通達集團
TONGDA GROUP

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 2010

HIGHLIGHTS

- Our turnover for the financial year ended 31 December 2010 reached approximately HK$2,348,300,000, representing an increase of approximately 30.4% as compared with that for the financial year ended 31 December 2009.

- Our net profit attributable to owners of the Company for the financial year ended 31 December 2010 reached approximately HK$200,900,000, representing an increase of approximately 96.8% as compared with that for the financial year ended 31 December 2009.

- Basic earnings per Share for the financial year ended 31 December 2010 was HK4.5 cents representing an increase of approximately 78.6% as compared with that for the financial year ended 31 December 2009.

- The Directors propose to declare a final dividend of HK1 cent per Share and a special dividend of HK0.2 cent per Share for the financial year ended 31 December 2010.

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 2010 (the "Year"), together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	6	**2,348,264**	1,800,254
Cost of sales		**(1,940,690)**	(1,497,875)
Gross profit		**407,574**	302,379
Other income and gains, net	6	**36,475**	25,003
Selling and distribution costs		**(53,115)**	(49,045)
Administrative expenses		**(122,827)**	(108,080)
Other expenses, net		**(5,974)**	(18,623)
Finance costs	7	**(20,254)**	(16,685)
Share of profits and losses of associates		**2,607**	3,110
PROFIT BEFORE TAX	8	**244,486**	138,059
Income tax expense	9	**(34,241)**	(24,228)
PROFIT FOR THE YEAR		**210,245**	113,831
Attributable to:			
Owners of the Company		**200,931**	102,085
Non-controlling interests		**9,314**	11,746
		210,245	113,831
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
— Basic		**HK4.50 cents**	HK2.52 cents
— Diluted		**HK4.43 cents**	HK2.51 cents

Details of the dividends are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**210,245**	113,831
OTHER COMPREHENSIVE INCOME		
Gain on property revaluation	**6,529**	2,119
Income tax effect	**(1,077)**	(350)
Exchange differences on translation of foreign operations		
— subsidiaries	**20,817**	—
— associates	**450**	(105)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**26,719**	1,664
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**236,964**	115,495
Attributable to:		
Owners of the Company	**226,493**	103,749
Non-controlling interests	**10,471**	11,746
	236,964	115,495

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**957,035**	822,303
Prepaid land lease payments		**30,968**	30,995
Investment properties		**46,977**	50,230
Goodwill		**22,751**	22,751
Available-for-sale investment		**8,061**	—
Prepayments		**56,354**	56,401
Investments in associates		**34,408**	35,543
Long term deposits		**17,482**	11,412
Deferred tax assets		**3,703**	3,833
Total non-current assets		**1,177,739**	1,033,468
CURRENT ASSETS			
Inventories		**472,249**	369,242
Trade and bills receivables	12	**1,019,725**	630,636
Prepayments, deposits and other receivables		**112,745**	75,498
Tax recoverable		**6,057**	4,574
Pledged deposits		**39,109**	20,242
Restricted bank balances		**5,199**	—
Cash and cash equivalents		**183,698**	225,808
Total current assets		**1,838,782**	1,326,000
CURRENT LIABILITIES			
Trade and bills payables	13	**655,883**	411,305
Accrued liabilities and other payables		**92,079**	81,105
Due to non-controlling shareholders of subsidiaries		**189**	665
Due to related companies		**1,862**	9,993
Tax payable		**124,436**	112,245
Interest-bearing bank borrowings		**282,392**	248,226
Total current liabilities		**1,156,841**	863,539
NET CURRENT ASSETS		**681,941**	462,461

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,859,680**	1,495,929
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**169,750**	99,094
Loan from a non-controlling shareholder of a subsidiary		**7,331**	—
Deferred tax liabilities		**20,066**	16,025
Total non-current liabilities		**197,147**	115,119
Net assets		**1,662,533**	1,380,810
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	**46,049**	43,058
Reserves		**1,569,947**	1,290,465
		1,615,996	1,333,523
Non-controlling interests		**46,537**	47,287
Total equity		**1,662,533**	1,380,810

NOTES TO FINANCIAL STATEMENTS

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 a leasehold building in Hong Kong and the investment properties 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

Basis of consolidation from 1 January 2010

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 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

3. CHANGE 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases — *Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements — Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised HKAS 27 changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases is revised as a consequence of the amendment to HKAS 17 Leases included in Improvements to HKFRSs 2009. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of the Group's leases in Mainland China remained as operating leases.

