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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 2012

HIGHLIGHTS

- Our turnover for the financial year ended 31 December 2012 reached approximately HK$3,408,091,000, representing an increase of approximately 8.3% as compared with that for the financial year ended 31 December 2011.

- Our net profit attributable to owners of the Company for the financial year ended 31 December 2012 reached approximately HK$300,005,000, representing an increase of approximately 19.9% as compared with that for the financial year ended 31 December 2011.

- Basic earnings per Share for the financial year ended 31 December 2012 was HK6.37 cents representing an increase of approximately 18.8% as compared with that for the financial year ended 31 December 2011.

- The Directors propose to declare a final dividend of HK1.2 cent per Share for the financial year ended 31 December 2012.

The Board of Directors (the "Board") of Tongda Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 (the "Year"), together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	6	**3,408,091**	3,147,119
Cost of sales		**(2,677,444)**	(2,541,776)
Gross profit		**730,647**	605,343
Other income and gains, net	6	**17,217**	39,778
Selling and distribution expenses		**(81,868)**	(70,435)
Administrative expenses		**(210,575)**	(172,142)
Other operating expenses, net		**(9,043)**	(14,466)
Finance costs	7	**(48,991)**	(53,268)
Share of profits and losses of associates		**3,516**	2,124
PROFIT BEFORE TAX	8	**400,903**	336,934
Income tax expense	9	**(67,389)**	(77,419)
PROFIT FOR THE YEAR		**333,514**	259,515
Attributable to:			
Owners of the Company		**300,005**	250,308
Non-controlling interests		**33,509**	9,207
		333,514	259,515
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
— Basic		**HK6.37 cents**	HK5.36 cents
— Diluted		**HK6.36 cents**	HK5.30 cents

Details of the dividends are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**333,514**	259,515
OTHER COMPREHENSIVE INCOME		
Gain on property revaluation	**3,603**	5,905
Income tax effect	**(594)**	(974)
Exchange differences on translation of foreign operations		
— subsidiaries	**6,847**	56,522
— associates	**151**	1,327
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,007**	62,780
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**343,521**	322,295
Attributable to:		
Owners of the Company	**309,571**	309,512
Non-controlling interests	**33,950**	12,783
	343,521	322,295

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,229,728**	1,077,552
Prepaid land lease payments		**33,723**	34,026
Investment property		**51,961**	50,976
Goodwill		**22,751**	22,751
Prepayments		**62,921**	59,141
Investments in associates		**40,881**	46,986
Long term deposits		**32,452**	32,040
Deferred tax assets		**3,703**	3,703
Total non-current assets		**1,478,120**	1,327,175
CURRENT ASSETS			
Inventories	*12*	**801,981**	672,876
Trade and bills receivables	*13*	**1,455,801**	1,303,892
Prepayments, deposits and other receivables		**151,557**	118,823
Due from a related company		**2,528**	4,550
Tax recoverable		**82**	132
Pledged deposits		**92,439**	57,400
Cash and cash equivalents		**221,460**	253,784
Total current assets		**2,725,848**	2,411,457
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,014,378**	857,218
Accrued liabilities and other payables		**115,185**	122,831
Due to a non-controlling shareholder of a subsidiary		**54**	54
Tax payable		**172,047**	162,332
Interest-bearing bank and other borrowings		**564,311**	402,639
Total current liabilities		**1,865,975**	1,545,074
NET CURRENT ASSETS		**859,873**	866,383
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,337,993**	2,193,558

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**88,769**	236,911
Loan from a non-controlling shareholder of a subsidiary		**7,331**	7,331
Deferred tax liabilities		**49,016**	34,176
Total non-current liabilities		**145,116**	278,418
Net assets		**2,192,877**	1,915,140
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**47,633**	46,783
Reserves		**2,054,473**	1,811,464
		2,102,106	1,858,247
Non-controlling interests		**90,771**	56,893
Total equity		**2,192,877**	1,915,140

NOTES

1. CORPORATE INFORMATION

Tongda Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is 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, 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 ("HKICPA"), 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 classified as property, plant and equipment and the investment property 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 2012. 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.

