TAX

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Loss before income tax is arrived at after charging/(crediting):				
Cost of inventories sold	**207,609**	251,207	50,018	301,225
Depreciation on property, plant and equipment				
– Owned assets	**9,321**	10,482	6,864	17,346
– Leased assets	**55**	45	–	45
Amortisation of leasehold land and land use rights	**252**	252	–	252
Amortisation of prepaid rental	**–**	–	429	429
Research and development costs (including amortisation charge on capitalised deferred product development costs)	**1,514**	8,447	–	8,447
Operating lease charges in respect of land and buildings	**8,469**	7,678	2,305	9,983
Unrealised loss on financial assets at fair value through profit or loss	**2,962**	598	–	598
Auditors' remuneration	**750**	814	149	963
Provision for impairment of trade receivables recognised	**–**	773	194	967
Provision for slow moving inventories	**1,878**	–	–	–
Write back of provision for slow moving inventories	**–**	(370)	–	(370)
Gain on disposal of property, plant and equipment	**(286)**	(75)	–	(75)
Exchange loss, net	**244**	–	–	–
Loss on disposal of property, plant and equipment	**3,276**	–	2,163	2,163

Depreciation expenses of approximately HK$5,039,000 and HK$4,337,000 (2008: HK$11,883,000 and HK$5,508,000) have been included in cost of sales and administrative expenses respectively.

7. INCOME TAX EXPENSE

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Current tax				
Hong Kong				
– Tax for the year	**222**	680	–	680
– (Over)/Under provision in respect of prior years	**(38)**	1,761	–	1,761
	184	2,441	–	2,441
The PRC				
– Tax for the year	**131**	385	20	405
– Under provision in respect of prior years	**73**	7,355	–	7,355
	204	7,740	20	7,760
Total income tax expense	**388**	10,181	20	10,201

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2009	2008
	HK$'000	HK$'000
Loss before taxation		
Continuing operations	**(7,998)**	(157,567)
Discontinued operations	**–**	(12,305)
	(7,998)	(169,872)
Income tax at Hong Kong profits tax rate of 16.5%	**(1,320)**	(28,028)
Tax effect of different taxation rate in other tax jurisdiction	**(20)**	(488)
Over provision in prior years	**(38)**	–
Under provision in prior years	**73**	9,116
Tax effect of non-taxable revenue	**(3,136)**	(4,288)
Tax effect of non-deductible expenses	**1,797**	44,324
Tax effect of prior year's unrecognised tax losses utilised this year	**(117)**	(15,983)
Tax effect of unused tax losses not recognised	**3,149**	2,439
Others	**–**	3,109
Income tax expense	**388**	10,201

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

A Group's subsidiary, Gaojin Electronics (Shenzhen) Co., Ltd is entitled to preferential tax treatments granted by the relevant tax authorities in the PRC and is subject to a lower income tax rate of 20%, until the unified tax rate of 25% gradually transitioned in 2012.

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain preferential provisions.

8. ASSETS/LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In year 2008, the Group discontinued the operation of manufacture and sale of printed circuit boards operated by Allied Trade Limited (a subsidiary of the Company) and its subsidiaries (collectively the "ATL Group"). The ATL Group was disposed on 5 January 2009.

The business segment of this operation was presented as discontinued operations upon the classification of the associated assets and liabilities of a disposal group classified as held for sale as at 31 December 2008.

9. LOSS PER SHARE

Basic loss per share from continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK$8,386,000 (2008: approximately HK$180,073,000) and on the weighted average of approximately 2,247,682,000 (2008: approximately 2,247,682,000) ordinary shares in issue during the year.

Basic loss per share from continuing operations

The calculation of basic loss per share for continuing operations is based on the loss attributable to owners of the Company of approximately HK$15,841,000 (2008: approximately HK$167,748,000) and on the weighted average of approximately 2,247,682,000 (2008: approximately 2,247,682,000) ordinary shares in issue during the year.

Basic earning/(loss) per share from discontinued operations

The calculation of basic earnings per share for discontinued operations for the year ended 31 December 2009 is based on the profit attributable to the owners of the Company of approximately HK$7,455,000 and on the weighted average of approximately 2,247,682,000 ordinary share in issue during the year.

The calculation of basic loss per share for discontinued operations for the year ended 2008 was based on the loss attributable to owners of the Company of approximately HK$12,325,000 and on the weighted average of approximately 2,247,682,000 ordinary shares in issue during the year.

Diluted loss per share from continuing operations

Diluted loss per share for continuing and/or discontinued operations for the years ended 31 December 2008 and 2009 are not presented because the impact of the exercise of the share options is anti-dilutive.

10. TRADE AND BILL RECEIVABLES

The aged analysis of the Group's trade and bills receivables is as follows:

	2009	2008
	HK$'000	HK$'000
0 to 90 days	**28,557**	32,089
91 to 180 days	**2,449**	319
Total after provision	**31,006**	32,408

The normal credit period granted by the Group to its trade customers ranges from 30 to 90 days (2008: 30 days to 90 days).