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 12 Amendments	Amendments to HKAS12 Income taxes — *Deferred Tax: Recovery of Underlying Assets*[5]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

5. OPERATING SEGMENT INFORMATION

The following tables present revenue, profit and certain assets and liabilities information for the Group's operating segments for the years ended 31 December 2010 and 2009.

Group

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**1,874,656**	1,305,676	**330,169**	338,124	**143,439**	156,454	**—**	—	**2,348,264**	1,800,254
Intersegment sales	**24,594**	8,089	**20,256**	2,563	**18,326**	33	**(63,176)**	(10,685)	**—**	—
Total	**1,899,250**	1,313,765	**350,425**	340,687	**161,765**	156,487	**(63,176)**	(10,685)	**2,348,264**	1,800,254
Segment results before depreciation and amortisation	**334,818**	211,037	**39,744**	36,894	**(8,699)**	1,306	**—**	—	**365,863**	249,237
Depreciation	**(82,415)**	(65,266)	**(11,487)**	(10,622)	**(2,594)**	(3,794)	**—**	—	**(96,496)**	(79,682)
Amortisation	**(672)**	(599)	**(1,361)**	(1,286)	**(76)**	(74)	**—**	—	**(2,109)**	(1,959)
Segment results	**251,731**	145,172	**26,896**	24,986	**(11,369)**	(2,562)	**—**	—	**267,258**	167,596
Unallocated income									**36,475**	25,003
Corporate and other unallocated expenses									**(41,600)**	(40,965)
Finance costs									**(20,254)**	(16,685)
Share of profits and losses of associates									**2,607**	3,110
Profit before tax									**244,486**	138,059
Income tax expense									**(34,241)**	(24,228)
Profit for the year									**210,245**	113,831
Other segment information:										
Impairment losses recognised in the income statement*	**(4,585)**	(8,602)	**(2,841)**	(529)	**(677)**	(1,804)	**—**	—	**(8,103)**	(10,935)
Impairment losses reversed in the income statement**	**2,556**	25	**—**	—	**52**	2,090	**—**	—	**2,608**	2,115

* Included impairment of trade receivables, write-off of trade receivables and write-down of inventories to net realisable value.

** Included write-back of impairment of trade receivables.

5. **OPERATING SEGMENT INFORMATION (continued)**

Group

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,593,128**	2,066,744	**364,415**	406,043	**594,644**	853,324	**(838,652)**	(1,279,394)	**2,713,535**	2,046,717
Unallocated assets									**302,986**	312,751
Total assets									**3,016,521**	2,359,468
Segment liabilities	**1,634,427**	1,564,918	**173,344**	245,259	**208,346**	364,573	**(1,258,773)**	(1,671,682)	**757,344**	503,068
Unallocated liabilities									**596,644**	475,590
Total liabilities									**1,353,988**	978,658

Geographical Information

Group

(a) *Revenue from customers*

	Mainland China		Southeast Asia		Middle East		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**2,040,413**	1,420,887	**62,027**	133,454	**96,733**	115,868	**149,091**	130,045	**2,348,264**	1,800,254
(b) *Non-current assets*	**1,075,729**	939,650	**—**	—	**—**	—	**33,087**	31,691	**1,108,816**	971,341

The revenue information above is based on the location of the customers.

The non-current asset information above is based on the location of assets and excludes investments in associates, available-for-sale investment, goodwill and deferred tax assets.