Total comprehensive income within a subsidiary is 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.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
Amendments to HKFRS 7	*Financial Instruments: Disclosures – Transfers of Financial Assets*

The HKFRS 7 Amendments require extensive quantitative and qualitative disclosures on transfer transactions of financial assets, including transferred financial assets that are not derecognised in their entirety and transferred financial assets that are derecognised in their entirety but for which the Group retains continuing involvement. In accordance with the transitional provision of the HKFRS 7 Amendments, no comparative information for the disclosures required by the amendments is provided by the Group.

The impact of amendments to HKAS 12 is further explained below. The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group as the Group's investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

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

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) *HKAS 32 Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 2012 and 2011.

Group

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**2,813,423**	2,653,549	**491,631**	376,865	**103,037**	116,705	**–**	–	**3,408,091**	3,147,119
Intersegment sales	**21,759**	7,383	**36,555**	19,542	**–**	4,950	**(58,314)**	(31,875)	**–**	–
Total	**2,835,182**	2,660,932	**528,186**	396,407	**103,037**	121,655	**(58,314)**	(31,875)	**3,408,091**	3,147,119
Segment results before depreciation and amortisation	**538,986**	496,182	**53,088**	20,586	**6,303**	(16,299)	**–**	–	**598,377**	500,469
Depreciation	**(119,035)**	(104,464)	**(12,697)**	(12,709)	**(4,273)**	(2,723)	**–**	–	**(136,005)**	(119,896)
Amortisation	**(708)**	(707)	**(1,577)**	(1,460)	**(80)**	(79)	**–**	–	**(2,365)**	(2,246)
Segment results	**419,243**	391,011	**38,814**	6,417	**1,950**	(19,101)	**–**	–	**460,007**	378,327
Unallocated income									**17,217**	39,778
Corporate and other unallocated expenses									**(30,846)**	(30,027)
Finance costs									**(48,991)**	(53,268)
Share of profits and losses of associates									**3,516**	2,124
Profit before tax									**400,903**	336,934
Income tax expense									**(67,389)**	(77,419)
Profit for the year									**333,514**	259,515
Other segment information:										
Impairment losses/write-down recognised in the income statement*	**(177)**	(4,563)	**(1,932)**	(8,716)	**(13,661)**	(13,156)	**–**	–	**(15,770)**	(26,435)
Impairment losses reversed in the income statement**	**702**	126	**–**	1,733	**928**	131	**–**	–	**1,630**	1,990
Capital expenditure***	**271,644**	173,866	**13,045**	19,115	**1,297**	821	**–**	–	**285,986**	193,802

* Included impairment of trade receivables and investments in associates, write-off of trade receivables and provision against obsolete inventories.

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

*** Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

5. OPERATING SEGMENT INFORMATION (continued)

Group

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**3,528,125**	3,149,188	**528,019**	431,446	**2,142,010**	627,024	**(2,375,502)**	(853,782)	**3,822,652**	3,353,876
Unallocated assets									**381,316**	384,756
Total assets									**4,203,968**	3,738,632
Segment liabilities	**1,835,915**	1,834,514	**246,546**	200,954	**1,249,321**	273,338	**(2,194,834)**	(1,321,372)	**1,136,948**	987,434
Unallocated liabilities									**874,143**	836,058
Total liabilities									**2,011,091**	1,823,492

Geographical information

(a) *Revenue from customers*

Group	Mainland China		Southeast Asia		Middle East		Others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**3,069,857**	2,895,032	**106,312**	37,481	**67,322**	68,229	**164,600**	146,377	**3,408,091**	3,147,119
(b) *Non-current assets*	**1,370,314**	1,215,824	**–**	–	**–**	–	**40,471**	37,911	**1,410,785**	1,253,735

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

The non-current assets information above is based on the locations of the assets and excludes investments in associates, goodwill and deferred tax assets.

Information about major customers

During the year ended 31 December 2012, revenue of approximately HK$679,364,000, representing 19.93% of the Group's revenue, was derived from sales by the electrical fittings segment to a single customer, including sales to a group of entities which are known to be under common control of that customer.

During the year ended 31 December 2011, revenue of approximately HK$443,734,000 and HK$391,008,000, representing 14.10% and 12.42% of the Group's revenue, respectively, were derived from sales by the electrical fittings segment to two customers, including sales to a group of entities which are known to be under common control of the respective customers.

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.

