



TUNGDA INNOVATIVE LIGHTING HOLDINGS LIMITED
東大新材料照明控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8229)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30TH JUNE, 2008

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This announcement, for which the directors of Tungda Innovative Lighting Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

HIGHLIGHTS

Turnover of the Group for the three months ended 30th June, 2008 was approximately HK\$12.02 million representing a decrease of approximately 9.41% as compared with that of the corresponding period in 2007.

Profit for the period attributable to shareholders amounted to approximately HK\$3.02 million.

Earnings per share for the period was HK0.27 cents.

The Board does not recommend the payment of an interim dividend in respect of the three months ended 30th June, 2008.

FIRST QUARTERLY REPORT

The board of directors (the “Board”) of Tungda Innovative Lighting Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30th June, 2008 together with the unaudited comparative figures for the corresponding period in 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 30th June,	
	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	3	12,015	13,269
Cost of sales		<u>(4,699)</u>	<u>(4,897)</u>
Gross profit		7,316	8,372
Other income and gain, net		751	561
Selling expenses		(222)	(387)
Administrative expenses		<u>(3,066)</u>	<u>(4,134)</u>
Profit from operations		4,779	4,412
Finance costs		<u>(9)</u>	<u>(3)</u>
Profit before taxation		4,770	4,409
Taxation	4	<u>(1,755)</u>	<u>(853)</u>
Profit for the period		<u><u>3,015</u></u>	<u><u>3,556</u></u>
Dividend	5	<u><u>–</u></u>	<u><u>–</u></u>
Earnings per share	6	<u><u>0.27 HK cents</u></u>	<u><u>0.32 HK cents</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2007	11,056	101,670	(2,128)	18,655	17,383	177,759	324,395
Exchange realignment	–	–	–	6,905	–	–	6,905
Profit for the period	–	–	–	–	–	3,556	3,556
At 30th June, 2007	<u>11,056</u>	<u>101,670</u>	<u>(2,128)</u>	<u>25,560</u>	<u>17,383</u>	<u>181,315</u>	<u>334,856</u>
At 1st April, 2008	11,056	101,670	(2,128)	45,430	17,383	198,023	371,434
Exchange realignment	–	–	–	15,297	–	–	15,297
Profit for the period	–	–	–	–	–	3,015	3,015
At 30th June, 2008	<u>11,056</u>	<u>101,670</u>	<u>(2,128)</u>	<u>60,727</u>	<u>17,383</u>	<u>201,038</u>	<u>389,746</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Company Law of Cayman Islands. The Company's shares are listed on GEM of the Stock Exchange on 26th July, 2002.

The Company acts as an investment holding company and the principal activities of the Group are trading and manufacturing of light source products.

2. Basis of preparation

This unaudited condensed consolidated results ("Results") has been prepared under historical cost convention and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accounts ("HKICPA") and applicable GEM Listing Rules.

This Results has been prepared in consistent with the accounting policies and basis of preparation adopted for the preparation of the Group's annual financial statements for the year ended 31st March, 2008.

This Results has been reviewed by the audit committee but not by the external auditors of the Company.

3. Turnover

Turnover represents amount received and receivable for goods, net of returns, sales discounts, and value-added tax, where applicable, sold to customers during the three months ended 30th June, 2008.

An analysis of the Group's turnover is set out as follows:

	(Unaudited)	
	For the	
	three months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
Turnover		
Sales of light source products	<u>12,015</u>	<u>13,269</u>

4. Taxation

	(Unaudited)	
	For the	
	three months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<u>1,755</u>	<u>853</u>
	<u>1,755</u>	<u>853</u>

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the respective three months ended 30th June, 2008 and 2007.

Pursuant to the relevant laws and regulations in the PRC, Tungda Lighting (Fujian) Company Limited (“Tungda Fujian”), a subsidiary of the Company is entitled to exemption from PRC Enterprise Income Tax for two years commencing from its first profit making year of operation, and thereafter, Tungda Fujian is entitled to 50% relief from PRC Enterprise Income Tax which is charged at 24% for the following three years. The first profit-making year of Tungda Fujian in PRC commenced on 1st January, 2003. The tax holiday and concession periods expired on 31st December, 2007. The applicable income tax rate since 1st January, 2008 was 25%.

No provision for deferred taxation for the periods has been made as the amount involved is insignificant.

5. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30th June, 2008 (three months ended 30th June, 2007: Nil).

6. Earnings per share

The calculation of the basic and diluted earnings per share for the three months ended 30th June, 2008 and 2007 is based on the following data:

	(Unaudited)	
	For the	
	three months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
Profit for the period and earnings for the purpose of calculation of basic earnings per share	<u>3,015</u>	<u>3,556</u>
Weighted average number of shares for the purpose of calculation of basic earnings per share	<u>1,105,600,000</u>	<u>1,105,600,000</u>

No diluted earnings per share was presented as there was no potential dilutive ordinary shares in issue for both periods.

REVIEW AND PROSPECT

Operating results

For the three months ended 30th June, 2008 (“Period”), the Group’s turnover was approximately HK\$12.02 million, representing a decrease of approximately 9.41% as compared to approximately HK\$13.27 million of last corresponding period.