Information about a major customer

During the year ended 31 December 2009, revenue of approximately HK$200,270,000, representing 11.1% of the Group's revenue, was derived from sales by the electrical fittings segment and the ironware segment to a single customer, including sales to a group of entities which are known to be under common control of that customer. None of the customers accounted for more than 10% of the Group's revenue during the year ended 31 December 2010.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical fittings	**1,874,656**	1,305,676
Ironware parts	**330,169**	338,124
Communication facilities and others	**143,439**	156,454
	2,348,264	1,800,254
Other income and gains, net		
Bank interest income	**1,155**	2,122
Gross rental income with nil outgoings	**3,746**	733
Sales of scrap materials	**5,530**	6,626
Gain on disposal of an investment property	**453**	—
Changes in fair value of investment properties	**—**	500
Gain on bargain purchases	**—**	403
Foreign exchange differences, net	**9,124**	3,085
Sales of mould and tooling income	**11,652**	4,216
Others	**4,815**	7,318
	36,475	25,003

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest expenses on bank loans and overdrafts wholly repayable within five years	**20,254**	16,685

8. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**1,940,690**	1,497,875
Depreciation	**96,496**	79,682
Amortisation of prepaid land lease payments	**748**	673
Amortisation of prepayments	**1,361**	1,286
Research and development costs**	**48,771**	36,850
Minimum lease payments under operating leases of leasehold land and buildings	**12,287**	11,316
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	**345,377**	238,092
Equity-settled share option expense	**928**	—
Pension scheme contributions	**5,449**	4,626
Less: Amounts included in research and development costs	**(9,511)**	(2,245)
	342,243	240,473
Impairment of goodwill for an associate*	**1,061**	—
Impairment of goodwill for a subsidiary*	**—**	9,058
Impairment of trade receivables*	**1,212**	5,808
Write-back of impairment of trade receivables*	**(2,608)**	(2,115)
Write-off of trade receivables*	**5,439**	3,252
Write-down of inventories to net realisable value*	**1,452**	1,875
Net fair value losses on foreign exchange derivative financial instruments	**—**	662
Gain on partial disposal of a subsidiary*	**—**	(2,223)
Loss/(gain) on disposal of items of property, plant and equipment*	**(303)**	44

* Impairment of goodwill for an associate, impairment of goodwill for a subsidiary, impairment/(write-back of impairment) of trade receivables, write-off of trade receivables, write-down of inventories to net realisable value, gain on partial disposal of a subsidiary and loss/(gain) on disposal of items of property, plant and equipment 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$16,281,000 (2009: HK$14,351,000) which are capitalised under property, plant and equipment in the consolidated statement of financial position and are depreciated over their estimated useful lives.

Cost of inventories sold includes HK$399,868,000 (2009: HK$283,020,000) 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.

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong		
Charge for the year	**43**	44
Overprovision in prior years	**—**	(60)
	43	(16)
Current — Elsewhere		
Charge for the year	**40,159**	28,727
Overprovision in prior years	**(8,845)**	(7,733)
	31,314	20,994
Deferred	**2,884**	3,250
Total tax charge for the year	**34,241**	24,228

10. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 December 2009 — HK0.5 cent per ordinary share (2009: final dividend of HK0.2 cent per ordinary share, in respect of the financial year ended 31 December 2008)	**22,329**	7,980
Interim — HK0.6 cent (2009: HK0.35 cent) per ordinary share	**26,795**	15,070
	49,124	23,050
Proposed dividend:		
Final dividend — HK1 cent (2009: HK0.5 cent) per ordinary share	**46,723**	22,329
Special dividend — HK0.2 cent (2009: NIL) per ordinary share	**9,345**	—

The proposed final dividend of HK1 cent per ordinary share (2009: HK0.5 cent) and a special dividend of HK0.2 cent per ordinary share (2009: NIL) for the year is subject to the approval of the Company's shareholders at the forthcoming annual meeting.

11. EARNINGS PER SHARE

	2010	2009
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company	**200,931**	102,085
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,469,943**	4,058,260
Effect of dilutive potential ordinary shares:		
Share options	**42,664**	9,771
Warrants	**21,677**	—
Weighted average number of ordinary shares for the purpose of calculating dilutive earnings per share	**4,534,284**	4,068,031

12. TRADE AND BILLS RECEIVABLES

An aged analysis of the Group's trade and bills receivables as at 31 December 2010, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**906,218**	544,142
4 to 6 months, inclusive	**100,410**	70,177
7 to 9 months, inclusive	**10,446**	6,876
10 to 12 months, inclusive	**1,433**	6,358
More than 1 year	**23,392**	26,418
	1,041,899	653,971
Impairment allowances	**(22,174)**	(23,335)
	1,019,725	630,636

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.

