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TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the "Board") of Tongda Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 (the "Year"), together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
REVENUE	5	**1,800,254**	1,393,843
Cost of sales		**(1,497,875)**	(1,175,925)
Gross profit		**302,379**	217,918
Other income and gains, net		**25,003**	52,378
Selling and distribution costs		**(49,045)**	(39,045)
Administrative expenses		**(108,080)**	(97,644)
Other expenses, net		**(18,623)**	(22,490)
Finance costs	6	**(16,685)**	(27,312)
Share of profits and losses of:			
Associates		**3,110**	2,674
A jointly-controlled entity		**–**	3,572
PROFIT BEFORE TAX	7	**138,059**	90,051
Income tax expense	8	**(24,228)**	(18,709)
PROFIT FOR THE YEAR		**113,831**	71,342

	Notes	2009	2008
		HK$'000	*HK$'000*
Attributable to:			
Ordinary equity holders of the Company		**102,085**	65,301
Minority interests		**11,746**	6,041
		113,831	71,342
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
– Basic		**HK2.52 cents**	HK1.64 cents
– Diluted		**HK2.51 cents**	HK1.64 cents

Details of the dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009	2008
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**113,831**	71,342
OTHER COMPREHENSIVE INCOME		
Gain/(deficit) on revaluation	**2,119**	(1,682)
Deferred tax adjustment on revaluation of property, plant and equipment	**(350)**	277
Exchange differences on translation of foreign operations		
– subsidiaries	**–**	31,156
– associates	**(105)**	453
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,664**	30,204
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**115,495**	101,546
Attributable to:		
Ordinary equity holders of the Company	**103,749**	93,818
Minority interests	**11,746**	7,728
	115,495	101,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**822,303**	752,758
Investment properties		**50,230**	3,850
Prepaid land lease payments		**30,995**	27,887
Goodwill		**22,751**	–
Interests in associates		**35,543**	31,226
Prepayments		**56,401**	55,449
Long term deposits		**11,412**	7,352
Deferred tax assets		**3,833**	3,833
Total non-current assets		**1,033,468**	882,355
CURRENT ASSETS			
Inventories		**369,242**	305,872
Trade and bills receivables	11	**630,636**	600,152
Prepayments, deposits and other receivables		**75,498**	90,019
Derivative financial assets		**–**	2,894
Tax recoverable		**4,574**	110
Pledged deposits		**20,242**	43,738
Cash and cash equivalents		**225,808**	147,875
Total current assets		**1,326,000**	1,190,660
CURRENT LIABILITIES			
Trade and bills payables	12	**411,305**	262,300
Accrued liabilities and other payables		**84,948**	98,041
Derivative financial liabilities		**–**	2,273
Interest-bearing bank borrowings		**248,226**	170,907
Due to minority shareholders of subsidiaries		**665**	609
Due to a related company		**6,150**	–
Tax payable		**112,245**	108,591
Total current liabilities		**863,539**	642,721
NET CURRENT ASSETS		**462,461**	547,939

	2009	2008
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,495,929**	1,430,294
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**99,094**	211,205
Deferred tax liabilities	**16,025**	3,757
Total non-current liabilities	**115,119**	214,962
Net assets	**1,380,810**	1,215,332
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	**43,058**	39,898
Reserves	**1,290,465**	1,141,769
	1,333,523	1,181,667
Minority interests	**47,287**	33,665
Total equity	**1,380,810**	1,215,332

1. CORPORATE INFORMATION

Tongda Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company consists of investment holding. The principal activities of the Company's subsidiaries are manufacture and sale of accessories for electrical appliance products, resistors and other electronic products and ironware products. There were no significant changes in the nature of the subsidiaries principal activities during the year.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, certain buildings and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendments to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009)

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary* as it is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. Following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed. In prior years, segment information reported externally was analysed on the Group's four operating divisions, i.e. electrical fittings, ironware parts, communications facilities and corporate and others, in accordance with HKAS 14 "Segment Reporting". However, information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance focuses specifically on three operating divisions only. As a result, the communication facilities, and corporate and others are combined into one category, namely communication facilities and others. Disclosures about each of these segments are shown in note 5 and comparative figures for 2008 have been reclassified.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*[5]

HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

5. SEGMENT INFORMATION

The following tables present revenue, profit and certain assets and liabilities information for the Group's business segments for the years ended 31 December 2009 and 2008.