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of:		
Electrical fittings	**2,813,423**	2,653,549
Ironware parts	**491,631**	376,865
Communication facilities and others	**103,037**	116,705
	3,408,091	3,147,119
Other income and gains, net		
Bank interest income	**2,360**	922
Gross rental income with nil outgoings	**4,581**	4,292
Sale of scrap materials	**4,568**	4,140
Government grants*	**3,463**	751
Foreign exchange differences, net	**(2,645)**	25,465
Others	**4,890**	4,208
	17,217	39,778

* There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Interest expenses on bank and other loans wholly repayable within five years	**18,287**	12,715
Interest expenses on discounted bills	**30,704**	40,553
	48,991	53,268

8. PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**2,677,444**	2,541,776
Depreciation	**136,005**	119,896
Amortisation of prepaid land lease payments	**788**	785
Amortisation of prepayments	**1,577**	1,461
Research and development costs**	**85,049**	68,623
Minimum lease payments under operating leases of leasehold land and buildings	**21,510**	18,476
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	**555,210**	510,982
Pension scheme contributions	**15,160**	12,187
Less: amounts included in research and development costs	**(8,630)**	(9,875)
	561,740	513,294
Auditors' remuneration	**2,570**	2,470
Impairment of investments in associates*	**5,951**	5,000
Impairment of trade receivables*	**3,077**	10,617
Write-back of impairment of trade receivables*	**(1,630)**	(1,990)
Write-off of trade receivables*	**640**	826
Provision against obsolete inventories	**6,102**	9,992
Changes in fair value of an investment property	**(1,054)**	(1,707)
Loss/(gain) on disposal of items of property, plant and equipment*	**1,126**	(45)

* Impairment of investments in associates, impairment and write-back of impairment of trade receivables, write-off of trade receivables and loss/(gain) on disposal of items of property, plant and equipment are included in "Other operating 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$17,267,000 (2011: HK$16,917,000) 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$624,541,000 (2011: HK$579,765,000) relating to staff costs, operating lease rentals of leasehold land and buildings, provision against obsolete inventories, amortisation of prepayments and depreciation, 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% (2011: 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.

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**25**	42
Underprovision/(overprovision) in prior years	**29**	(115)
	54	(73)
Current – Elsewhere		
Charge for the year	**66,396**	58,281
Underprovision/(overprovision) in prior years	**(13,260)**	6,509
	53,136	64,790
Deferred	**14,199**	12,702
Total tax charge for the year	**67,389**	77,419

10. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 December 2011 – HK1 cent per ordinary share (2011: final and special dividends of HK1 cent and HK0.2 cent per ordinary share, in respect of the financial year ended 31 December 2010)	**46,833**	56,110
Interim – HK0.8 cent (2011: HK0.7 cent) per ordinary share	**38,106**	32,748
	84,939	88,858
Proposed final dividend:		
Final – HK1.2 cents (2011: HK1 cent) per ordinary share	**57,160**	46,783

The proposed final dividend of HK1.2 cents per ordinary share (2011: HK1 cent per ordinary share) for the year is subject to the approval of the Company's shareholders at the forthcoming annual meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2012	2011
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company	**300,005**	250,308
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,711,510**	4,673,263
Effect of dilutive potential ordinary shares:		
Share options	**5,533**	44,617
Warrants	**–**	3,380
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,717,043**	4,721,260

12. INVENTORIES

	2012	2011
	HK$'000	*HK$'000*
Raw materials	**313,022**	221,802
Work in progress	**176,691**	112,453
Finished goods	**312,268**	338,621
	801,981	672,876

As at 31 December 2012, moulds of HK$81,407,000 (2011: HK$61,376,000) are included in the finished goods.

13. TRADE AND BILLS RECEIVABLES

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 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.

An aged analysis of the Group's trade and bills receivables as at 31 December 2012, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**1,205,857**	1,131,887
4 to 6 months, inclusive	**213,144**	165,634
7 to 9 months, inclusive	**33,035**	6,283
10 to 12 months, inclusive	**2,611**	1,220
More than 1 year	**32,930**	30,063
	1,487,577	1,335,087
Impairment allowances	**(31,776)**	(31,195)
	1,455,801	1,303,892

14. 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 2012, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**650,400**	655,123
4 to 6 months, inclusive	**298,472**	164,989
7 to 9 months, inclusive	**47,603**	7,479
10 to 12 months, inclusive	**1,922**	13,584
More than 1 year	**15,981**	16,043
	1,014,378	857,218