13. 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 2010, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**516,664**	339,369
4 to 6 months, inclusive	**114,499**	56,646
7 to 9 months, inclusive	**15,211**	6,517
10 to 12 months, inclusive	**2,949**	2,670
More than 1 year	**6,560**	6,103
	655,883	411,305

14. SHARE CAPITAL

	2010	2009
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
4,604,900,000 (2009: 4,305,800,000) ordinary shares of HK$0.01 each	**46,049**	43,058

CHAIRMAN'S STATEMENT

My heartfelt thanks to all of you for your support of our Group. Now, on behalf of the Board of Directors of Tongda Group Holding Limited (the "Group"), I am pleased to announce the annual results of the Group for the year ended 31 December 2010 ("the Year"). Through a series of strategic deployment and efforts, the Group's business has diversified and expanded into an area of high value-added, innovative and precision technology. During the Year, the Group successfully entered the market of Light Guide Plate used in LED TV and embarked on mass production by the end of 2010. Meanwhile, the Group has also successfully expanded its business to cover the manufacturing of glass touch panel of smart handsets with a view to consolidating our existing customer base and further developing our cooperative relationship. In addition, the Group has made major progress in its core business, as shown, in particular, by the completion and putting into operation of its Changshu-based production line of laptop computer casings, which has substantially boosted the Group's competitive advantage. The breakthroughs we accomplished in our business during the Year have laid a solid foundation for the Group's high-speed development in the future.

The Group's results of operations for 2010 have scored a new high, with the turnover increasing by 30.4% to HK$2,348,264,000 (2009: HK$1,800,254,000), gross profit increasing by 34.8% to HK$407,574,000 (2009: HK$302,379,000), and gross margin reaching 17.4% (2009: 16.8%). With increasing revenue from higher margin products which the Group focused on, profit attributable to the owners of the Company reached HK$200,931,000 (2009: HK$102,085,000), representing a rise of 96.8% over the previous year. The measures taken by the Group during the Year to control cost and improve efficiency have also achieved remarkable results, with its net profit margin significantly increasing 2.9 percentage points to 8.6%.

The Group has always been committed to generating attractive returns for its shareholders and maintaining a stable dividend policy. The Board recommended the payment of a final dividend of HK1 cent per share (2009: HK0.5 cent) and a special dividend of HK0.2 cent per share (2009: Nil) for the Year. Taking into account the interim dividend of HK0.6 cent per share, the Group paid HK1.8 cent per share (2009: HK0.85 cent) as total dividend in the Year, representing a significant increase of 111.8% from the previous year.

As an innovative high-tech enterprise, the Group is well aware of the development potential of the LED TV market, believing that with features of being environmental friendly and slim, LED TV will be the mainstream in the TV market. In fact, as early as two years ago, the Group had entered into cooperation with Matsushita Shokai Co., Ltd. to develop and manufacture light guide plates used in LED TV and the manufacturing facility was formally put into production in late 2010. At present, we have secured orders from Japanese TV brands, with the contribution of this business to the Group's revenue to be reflected in the Group's results of operations of 2011. According to DisplaySearch, the sales of LED TV will rise from 36.5 million in 2010 to 185 million in 2015, showing huge potential for growth. By virtue of its leading technologies and accurate market positioning, the Group has become one of the pioneering manufacturers of the next-generation light guide plates in China. It is expected that this business will become a major growth driver of the Group in the future.

The booming handset market will also be a major contributor to the Group's growth. According to the estimate of Topology Research Institute, the global sales of handsets will stand at around 1.45 billion in 2011, with the sales of smart phones accounting for 400 million, and the number is expected to reach up to 1.76 billion in 2015, promising huge market potential. As an expert in the design of handset fittings and casings, the Group has set about tapping the business of glass touch panel of handsets to expand its access to market opportunities. As glass touch panel of handsets have high technology content, they also enjoy higher gross margin. By developing high-tech and high value-added products, the Group is expected to further consolidate its leading position as an expert in surface decoration while enhancing its profitability.