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**1,305,676**	845,843	**338,124**	410,851	**156,454**	137,149	**–**	–	**1,800,254**	1,393,843
Intersegment sales	**8,089**	11,202	**2,563**	941	**33**	2,783	**(10,685)**	(14,926)	**–**	**–**
Total	**1,313,765**	857,045	**340,687**	411,792	**156,487**	139,932	**(10,685)**	(14,926)	**1,800,254**	1,393,843
Segment results before depreciation and amortisation	**177,675**	118,167	**35,659**	33,647	**(15,083)**	(31,585)	**8,735**	(1,706)	**206,986**	118,523
Depreciation	**(65,266)**	(45,504)	**(10,622)**	(9,923)	**(3,794)**	(3,703)	**–**	–	**(79,682)**	(59,130)
Amortisation	**(599)**	(580)	**–**	–	**(74)**	(74)	**–**	–	**(673)**	(654)
Segment results	**111,810**	72,083	**25,037**	23,724	**(18,951)**	(35,362)	**8,735**	(1,706)	**126,631**	58,739
Unallocated income									**25,003**	52,378
Finance costs									**(16,685)**	(27,312)
Share of profits and losses of:										
Associates									**3,110**	2,674
A jointly-controlled entity									**–**	3,572
Profit before tax									**138,059**	90,051
Income tax expense									**(24,228)**	(18,709)
Profit for the year									**113,831**	71,342

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,066,744**	1,816,388	**406,043**	486,763	**853,324**	1,027,266	**(1,256,643)**	(1,487,078)	**2,069,468**	1,843,339
Unallocated assets									**290,000**	229,676
Total assets									**2,359,468**	2,073,015
Segment liabilities	**1,564,918**	1,402,299	**245,259**	326,436	**364,573**	543,513	**(1,671,682)**	(1,911,298)	**503,068**	360,950
Unallocated liabilities									**475,590**	496,733
Total liabilities									**978,658**	857,683

Geographical Information

(a) Revenue from customers

	Hong Kong		Mainland China		Southeast Asia		Australia		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**54,785**	96,859	**1,420,887**	1,103,616	**133,454**	61,558	**40,342**	38,186	**150,786**	93,624	**1,800,254**	1,393,843
(b) Non-current assets	**31,674**	29,945	**962,402**	817,330	**–**	–	**–**	–	**16**	21	**994,092**	847,296

The non-current assets information from operations above is based on the location of assets and excludes interests in associates and deferred tax assets.

Information about a major customer

Revenue of approximately HK$200,270,000 (2008: HK$160,162,000) were derived from sales by the electrical fittings segment and the ironware segment to a single customer.

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest expenses on bank loans and overdrafts wholly repayable within five years	**16,685**	27,312