15. SHARE CAPITAL

	2012	2011
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
4,763,300,000 (2011: 4,678,300,000) ordinary shares of HK$0.01 each	**47,633**	46,783

CHAIRMAN'S STATEMENT

I am pleased to announce the annual results of Tongda Group Holdings Limited (the "Group" or "Tongda Group") for the year ended 31 December 2012 (the "Year") on behalf of the Board of Directors. With our innovative precision technology and fashionable product design as well as advanced and reliable one-stop solutions, Tongda Group has progressed along with international renowned handsets, notebook computers and electrical appliances customers for years and maintained a leading position in one-stop solution for consumer electronics casings in the international market. The continuous growth in total turnover of the Group evidenced the significant accomplishments we have achieved in business development and operating results. For the Year, Tongda Group succeeded in attracting Templeton Strategic Emerging Markets Fund, a major global investment fund, to become our strategic shareholder, which fully demonstrates the confidence the investment community has on the Group's core advantages and prospect.

During the Year under review, benefited from the increasing business of smartphone and notebook computer casings, the Group's total turnover increased by 8.3% to HK$3,408,091,000 (2011: HK$3,147,119,000), gross profit increased by 20.7% to HK$730,647,000 (2011: HK$605,343,000) and gross profit margin was 21.4% (2011: 19.2%). Profit attributable to shareholders recorded

HK$300,005,000 (2011: HK$250,308,000), representing an increase of 19.9% year-on-year. For the Year, the Group strived to optimize its product mix, focusing on developing high value-added products and integrating its production lines to improve efficiency and control costs, thereby contributing to the increase of its net profit margin to 8.8%.

The Group has always been committed to generating satisfactory returns for its shareholders and maintaining a stable dividend policy. The Board recommended the payment of a final dividend of HK1.2 cents per share (2011: HK1.0 cent) for the Year. Together with the interim dividend of HK0.8 cent per share paid, the total dividend for the Year will amount to HK2.0 cents (2011: HK1.7 cents), representing a dividend payout ratio of 31.4%.

The management of Tongda Group has always kept abreast of the customer requirements with unique vision, promoted business diversification and enhanced the technological content of its products. For the Year, the Group discerned the market opportunities of 4G (the 4th generation wireless communication system) and initiated the development of LDS antenna applicable to 4G mobile equipment. LDS antenna technology is superior to the physical antenna technology in the past as it can save the tiny and complicated space of the handsets and tablets internal structure and reduce antenna disturbance. Currently, Tongda Group is the only one-stop service provider of integrating antenna and casings vertically with LDS antenna technology in the PRC market. As the rapid popularization of 4G mobile equipment, the Group would enjoy incomparable competitive advantage in technology, which will lay a solid foundation for the rapid growth in the next 3 to 5 years.

We will also continue our development into high-tech and creative design with a focus on producing high value-added products to consolidate the image and status of Tongda Group as an innovative high-tech corporation. As the IML(In-Mould Lamination) technology becomes more mature, the Group has evolved from an expert of fashionable casing decoration into a one-stop service provider of casing products with advanced functions and decorations, and further extended its business into the more creative and higher-precision technological field. For the Year, we commenced mass production of high-precision casings and casing with embedded structures of handsets, with higher margins and became one of the few providers acquainted with LDS antenna technology. We will continue to deepen our cooperation with suppliers of advanced materials and research new materials to meet the trend of constantly changing casing design, and expect to improve our profit margin by those high-tech and innovative products and further expand the customer base of the Group and secure more orders in future, which will generate substantial profit in the long run.

The huge and strong international renowned consumer electronics customer base of the Group was the driving force behind our rapid business growth within past few years. To deepen our long-term business relationship with customers, the Group will put more emphasis on product quality and provide employees with technological training to create high-quality products. The Group will also take full advantage of the synergy of each business division by implementing lean management and stringent cost-control strategy, so as to further improve the overall efficiency of the production lines, and adhere to prudent financial policy to lay a solid foundation for the future.

Facing with the challenging global economy and the increasingly fierce competition in the industry, the Group will take its focused, professional and specialized advantages to consolidate its leading position in the consumer electronics casings industry. With the international customer network, unparalleled advanced technology and craftmanship, diversified high value-added product portfolio and flexible and effective integration of production lines, the Group takes full advantage of the opportunities in the consumer electronics product market. The Management expects to further increase the market share of the Group in consumer electronics product field and promote high value-added product portfolio, so as to bring long-term returns and create considerable values for shareholders.