The Group's highly mature In-Mould Lamination (IML) technology, which constitutes one of its core competitive advantages, enables the Group to win further market recognition and customer praise. During the Year, orders from notebook computers and the income they brought continued to go up. Fashionable and innovative designs based on our sophisticated IML technology have been well-received and trusted by many internationally renowned brands of handsets, notebook computers and electrical appliances, making the Group one of the world's biggest one-stop solution provider of plastic casings of consumer electronics, and gaining new orders from internationally renowned brands.

Tongda Group has been striving to promote its own strength and explore international market, hence successfully consolidating its leading role as a one-stop solution provider for consumer electronic casing in the international market. With different business segments successfully establishing a vast and sound client base of the prestigious international brands for consumer electronics, the Group will continue its efforts in further improving the long-term business relationship with prestigious brands, as well as expanding our international client network, in order to increase our market share in consumer electronics. Meanwhile, we will carry on the development of high technology and innovative design, with a focus on developing high value-added products, thereby consolidating the Group's image and role as an innovative high-tech enterprise and meanwhile achieving greater profits.

Looking forward, in view of the gradual revival of the US and Europe markets, concurrent with China being the production base of global electronic products, the management are confident of the prospects of consumer electronics. With our state-of-the-art IML technology, our role as the forerunner in China's manufacturing industry for light guide plates used in LED TV, the promising smart phone business, our strong R&D team and sound financial status, the Group is well prepared to strengthen the diversified existing high value added sectors, as well as capture every market opportunity to enter a phase of high growth in the next five years, thereby delivering sustainable returns to our shareholders and creating substantial value.

Appreciation

I, on behalf of the Board, wish to thank all our clients and shareholders for supporting and trusting the Group over the years. I would also like to express my gratitude to all staff of the Group for their dedication and contributions during the Year. We will continue to work together with our shareholders and staff and dedicate our best efforts to create fruitful results that we can all share.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Financial

Due to strong revenue growth recorded in handset, notebook computer, electrical appliance casing business, as well as consistent optimization of our product portfolio, the Group's turnover kept growing in the year and amounted to HK$2,348,264,000 representing a rise of 30.4% when compared with last year (2009: HK$1,800,254,000). In spite of the rise in labor and materials costs in Mainland China, the Group took effective measures for cost control, focused on the development of highly value-added products, and managed to increase its gross profit to HK$407,574,000, representing a rise of 34.8% when compared with last year (2009: HK$302,379,000); the Group's gross profit margin was maintained at 17.4% (2009: 16.8%). The profit attributable to owners of the Company was increased from HK$102,085,000 in 2009 to HK$200,931,000 a rise of 96.8% in 2010. The Group's overall net profit margin was increased to 8.6% (2009: 5.7%).

Besides, the Group made great progress in the development of highly value-added products. In view of the huge smart handset market, the Group has begun to develop the business of glass touch panel of handsets, such production line has been completed and started mass production.

The Group adhered to a prudent financial strategy. As at 31 December 2010, the Group had pledged deposits balances, restricted bank balances and cash and cash equivalents of approximately HK$228,006,000 (2009: HK$246,050,000).

II. Operations Information by Division

(a) *Electrical Fittings Division*

Being a global one-stop solutions providers of consumer electronics plastic casings, the Group strives to develop its IML technology, enhance leadership in the industry, and maintain rapid growth in casing business. During the Year, the Group's volume of orders from handset, notebook computer, electrical appliance casing business kept growing; orders from new clients were acquired. The turnover from this Division was increased significantly to HK$1,874,656,000 a year-on-year increase of 43.6% (2009: HK$1,305,676,000).

i. *Handsets*

During the Year, the turnover handset business was increased by 50.8% to HK$950,723,000 account for 51% of the turnover from the entire Electrical Fittings Division. Being a strategic partner of Huawei and ZTE which are renowned leading handset manufacturers in the industry, the Group benefited from these clients' rise of market share and achieved remarkable growth in volume of orders. Meanwhile, the Group maintained close cooperation with world-famous cellphone manufacturers like Nokia, TCL, Sony Ericsson and Lenovo, which created a stable revenue stream for the Group.