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold	**1,497,875**	1,175,925
Employee benefits expense (excluding directors' remuneration)		
Salaries and wages	**239,089**	189,927
Equity-settled share option expense	**–**	1,277
Pension scheme contributions	**414**	416
Less: amounts included in research and development costs	**(2,245)**	(3,487)
	237,258	188,133
Minimum lease payments under operating leases of leasehold land and buildings	**11,316**	8,461
Auditors' remuneration	**1,750**	1,590
Depreciation	**79,682**	59,130
Amortisation of prepaid land lease payments	**673**	654
Changes in fair value of an investment property***	**(500)**	150
Amortisation of prepayments	**1,286**	1,118
Impairment of trade receivables*	**5,808**	11,260
Written back of impairment of trade receivables*	**(2,115)**	–
Write-off of trade receivables*	**3,252**	2,445
Impairment/(written back) of obsolete inventories*	**1,875**	(715)
Loss on disposal of items of property, plant and equipment*	**44**	2,074
Research and development costs**	**36,850**	32,797
Net fair value losses on foreign exchange derivative financial instruments***	**662**	3,340
Gross rental income with nil outgoings***	**(733)**	(1,704)
Loss/(gain) on partial disposal of a subsidiary*	**(2,223)**	774
Impairment of goodwill*	**9,058**	–
Excess over the cost of business combinations***	**(403)**	(9,497)
Bank interest income***	**(2,122)**	(1,946)
Foreign exchange differences, net***	**(3,085)**	(29,170)

* Impairment of trade receivables, written back of impairment of trade receivables, write-off of trade receivables, impairment/(written back) of obsolete inventories, loss on disposal of items of property, plant and equipment, loss/(gain) on partial disposal of a subsidiary and impairment of goodwill for the year are included in "Other expenses, net" on the face of the consolidated income statement.

** Included in the research and development costs are items of plant and equipment amounted to HK$14,351,000 (2008: HK$16,678,000) which are capitalised under property, plant and equipment in the consolidated statement of financial position and are depreciated over their estimated useful lives.

*** Changes in fair value of an investment property, gross rental income with nil outgoings, excess over the cost of business combinations, bank interest income, foreign exchange differences, net, and net fair value losses on foreign exchange derivative financial instruments for the year are included in "Other income and gains, net" on the face of the consolidated income statement.

Cost of inventories sold includes HK$283,020,000 (2008: HK$224,398,000) relating to staff costs, operating lease rentals on land and buildings, amortisation of prepayments and depreciation of the manufacturing activities, which are also included in the respective total amounts disclosed above for each of these types of expenses.

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**44**	6,296
Overprovision in prior years	**(60)**	–
	(16)	6,296
Current – Elsewhere		
Charge for the year	**28,727**	16,565
Overprovision in prior years	**(7,733)**	(5,684)
	20,994	10,881
Deferred	**3,250**	1,532
Total tax charge for the year	**24,228**	18,709

9. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 December 2008 – HK0.2 cent per ordinary share (2008: final dividend of HK0.8 cent per ordinary share, in respect of the financial year ended 31 December 2007)	**7,980**	31,918
Interim – HK0.35 cent (2008: HK0.4 cent) per ordinary share	**15,070**	15,959
	23,050	47,877
Proposed final dividend:		
Final – HK0.5 cent (2008: HK0.2 cent) per ordinary share	**22,329**	7,980

The Directors recommend the payment of a final dividend of HK0.5 cent per share in respect of 2009 to shareholders whose names appear on the Register of Members of the Company on 2 June 2010. This together with the interim dividend of HK0.35 cent per share gives a total of HK0.85 cent per share for the year (2008: HK0.6 cent per share). The proposed final dividend will be paid on 18 June 2010 following approval at the 2010 Annual General Meeting. These financial statements do not reflect the dividend payable.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$102,085,000 (2008: HK$65,301,000), and the weighted average of 4,058,260,000 (2008: 3,989,811,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 December 2009 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$102,085,000 (2008: HK$65,301,000). The weighted average number of ordinary shares of 4,068,031,000 (2008: 3,990,880,000) used in the calculation is the weighted average of 4,058,260,000 (2008: 3,989,811,000) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 9,771,000 (2008: 1,069,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of 20,000,000 (2008: 20,000,000) dilutive share options during the year.