Appreciation

On behalf of the Board, I wish to thank all customers and shareholders for supporting and trusting the Group over the years and would also like to express my gratitude to all the staff for their dedication and contribution. We will continue to work closely with shareholders and employees and enjoy the development results.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial Position

Despite that the overall economic environment remained volatile in 2012, the demand for high-end consumer electronics products, such as smartphone, was increasingly stronger and provided constant support to the casings and related components businesses of the Group. The Group recorded an increase of 8.3% in turnover to HK$3,408,091,000 (2011:HK$3,147,119,000) for the Year. Benefited from the development of high value-added products and increasingly expanding product portfolio as well as implementation of effective cost-control measures, the gross profit of the Group increased by 20.7% to HK$730,647,000 (2011:HK$605,343,000) compared to that of last year and the gross profit margin increased from 19.2% of last year to 21.4%. Profit attributable to owners of the Company increased from HK$250,308,000 in 2011 to HK$300,005,000, representing an increase of 19.9% and the overall net profit margin of the Group rose to 8.8% (2011:8.0%).

As of 31 December 2012, the Group had pledged deposits, cash and cash equivalent balances of approximately HK$313,899,000 (2011:HK$311,184,000)

2. Operational Information by Division

(a) Electrical Fittings Division

The Group devoted efforts to expand its own IML ("In-mould Lamination") and IMD ("In-mould Decoration") technological application and constantly enhanced its scientific research capability to meet consumers' increasing demand for high-tech products. In view of the increasing demand for high value-added electrical fittings products and casing products with functions and decorations on the market, the Group launched more high quality products to further expand customer base. For the Year, casings and parts maintained satisfactory growth, which resulted in a 6.0% growth in revenue of the electrical fittings division to HK$2,813,423,000 (2011:HK$2,653,549,000), representing 83% of the total turnover.

i. Handsets

Turnover of the Group's handset business increased by 9.5% to HK$1,556,058,000 from HK$1,420,412,000 last year, representing 55% of the turnover in the electrical fittings division. For the Year, the global sales of smartphones still maintained a rapid growth, and with the wider recognition and increasing market share of domestic handset brands in the international market, the Group strengthened its cooperation with renowned mobile phone manufacturers such as ZTE and Huawei, which drove up the orders of handset high-precision casings and casings with embedded structures. The Group has discerned the market opportunities and successfully deepened the relationship with customers through strengthening the combination of handset's decorative and the functional components and timely developed and launched more high value-added products. For the Year, our major renowned-brand customers include Huawei, ZTE, Nokia, TCL, Lenovo and other rapidly growing domestic brands. Utilising our high-tech and creative design, the Group selected to complement for the high-end handset models to enhance profit margin.

ii. Notebook Computers

During the Year, the Group's notebook computer business recorded an increase of 23.6% in turnover from HK$449,179,000 last year to HK$555,040,000, representing 20% of the turnover of the electrical fittings division. As one of the preferred component suppliers of notebook computers of Lenovo, a worldwide renowned computer brand, the Group benefited from the further increasing market share of the brand in global computer market, and orders from the brand posted a satisfactory growth. For the Year, the Group also took advantage of its leading technology to launch other products of notebook computer components, such as casings of portable hard disk and mouse, to expand its revenue base. Meanwhile, the Group committed to apply IML and IMD printing technology to research and develop quality metal casings and fittings. The Group continued to maintain close cooperation relationship with other notebook computer customers and partners, including Dell, HP, Toshiba, NEC and Taiwan's top four computer manufacturers, namely, Asus, Acer, Quanta and Compal. In addition to the increasing in Lenovo's market share, the Group also actively supplied high-precision components to enjoy higher average price and gross profit of products. For the Year, the average price of products rose in line with the popularity of metal casings.

iii. Electrical Appliances

In the first half of 2012, the weak performance of domestic real estate market and the absorption of the accumulated stock of electrical products customers substantially dragged the sales of electrical products. Fortunately, the situation improved in the second half, which mitigated the impact on the electrical products business of the Group. The segment turnover for the period decreased by 10.4% to HK$702,325,000 (2011:HK$783,958,000), accounting for 25% of the total turnover of the electrical fittings division. The Group kept long-term cooperation relationship with domestic leading electrical appliances brands, including Midea, Haier and Gree, and produced components for high-end electrical appliances, such as glass for touch screen and casing of appliance composed of plastic, so as to ensure the Group's leading position in the decorative and functional casings business of high end electrical appliances'.