The gross profit margin for the Period was 60.89% compared to 63.09% for the same period in 2007 as profit margin both of house brand and agency brand products decreased during the Period.

Other income and gain, net

The major component of other income and gain, net approximately HK\$0.75 million was interest income for the Period as compared to approximately HK\$0.56 million for the same period in 2007.

Selling and administrative expenses

The selling expenses amounted to approximately HK\$0.22 million for the Period as compared to approximately HK\$0.39 million in the corresponding period in the previous year which were primarily comprised of salaries, business promotion expenses and delivery expenses. The amount decreased because of decreasing in business promotion expenses during the Period.

The administrative expenses comprised primarily of directors' and staff remuneration, entertainment, rental expenses and general administrative expenses. The administrative expenses was approximately HK\$3.06 million for the Period as compared to approximately HK\$4.13 million in the corresponding period in 2007.

Profit for the Period

As a result of the factors discussed above, the profit for the three months ended 30th June, 2008 was approximately HK\$3.02 million as compared to the profit approximately HK\$3.56 million for the same period in 2007.

Prospect

The Board remains positive about the business and believes that the Group's sales will grow continuously in the future as more customers are now concerning the importance of environmental protection, and therefore, they are intending to use energy efficient light products with longer life hours instead of traditional light products with shorter life hours and high consumption powers.

PROPERTY, PLANT AND EQUIPMENT

There was no material acquisition of property, plant and equipment by the Group during the Period.

SUSPENSION ON TRADING OF SHARES

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

COMPETING INTERESTS

During the Period, the board of directors is not aware of any business or interest of each director, management shareholder of the Company and their respective associates that compete or may compete with the business of the Group or any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee on 8th July, 2002 with written terms of reference in accordance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules except that the audit committee currently comprises only two members (independent non-executive directors, Mr. Zhu Lei Bo and Mr. Hong Yong Hwan) and is not in compliance with Rule 5.28 of the GEM Listing Rules which requires, among others, the audit committee must comprise a minimum of three members. The Group's unaudited condensed consolidated results for the three months ended 30th June, 2008 have been reviewed by the audit committee but not by the external auditors of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has complied with the requirements of director's securities transaction stated in the GEM Listing Rules. All the directors of the Company have confirmed that they have complied with the requirements as set out in the GEM Listing Rules for the Period.

CORPORATE GOVERNANCE

According to Rule 5.05 and Rule 5.28 of the GEM Listing Rules, every board of directors of an issuer must include at least three independent non-executive directors and the audit committee must comprise a minimum of three members. However, the Board has only two independent non-executive directors and the audit committee comprises only two members. Therefore, the Company has been unable to strictly comply with the relevant requirements of the GEM Listing Rules. The Company will arrange to appoint suitable candidate(s) for taking up the vacancies.

The Company has, during the three months ended 30th June, 2008, complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules with deviation as mentioned below.

- (1) Code Provision A.2.1 requires the separation of the roles of Chairman and Chief Executive Officer.

The Company does not have an officer with the title of “Chief Executive Officer”. Mr. CHU Chien Tung is responsible for the management of the Board and strategic development of the Company. Mr. CHU Chick Kei and Mr. CHU Sen Hei respectively are responsible for the day to day management of the Group. Mr. CHU Chien Tung is also responsible for the overall management of and decision of the Group. This constitutes a deviation of the Code Provision of A.2.1. As Mr. CHU Chien Tung has extensive experience in the industry, the Board considers that the arrangement is beneficial to the Group as a whole. Despite the aforesaid, the Board will review such arrangement from time to time and consider the appointment of a Chief Executive Officer in the best interest of the Company and its shareholders.

- (2) Code Provision A.4.1 requires that non-executive directors should be appointed for specific term, subject to re-election.

The Company has deviated from this provision in that all non-executive directors and independent non-executive directors are not appointed for specific term. They are, however subject to retirement by rotation at each annual general meeting of the Company and being eligible for re-election according to the Company’s Articles of Association.

- (3) Code Provision B.1.1 requires the establishment of a remuneration committee with specific written terms of reference.

The Company has not established a remuneration committee, the board of directors is authorised by the shareholders at annual general meeting to fix the remuneration of the directors whereas a director shall abstain from voting in respect of any remuneration and fees paid to his interest.

- (4) Code Provision C.2.1 requires at least annually conduct a review of the effectiveness of the system of internal control.

The Company has not conducted an annual review of the effectiveness of the system of internal control as the Board considered that resumption trade of shares is need to dealt with priority during the Period. At the same time, an effective internal control is one of important factors for resumption trade of shares; therefore, the Company will conduct a review of the effectiveness of the system of internal control in order to comply with the Code Provision.

By Order of the Board

Chu Chien Tung

Chairman

Hong Kong, 7th August, 2008

Executive directors:

Mr. Chu Chien Tung

Mr. Chu Chick Kei

Mr. Chu Sen Hei

Non-executive director:

Dr. Fung Shiu Lun, Anthony

Independent non-executive directors:

Mr. Zhu Lei Bo

Mr. Hong Yong Hwan