11. TRADE AND BILLS RECEIVABLES (BY INVOICE DATE)

An aged analysis of the Group's trade and bills receivables as at 31 December 2009, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**544,142**	495,404
4 to 6 months, inclusive	**70,177**	86,596
7 to 9 months, inclusive	**6,876**	4,343
10 to 12 months, inclusive	**6,358**	1,378
More than 1 year	**26,418**	32,073
	653,971	619,794
Impairment allowances	**(23,335)**	(19,642)
	630,636	600,152

It is the general policy of the Group to allow a credit period of three to six months. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted in order to maintain a good relationship. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

12. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 60 to 90 days terms. An aged analysis of the Group's trade and bills payables as at 31 December 2009, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**339,369**	223,012
4 to 6 months, inclusive	**56,646**	28,866
7 to 9 months, inclusive	**6,517**	4,949
10 to 12 months, inclusive	**2,670**	1,607
More than 1 year	**6,103**	3,866
	411,305	262,300

13. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 January 2010, E-Growth entered into a share placing agreement with Kingsway Financial Services Group Limited ("Kingsway") pursuant to which Kingsway agreed to place, on a best efforts basis, up to 160,000,000 existing shares of the Company (the "Placing Shares") beneficially owned by E-Growth at a price of HK$0.24 per Placing Share (the "Share Placing Price") to the placees who and whose ultimate beneficial owners will be independent third parties.

On the same date, E-Growth entered into a subscription agreement with the Company for the subscription up to 160,000,000 shares of the Company at the Share Placing Price.

On 15 January 2010, the Company also entered into a warrant placing agreement with Kingsway in connection with a warrant placing, pursuant to which Kingsway agreed to place, on a best effort basis, 192,000,000 warrants conferring rights to subscribe for 192,000,000 shares of the Company (the "Warrant Shares") at a warrant exercise price of HK$0.30 per Warrant Share to the warrant placees who and their respective ultimate beneficial owners are independent third parties.

(b) On 24 February 2010, the Group entered into an agreement with Matsushitu Shokai Company Limited ("Matsushitu Shokai") pursuant to which the Group has agreed to grant to Matsushitu Shokai the option to acquire 240,800 shares of Tongda Optical Company Limited ("Tongda Optical"), a 85.1% owned subsidiary of the Company and incorporated in Hong Kong after the reporting period on 15 January 2010. The remaining 14.9% equity interest in Tongda Optical is owned by Matsushitu Shokai.

BUSINESS REVIEW

I. Financial

For the year ended 31 December 2009, the Group recorded a turnover of HK$1,800,254,000, representing a notable rise of 29.2% when compared with last year (2008: HK$1,393,843,000). The increase was mainly attributable to the rapid growth in electrical appliance and notebook computer casing businesses. Electrical appliances in particular have benefited from the rural home appliance subsidies policy implemented by the Chinese Central Government. The turnover of this division increased by 2.8 times to approximately HK$445,109,000 (2008: HK$161,206,000). The notebook computer casing business with higher margins has also generated a strong revenue stream for the Group's Electrical Fittings Division. Within the consolidated accounts, about 15.0% (2008: 11.4%) of the total turnover of the Group for the period was contributed by Tongda (Xiamen) Technology Limited ("Xiamen Technology") which is 75%-owned by the Group.

The Group was able to offset the effect of a year-on-year decline in overall average selling price and recorded a gross profit of HK$302,379,000 (2008: HK$217,918,000) on the strength of implementing effective cost control measures together with a renewed focus on high value-added products, while also benefiting from depressed raw material prices. Gross profit margin increased to approximately 16.8% (2008: 15.6%). Despite the challenging business environment and rising operating costs, the profit attributable to shareholders was increased to approximately 5.7% (2008: 4.7%).

To better prepare for capturing future opportunities, the Group has diligently adhered to a prudent financial strategy thereby maintaining a healthy financial position. As at 31 December 2009, the Group had cash and bank and pledged deposits balances of approximately HK$246,050,000 (2008: HK$191,613,000). The Group raised HK$37,700,000 through share placing in January 2010 to secure a stronger cash flow.