(b) *Ironware Parts Division*

Through technology innovations and more efficient use of resources, the Group focused on producing aluminum parts with various surfaces effects and high-precision metal components. Due to the increase in product categories and the replacement of plastic casings of some electrical appliances by metal casings, segment turnover increased by 30.5% to HK$491,631,000 (2011:HK$376,865,000) year on year.

(c) *Communication Facilities Division and Other Business*

The Communication Facilities Division of the Group which focuses on the production of satellite TV receivers and set top boxes, posted a decrease of 11.7% in turnover to HK$103,037,000 (2011: HK$116,705,000) for the Year.

(d) Total turnover analysis (by products) for the years ended 31 December 2012 and 2011:

	2012	2011
Electrical Fittings Division	**83%**	84%
i. Handsets	***46%***	*45%*
ii. Notebook Computers	***16%***	*14%*
iii. Electrical Appliances	***21%***	*25%*
Ironware Parts Division	**14%**	12%
Communication Facilities and Other Business	**3%**	4%

3. Prospects

Despite that the global economy still faced uncertainties, the growth of China's economy was relatively stable and medium and high-end consumer electronics products had considerable development potential. With the success of its strategic business deployment, the Group will continue to focus on smartphone, notebook computer and tablet computer business and expand its high value-added product portfolio, and become a one-stop service provider of casing products with functional components and decorations. Meanwhile, the Management will follow the principle of fiscal prudence and proactively consolidate operational strength, which will enable the Group to maintain a long-term and stable growth of business performance amid the increasingly complicated operational environment.

For smartphones, the Group will continue to increase investment in research and developing new technology and products and the direction will be on ultra-thin and functional components. In order to seize the market opportunities and complement the development of leading handset brand customers in domestic 4G (the 4th generation wireless communication system) handset business, the Group has initiated the development of Laser Direct Structuring technology applicable to 4G mobile equipment. Related products are expected to be put into trial production at the end of this year and commercial production will commence next year. According to iHS Suppli, it is expected that handset users using 4G LTE in the world will increase to 744 million in 2015 which will create huge demand for handsets. As the shipment of smartphones in the world and China is continuously growing, renowned handset brands all to the prospects of the market, which reflects ample business opportunities in the smartphone market.

For notebook computers, the development trend of the Group will be towards the integration of ultra-thin and functional components while metal coating and other metal effects will be the new key area for research. In addition, the Group will devote particular effort to promote the application of core technology of IML to other computer-related products. As there is an improving sign of electrical appliance market and the central government offers environmental protection and energy saving allowances, we are positive on the prospects of electrical appliance business. In view that the casings of electrical appliances (such as rice cookers, air-conditioners and washing machines) will follow the development trend of handset and notebook computer casings and heading towards the use of components with advanced functions and equipped with high-end ironware casing, therefore, the Group will take full advantage of the synergy of each business division to raise further the overall efficiency of the production line.

The Group remains optimistic about its business performance for the coming year. The Management will continue to adopt the formulated business strategy, keep abreast of the market requirements and actively seize opportunities related to potential high-end consumer electronics products. We will maintain our advantages in advanced technology and craftmanship, diversified high value-added product portfolio and flexible and effective integration of production lines, and reward the Group with greater profit. In addition, we will be committed to maintaining a healthy financial position and continue to strengthen good relationship with banks for more favorable financing terms to support our future expansion plan. The Group will always maintain a stable dividend policy and bring long-term and greater returns for shareholders.

4. Cash Flows 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 2012, the Group has cash and bank and pledged deposits balance of HK$313,899,000 and without holding any structural investment contract. In February 2013, the Group entered into a three-year bank loan of HK$350,000,000 which is used in ordinary course of business and fixed assets addition. In view of the current economic situation, the Group will allocate its resources carefully and with prudence focusing on developing more high profit and high value-added products, and applying IML technology in more productions so as to gain maximum benefit from IML 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 of the Group.