Along with improvement of the IML technology, the Group is able to design and manufacture tailor-made, stylish and innovative casings, surface ornaments and components which helps enhance cooperation relationship with clients.

ii. *Notebook computers*

The Group's volume of orders of notebook cases business kept growing, with turnover increased by 42.6% to HK$321,497,000, occupying 17% of the turnover from the entire Division. Apart from the increasing orders from the world's top 4 computer manufacturers including Asus, Acer, Quanta and Compal, as well as famous computer brands like Lenovo, Dell and HP, the Group managed to acquire orders from new clients including NEC and Toshiba, thus further expanded its customer base. The growth of consumer demand in personalized notebook casings with colorful and stylish designs also created infinite business opportunities and made a contribution to the outstanding achievements of the Division.

iii. *Electrical appliances*

Thanks to China's "Consumer Electronics Subsidy Program" extending to more domestic cities, the Group's turnover from consumer electrical appliance cases business increased by 35.3% to HK$602,436,000 account for 32% of the turnover from the entire Electrical Fittings Division from last year. Along with the rise in domestic household income and living standards, market demand in high-end household electrical appliances is increasing day by day, creating numerous business opportunities for the Group. During the Year, we have maintained close cooperative relationships with our customers and the Group's orders from clients manufacturing high-end household appliances increased significantly, our customers including Haier, Midea, Gree, Sharp, Toshiba, Hitachi, Philips, Cisco, Sony, Samsung and Zojirushi, which created a stable revenue stream for the Group.

iv. *Light Guide Plate for LED TV*

As early as two years ago, being well aware of the development potential of the LED TV market, the Group had entered into cooperation with Matsushita Shokai to develop and manufacture high-quality light guide plates used in LED TVs. The light guide plate is a core component of an LED TV that provides more exquisite and vivid images by transmitting the LED backlight evenly to the whole screen. By virtue of the Group's own strong production team and R&D strength, coupled with the professional consultancy and technology support from Matsushita Shokai, the Group boasts a substantially heightened competitive advantage in the production of light guide plates for LED TVs.

The Group's Xiamen-based production line of light guide plates for LED TVs was formally put into operation in late 2010. Backed by the strong brand of Matsushita Shokai and by a vast customer base, the Group has secured orders from Japanese TV brands. This business will be a major growth driver of the Group in the future, with its contribution to the Group's revenue to be reflected in the results of operations for 2011.

(b) ***Ironware Parts Division***

This division posted a stable turnover of HK$330,169,000 (2009: HK$338,124,000) for the Year. The Group will continue its focus on higher gross margin products, including smaller and more sophisticated ironware parts that used by electronic products. With the shift of the Group's resource allocation toward more profitable core business, the sales of this business will account for a gradually decreasing share of the Group's total turnover.

(c) ***Communication Facilities Division and Other Business***

The Communication Facilities Division of the Group focuses on the production of satellite TV receivers and set top boxes, with its turnover for the Year standing at HK$143,439,000 (2009: HK$156,454,000).

(d) ***Total turnover analysis (by products) for the years ended 31 December 2010 and 2009 is as follows:***

	2010	2009
Electrical Fittings Division	**80%**	73%
i. Handset	***40%***	*35%*
ii. Notebook Computers	***14%***	*13%*
iii. Electrical Appliances	***26%***	*25%*
Ironware Parts Division	**14%**	19%
Communication Facilities and Other Business	**6%**	8%

III. Prospects

With the gradual recovery of the US and Europe markets in the wake of the global financial crisis, as well as the continued growth of Mainland China's economy, the Group believes that the global market of consumer electronics will maintain high-speed growth. In its bid to capitalize on the surging opportunities of the market, the Group has made a full range of strategic business deployments by diversifying and expanding to higher value-added, innovative and precision technology fields while enhancing its competitive advantage in its core business. The Group has full confidence that it will continue to accomplish a satisfactory growth in the coming year.