II. Operations Information by Division

(1) Electrical Fittings Division

In-Mould Lamination (IML) products remained as the core business of the Group. The advantage in IML technology has also allowed the Group to become a cost effective, quality and reliable one-stop solution provider with a leadership position in both domestic and international markets. During the year, turnover from the Electrical Fittings Division rose by about 54.4% to approximately HK$1,305,676,000 (2008: HK$845,843,000), being occupied 72.5% of the Group's total turnover. IML products of the Group are applied principally in handsets, notebook computers and electrical appliances and has contributed to the considerable growth in the Division. Performance details of the different IML product segments are as follows:

i. Notebook computers

The Group recorded outstanding progress in further extending its application of IML technology to notebook computer casings which offer higher margins. During the year under review, turnover from the business surged 2 times from approximately HK$112,000,000 in the same period last year to HK$225,452,000. Tapping its expertise as a casing manufacturing expert, the Group integrates technology and industrial design by applying IML techniques including colour coating, plasma surface treatment, leather incrustation, multi-colour automatic printing and alloys with various textures. The Group thus provides high quality trendy designs topped off by unique surface-finishes that are in demand for notebook computer casings. These leading-edge designs have caught the attention and the business of Asus, Hon Hai, Quanta and Compal, the world's four largest computer manufacturers based in Taiwan which supply over 90% of the global notebook computers. This signal of success to break into the notebook computer market has translated into a gush of orders and a corresponding rapid expansion of growth in this segment within a short period.

ii. Handsets

Turnover from the Group's handset business rose by 11.7% from approximately HK$564,374,000 during the same period last year to approximately HK$630,307,000 achieving satisfactorily growth. During the year, an increased volume of orders from world-renowned mobile phone manufacturers Nokia, Motorola and Sony Ericsson pushed forward the steady advance of the Group's handset business. The Group has also continued its close partnerships with key handset manufacturers in China while maintaining a stable flow of orders from Huawei, ZTE Corporation and Lenovo, consolidating the Group's leading presence in the handset supply chain.

iii. Electrical appliances

The Group's electrical appliance business has also provided a steady income stream to the Group thanks to relationships with renowned customers of longstanding including Haier, Midea, Gree, Toshiba, Hitachi, Panasonic, Sharp, Philips, Cisco, Sony and Samsung. A favourable business factor during the year was the Chinese Government's continued provision of subsidies to residents of rural China for purchasing household appliances. The turnover of products for electrical appliance applications increased by about 2.8 times to approximately HK$445,109,000 (2008: HK$161,206,000). With the Chinese Government committed to promoting industries targeted at the domestic consumer sector, the Group expects continued expansion of this business.

(2) Light Guide Plate for LED TV

According to a forecast by Display Search, LCD TVs will hence forth use LED backlighting technology over cold fluorescent lighting. Domestic brands such as Hisense, Amoisonic and Konka have their sights set on developing LED projects while overseas TV manufacturers such as Samsung, Sony, LG-Philips, Chimei and Auo and their related companies have already developed LED TVs. LED backlight modules for large size LCDs is regarded as an important next wave in boosting the sale of LED TVs. Since LED TVs are mercury free, they are also more environmentally friendly.

After the EU implemented a RoHS directive on 1 July 2006 charging a recycling fee of US$10 per TV that uses backlight technology, many companies have commenced research and trial production of LED backlit TVs. In this area of expertise, Tongda Group has allied with Matsushita Shokai to develop and produce larger LED light guide plates in Xiamen. A joint venture company has been formally set up in the first quarter of 2010. Currently, the project has started trial production and is expected to commence mass production in the second half of 2010. The first batch of customers will be set at those prestige Japanese electrical appliance brandnames.

(3) Communication Facilities Division and Other Businesses

To enhance the Group's high-value-added product profile, it established a development center in Shenzhen that will focus on core ODM and JDM electronic products for customers that hold intellectual property rights or patents.