As at 31 December 2012, the Group had total assets of HK$4,203,968,000 (2011: HK$3,738,632,000); net current assets of HK$859,873,000 (2011: HK$886,383,000) and equity of HK$2,192,877,000 (2011: HK$1,915,140,000).

The Group's cash and bank balances of about HK$313,899,000, of which HK$92,439,000 has been pledged to bank to secure trade facilities (2011: HK$57,400,000).

The gearing ratio of the Group (consolidated net borrowings/total equity) was 15.8% (2011: 17.5%).

The Company's bank loans are with annual effective interest rates of Hong Kong Interbank Offered rate ("HIBOR") plus 1.15% and 1.5%. Other than the Company's bank loans, the effective interest rates of the bank and other borrowings range from 5.60% to 7.87% per annum, respectively.

5. Capital Expenditure

The total capital expenditure incurred for 2012 was HK$285,986,000 (2011: HK$193,802,000), mainly used to acquire production equipments and the building of staff dormitory.

6. Treasury Policy

The Group's sales were principally denominated in Hong Kong dollars, RMB and United States dollars while purchases were transacted mainly in United States dollars, RMB and United States dollars. As the foreign currency risks generated from the sales and purchases can be set off with each other and the fluctuation of Renminbi in 2012 did not materially affect the costs and operations of the Group for the year, the directors do not foresee significant risk in exchange rate fluctuation. Currently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

Other than the information disclosed above, the Group had no material acquisitions nor disposals of subsidiaries and associated companies in the financial year ended 31 December 2012, no contingent liabilities as at 31 December 2012 and at the reporting date, and no future plans for material investments nor acquisitions of material capital assets as at 31 December 2012 and at the reporting date.

7. Human Resources

As at 31 December 2012, the Group employed a total of 13,000 employees (31 December 2011: 11,600 employees) in Hong Kong and the PRC. The total salaries and wages for the year ended 31 December 2012 amounted to HK$555,210,000 (2011: HK$510,982,000).

Employees are remunerated based on their performance, experience and prevailing industry practice. The Group's remuneration policies and packages are reviewed by its management on a regular basis. In addition to offering competitive salary packages, the Group also grants discretionary bonuses and share options to subscribe shares of the Company to qualified employees based on operation conditions and individual performance.

CAPITAL STRUCTURE

All of the Company's shares are ordinary shares. Other than the non-current portion of bank loan of HK$88,769,000 (2011: HK$236,911,000), 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$83,331,000 (2011: HK$42,024,000) 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 of the Best Practice (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange throughout 2012 with certain deviation as mentioned below:

The Company has three independent non-executive Directors, namely Dr. Yu Sun Say, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, JP, and Mr. Ting Leung Huel Stephen respectively.

The three independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in the Articles of Association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting. According to A.4.1 of the CG Code, it requires that all non-executive directors should be appointed for a specific term, subject to re-election. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those set out in the CG Code.

According to A.2.1. of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Wang Ya Nan currently holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Also, vesting the roles of both Chairman and Chief Executive Officer 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 balance of power is further ensured by the following reasons:

– Audit Committee (the “AC”) is comprised exclusively of all independent non-executive Directors; and

– The independent non-executive Directors have free and direct access to the Company’s external auditors and independent professional advices when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang Ya Nan, and believes that his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

AUDIT COMMITTEE

The Audit Committee (the "AC") comprises all independent non-executive Directors, Mr. Ting Leung Huel Stephen, Mr. Cheung Wah Fung, Christopher and Dr. Yu Sun Say. Mr. Ting takes the chair of the AC. The term of reference of the AC are aligned with the recommendations as set out in "A Guide for Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions as set out in the CG Code. The AC provides accounting and financial advices and recommendations to the Board as well as monitor and safeguard the independence of external auditors and relevant auditing matters. Also, the AC is responsible to review and supervise the internal control system of the Group and transactions with connected persons (if any).

The Group's unaudited interim results for the six months ended 30 June 2012 and annual results for the year ended 31 December 2012 have been reviewed by the AC which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has 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 2012 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

The Board recommends the payment of a final dividend of HK1.2 cents per share for the year ended 31 December 2012. The proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on 2 July 2013, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. It is expected that the final dividend will be paid on or about 10 July 2013.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on Tuesday, 25 June 2013. 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 30 April 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 July 2013 to 5 July 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2012, 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 2 July 2013.

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

Hong Kong, 14 March 2013

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.