11. TRADE PAYABLES

The aged analysis of the Group's trade payables is as follows:

	2009	2008
	HK$'000	HK$'000
0 to 60 days	**31,720**	34,403
Over 60 days	**45**	–
	31,765	34,403

12. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS

The Group entered into a sales and purchase agreement with an independent third party to dispose the entire equity interest in ATL Group pursuant to which the Group agreed to sell and the independent third party agreed to acquire the disposal assets, being the entire equity interest in ATL Group at a consideration of HK$100,000. The transaction was completed on 5 January 2009.

	2009
	HK$'000
Net liabilities disposed of:	
Property, plant and equipment	**17,346**
Inventories	**12,266**
Trade receivables	**7,202**
Prepayment, deposits and other receivables	**14,223**
Cash and cash equivalents	**1,661**
Trade payables	**(25,750)**
Amount due to a related company	**(13,563)**
Accruals and other payables	**(11,626)**
Provision for tax	**(361)**
Minority interest	**(8,899)**
	(7,501)
Release of translation reserve upon disposal of subsidiaries	**146**
	(7,355)
Gain on disposal of discontinued operations	**7,455**
Satisfied by cash	**100**

13. COMPARATIVE FIGURES

As a result of application of HKAS 1 (Revised 2007) Presentation of financial statements and HKFRS 8 Operating segments, certain comparative figures have been adjusted to conform with the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend (2008: Nil).

RESULTS

The Group's loss attributable to owners of the Company for the year was HK$8.4 million (2008: loss of HK$180.1 million).

Loss per share amounted to HK0.37 cents, as compared with loss per share of HK8.01 cents in previous year. As at 31 December 2009, the Group's net cash position amounted to HK$636.4 million (2008: HK$643.9 million) representing 86.0% (2008 : 87.1%) of the equity attributable to equity holders of the Company of HK$739.8 million (2008: HK$739.5 million).

BUSINESS REVIEW

Affected by the financial tsunami in the last quarter of 2008, the global market appeared to remain pessimistic in year 2009. Overall performance of the electronic products division remained unsatisfactory. Electronic products division recorded operational loss of HK$1.9 million in year 2009. Turnover of electronic products division for the year was HK$281.9 million (2008: HK$366.2 million), representing 23% decreased as compared with last year. In addition, the collection period was lengthened from 2008's 32.3 days to 2009's 38.5 days. Facing the adverse market condition, the Company has paid extra efforts in cost control. As a result, the Group's administrative and other operating expenses have reduced by 29% and the stock turnover days were also shortened from 62 days to 53 days.

To enhance the income stream, the Group has restarted its equity investments business in the fourth quarter of 2008. The segmental profit for the year was HK$676,000 (2008 : $2.8 million).

Loan financing business remained inactive during the year.

The printed circuit boards division was terminated during year 2008 and has disposed the entire equity interest on 5 January 2009 due to unsatisfactory performance of the division.

FUTURE PLANS

The administrative cost saving measures imposed by the Electronic products division has proved to be effective in year 2009 and the Company will continue to keep the cost down. Although the global economic market starts recovery, the market is still unstable and rife with uncertainty. The material cost and labour cost has gone up, with gross margin of the division reduced from 17.8% in 2008 to 16.6% in 2009. We expect the trend of increase in direct costs will continue, especially the minimum wages in China is expected to increase by at least 20% in mid 2010. Electronic products division will continue to explore new markets and develop new product line to cope with the market demand. Nevertheless, it is foreseeable that the electronic products division remain to face a tough business environment.

The economy of 2010 is still challenging. The Company remains positive about the future and believes the worst has been over. Moreover, the Company is actively exploring investment opportunities so as to enhance the value of the Company and shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, cash and bank balances (including time deposits) maintained by the Group were HK$636.4 million (2008: HK$643.9 million), representing a decrease of HK$7.5 million compared with the position as at 31 December 2008. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments of future development. The gearing of the Group, measured as total debts to total assets, was 7.2% as at 31 December 2009, comparing with 13.4% as at 31 December 2008.

Most of the business transactions conducted by the Group were nominated in Hong Kong Dollars, United States Dollars and Renminbi. As at 31 December 2009, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group employed approximately 1,230 employees, with about 1,179 in the Mainland China and 51 in Hong Kong. All employees are remunerated based on industry practice and in accordance with prevailing labour law. In Hong Kong, apart from basic salary, staff benefits include medical insurance, performance related bonuses and mandatory provident fund would be provided by the Group.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

Code A.2.1

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, the Company does not appoint chief executive officer. In view of the existing structure of the Board and the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for benefits of the Group. Moreover, the day-to-day operations of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code A.4.1

Under the Code, non-executive directors should be appointed for a specific term, subject to re-election.

During the period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, are not appointed for any specific fixed term and one independent non- executive director, Mr. Wu Wang Li, is appointed for the term of one year from 27 September 2009. In accordance with the bye-laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code.

Code B.1

Under the Code, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

Currently, there is no remuneration committee in the Board. Meanwhile, the Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration and their remuneration has been relatively stable in the past years.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

DIRECTORS

The Board comprises of seven directors, of which four are executive directors, namely Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms. Wong Shin Ling, Irene and Ms. Liu Yee Nee and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Cheung Chung Leung, Richard and Mr. Wu Wang Li.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the Board. The audit committee meets with the Group's senior management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the financial matters including the review of the financial statements for the year ended 31 December 2009 of the Company.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 December 2009 containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of the Company (http://www.tihl.com.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 16 April 2010