(4) Rationalisation of Ironware Parts Division

During the year, the Division has received bulk orders from a UK customer for manufacturing satellite TV modem cases which has contributed to the improvement of profitability of the Division. Other sectors of business within this Division has scaled down a lot for its low profitability.

As part of the Group's strategic focus on developing higher margin business segments, the Group has scaled down the overall operation of the Ironware Parts Division. Turnover from this division during the year was approximately HK$338,124,000 (2008: HK$410,851,000).

(5) Product turnover breakdown for the 12 months ended 31 December 2009 and 2008

	2009	2008
Electrical Fittings Division	**73%**	61%
i. Handset	**35%**	41%
ii. Notebook Computers	**13%**	8%
iii. Electrical Appliances	**25%**	12%
Ironware Parts Division	**19%**	30%
Communication Facilities and Other Businesses	**8%**	9%

The major income of the Group came from the most profitable electrical fittings division, whose turnover contribution increased from 60.7% in 2008 to 72.5% in 2009. The Group has diversified its products. Apart from handset casing and electrical appliance like washing machines and air conditioner; it has expanded the application of IML to notebook casing and will further boost its sales. In addition, the Group will also extend its business to LED TV Light Guide Plate. The Group is confident that the diversification and the strategic shift to more profitable production will secure stronger profit stream.

III. Prospect

With the apparent recovery of the global economy and strong consumer demand, the consumer electronics business should continue to boom. The Group's solid business and technology foundation, its leadership as a supplier of one-stop solution for consumer electronics casings, its active efforts in exploring new business and products and stringent cost saving measures are conducive to the development of the Group in the long run. Looking ahead, the Group will continue to develop high value-added solutions to achieve a high growth for its business.

In light of the proven track record and huge market demand for the IML notebook computer and handset casings, the management expects the IML business will remain the principal growth driver of the Group. The 3G network in China continues to expand, and mobile phone users are also increasing in parallel, driving growth of the Group's handset casing business. As one of the few manufacturers capable of producing the entire exterior cover of handsets and by leveraging its close relationship with major handset manufacturers in China, the Group stands well to make the most of this enormous opportunity.

To capture enormous opportunities arising from the computer casing business, the Group has started to set up production facilities in Shanghai and Jiangsu. When completed, the new plants will enable the Groups to expand production facilities from Shenzhen, Xiamen and Fujian to Shanghai and Jiangxu, where a number of international notebook computer manufacturers have clustered, and will pave the way for future expansion of its overall production capacity and providing a more

comprehensive service network for its customers. The Group will enhance the production plant and add new facilities and equipments in mid-2010. It is expected to commence operation by the end of 2010.

With LED TVs enjoying rapid consumer takeup, the Group believes this business should become a new growth driver for the Group. According to DisplaySearch, the penetration rate of LED TVs in the market is estimated to rise from 20% in 2010 to 72% in 2015. The output of light guide plate used in LED TV is expected to reach 184,900,000 pieces, underlining the huge demand in the market segment in the next few years. LED TV features the crisp colour display of general LCD TV as well as the vivid motion picture performance of plasma TV. Moreover, the environmentally friendly features of light guide plates used in LED TVs will make it a preferred component for manufacturing the new generation of backlights for LCD TVs.

Apart from focusing on realizing the huge potential of business to be gained from targeting the handset, notebook computer and the LED TV segments, the Group will closely monitor other opportunities to achieve a more balanced growth of its revenue sources. Riding on the wealth of market experience accumulated over the years, the Group will capitalise on every growth opportunity and secure more stable and promising returns in these fast growing segments.