The Group is a pioneer in the Chinese market of light guide plates for LED TVs, which will be its major growth driver in the coming year. The Xiamen-based production facility has launched mass production in late 2010 and expects its processing and production facilities of light guide plates for LED TVs to reach approximately six million units in 2011 to meet the huge market demand. In the meantime, the Group will also make active efforts to obtain orders from more renowned customers to expand its source of income.

Regarding its core business of casing products, the Group's new production facility located in Changshu City of Jiangsu Province, in response to the rapid growth of the market demand, has been completed and put into production in early 2011 with focus on notebook casing products. This facility, abutting the production bases of international notebook manufacturers, gives the Group considerable advantages in transportation and cost. Meanwhile, with this adjacent facility, we can strengthen our cooperation with the world's renowned notebook computer manufacturers accordingly, and ultimately enhance the competitiveness of our products. In the meantime, the Group will continue to make active efforts to strengthen its IML technology in order to meet customers' different needs in product design.

The Group has built a large and strong customer base, and in the future, will intensify its R&D efforts to focus on high value-added products and deepen cooperative relations with existing and new customers. In view of the huge market of smart handset, the Group will take active efforts to seize business opportunities; in fact, it has begun to develop the business of glass touch panels of handsets. The production line for this product has been completed and put into operation and targets a production volume of 12.5 million units for 2011. These efforts to develop high-tech and high value-added products are expected to further consolidate the Group's leading position as an expert in surface decoration, while contributing to its profit margin.

Besides business expansion, the Group will continue to implement effective cost control measures and sound financial policies and remain committed to consolidating the Group's image and status as an innovative high-tech enterprise toward a long-term business growth.

IV. Cash Flow and Financial Resources

During the year, the Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Group's principal banks in Hong Kong and China.

As at 31 December 2010, it has cash and bank, restricted bank balances and pledged deposits balance of HK$228 million and without holding any structural investment contract. During the year, the Group secured a three-year bank loan of HK$300 million to re-finance the three-year HK$350 million bank loan secured in 2008. 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 2010, the Group had total assets of HK$3,017 million (2009: HK$2,359 million); net current assets of HK$682 million (2009: HK$462 million) and equity of HK$1,663 million (2009: HK$1,381 million).

The Group's cash and bank balance of about HK$228 million, of which HK$5.2 million (2009: Nil) has been designated in a bank account for the Group's purchase and, HK$39 million has been pledged to bank to secure trade facilities (2009: HK$20.2 million).

The gearing ratio of the Group (net debt/equity plus net debt) was 0.39 (2009: 0.32).

The Company's bank loans are with annual effective interest rates of Hong Kong Interbank Offered rate ("HIBOR") plus 1.1% and 1.15%. Other than the Company's bank loans, the effective interest rates of the other bank loans range from 4.95% to 6.12% and board rate or HIBOR plus 2.5% per annum, respectively.

FOREIGN CURRENCY RISK

The Group carries on its trading transactions mainly in Hong Kong dollars, United States dollars and RMB. As the foreign currency risks generated from the sales and purchases can be set off with each other, the foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

EMPLOYEE

As at 31 December 2010, the Group had about 9,400 (2009: 7,400) 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$170 million (2009: HK$99 million), the Group's borrowings are repayable within one year as at the end of the reporting period.

CONTINGENT LIABILITIES

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$82 million (2009: HK$55 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.

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.

AUDIT COMMITTEE OF THE BOARD

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 audited consolidated financial statements for the year ended 31 December 2010 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.

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 announcement.

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.

PUBLICATION OF FINAL RESULTS

This announcement will be published on the websites of the Stock Exchange and the Company.

The annual report of the Company for the financial year ended 31 December 2010 containing all the information required by appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

PROPOSED FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends the payment of a final dividend of HK 1.0 cent per share and a special dividend of HK 0.2 cent per share for the year ended 31 December 2010. The proposed final dividend and special dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on 25 May 2011, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. It is expected that the final dividend and special dividend will be paid on or about 2 June 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on or before Thursday, 30 June 2011. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders on or before Friday, 29 April 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2011 to 1 June 2011 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend for the year ended 31 December 2010, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 25 May 2011.

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

Hong Kong, 16 March 2011

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.