IV. Cash Flow and Financial Resources

The Group has adequate cash-on-hand. As at 31 December 2009, it has cash and bank and pledged deposits balance of HK$246 million and without holding any structural investment contract. In 2008, the Group secured a three-year bank loan of HK$350 million. Heeding the current economic situation, the Group will allocate its resources carefully and with prudence focusing on developing more high profit and high value-adding products, and applying IML technology in more productions so as to gain maximum benefit from the technology. Furthermore, the Group will closely monitor market trends and look for merger and acquisition opportunities at suitable time to help speed up business development and also strengthen and raise its industry position.

As at 31 December 2009, the Group had total assets of HK$2,359 million (2008: HK$2,073 million); net current assets of HK$462 million (2008: HK$548 million) and equity of HK$1,381 million (2008: HK$1,215 million).

The Group's cash and bank balance of about HK$246 million, HK$20 million has been pledged to bank to secure trade facilities (2008: HK$43.7 million).

The gearing ratio of the Group (net debt/equity plus net debt) was 0.32 (2008: 0.33).

The effective interest rate of the Group's long term bank loans and short term bank loans is HIBOR plus 1.1%, and are denominated in Hong Kong dollars. Other than the aforementioned bank loans, the remaining bank loans of the Group are denominated in RMB and USD with effective interest rates ranging from 5.0% to 5.3% and board rate or HIBOR plus 1.9% per annum, respectively.

FOREIGN CURRENCY RISK

The Group carries on its trading transactions mainly in Hong Kong dollars and RMB. Approximately 67% of the Group's sales and purchases are denominated in RMB, whereas wages and raw material purchases are settled in RMB. With exchange risks cancelled out by earnings and expenses from sale and purchase, the Group has very low exposure to risk from exchange rate fluctuation. It is the policy of the Group to maintain balance of sales and purchases in the same currency.

EMPLOYEE

As at 31 December 2009, the Group had about 7,400 (2008: 6,800) employees. The Group provides competitive remuneration packages to employee commensurable to the level and market trend of pay in the business in which the Group operates, with mandatory provident fund schemes and a share option scheme.

CAPITAL STRUCTURE

All of the Company's shares are ordinary shares. Other than the non-current portion of bank loan of HK$99 million (2008: HK$211.20 million), the Group's borrowings are repayable within one year as at the end of the reporting period.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group had contingent liabilities in respect of outstanding irrevocable letters of credit of HK$21 million (2008: HK$22 million).

In addition, the Company had contingent liabilities in respect of corporate guarantees provided for banking facilities for certain subsidiaries and an associate, which were utilised to the extent of HK$55 million (2008: HK$44 million) at the end of the reporting period.

Save as disclosed above, neither the Group nor the Company, had any significant contingent liabilities at the end of the reporting period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, its holding company, nor any of its subsidiaries redeemed or sold any of the Company's listed securities during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all code provisions of the Code on Corporate Governance Practices in as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange throughout the year covered by the Annual Report, except for the deviations as mentioned below:

The independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation at the annual general meeting in accordance with the Company's memorandum and articles of association.

The roles of Chairman and Chief Executive should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Wang Ya Nan currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The present structure is considered to be appropriate under the circumstances.

The Company has an audit committee "the Committee", which was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Committee comprises the three independent non-executive directors of the Company. The Group's financial statements for the year ended 31December 2008 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards, and legal requirements, and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiries of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

The Company's branch share registers will be closed from 25 May 2010 to 2 June 2010 (inclusive of the first and last day) to process share transfer. A member entitled to the proposed final dividend, must submit the share transfer form together with the relevant shares on or before 4:00 pm on 24 May 2010 2010 to our Company's branch share registrars, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

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

Hong Kong, 16 April 2010

As at the date of this announcement, the executive directors of the Company includes Messrs Wang Ya Nan, Wang Ya Hua, Wong Ah Yu, Wong Ah Yeung, Choi Wai Sang, Wang Ming Che, and independent non-executive directors Dr. Yu Sun Say JP, Mr. Ting Leung Huel Stephen and Mr. Cheung Wah Fung, Chirstopher, JP.