



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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

INTERIM RESULTS

The board of directors (the “Board”) of Tungda Innovative Lighting Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th September, 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the six months ended		For the three months ended	
		30th September,		30th September,	
		2010	2009	2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	6,623	4,664	2,605	2,118
Cost of sales		<u>(5,625)</u>	<u>(6,932)</u>	<u>(2,747)</u>	<u>(2,606)</u>
Gross profit/(loss)		998	(2,268)	(142)	(488)
Other income		704	714	374	357
Selling and distribution costs		(243)	(238)	(123)	(123)
Administrative expenses		<u>(4,121)</u>	<u>(3,764)</u>	<u>(1,217)</u>	<u>(1,413)</u>
Operating loss		(2,662)	(5,556)	(1,108)	(1,667)
Finance costs	5	<u>(9)</u>	<u>(13)</u>	<u>(4)</u>	<u>(6)</u>
Loss before taxation		(2,671)	(5,569)	(1,112)	(1,673)
Taxation	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period attributable to the equity holders of the Company		(2,671)	(5,569)	(1,112)	(1,673)
Other comprehensive income:					
Exchange differences on translation of financial statements of foreign operations		<u>8,734</u>	<u>3,065</u>	<u>3,840</u>	<u>3,077</u>
Total comprehensive income/(loss) for the period attributable to the equity holders of the Company		<u>6,063</u>	<u>(2,504)</u>	<u>2,728</u>	<u>1,404</u>
Loss per share					
– Basic	7	<u>(0.24) HK cents</u>	<u>(0.50) HK cents</u>	<u>(0.10) HK cents</u>	<u>(0.15) HK cents</u>
Dividend	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30th September, 2010 <i>HK\$'000</i>	As at 31st March, 2010 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	38,234	38,707
Leasehold land and land use rights		<u>10,226</u>	<u>10,144</u>
		<u>48,460</u>	<u>48,851</u>
Current assets			
Inventories		3,798	3,741
Trade and other receivables	10	3,656	3,460
Cash and cash equivalents		<u>350,713</u>	<u>345,033</u>
		<u>358,167</u>	<u>352,234</u>
Current liabilities			
Trade and other payables	11	18,143	18,602
Obligation under a finance lease – due within one year	12	<u>129</u>	<u>126</u>
		<u>18,272</u>	<u>18,728</u>
Net current assets		<u>339,895</u>	<u>333,506</u>
Total assets less current liabilities		388,355	382,357
Non-current liabilities			
Obligation under a finance lease	12	<u>161</u>	<u>226</u>
Net assets		<u>388,194</u>	<u>382,131</u>
Equity			
Share capital	13	11,056	11,056
Reserves		<u>377,138</u>	<u>371,075</u>
Total equity		<u>388,194</u>	<u>382,131</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 profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2009	11,056	101,670	(2,128)	59,223	17,383	201,604	388,808
Total comprehensive income/(loss) for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,065</u>	<u>—</u>	<u>(5,569)</u>	<u>(2,504)</u>
At 30th September, 2009	<u>11,056</u>	<u>101,670</u>	<u>(2,128)</u>	<u>62,288</u>	<u>17,383</u>	<u>196,035</u>	<u>386,304</u>
At 1st April, 2010	11,056	101,670	(2,128)	59,444	17,383	194,706	382,131
Total comprehensive income/(loss) for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,734</u>	<u>—</u>	<u>(2,671)</u>	<u>6,063</u>
At 30th September, 2010	<u>11,056</u>	<u>101,670</u>	<u>(2,128)</u>	<u>68,178</u>	<u>17,383</u>	<u>192,035</u>	<u>388,194</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. Basic of preparation

This interim financial statements is unaudited and has been prepared under historical cost convention and in accordance with "Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable GEM Listing Rules.

This interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31st March, 2010.

This interim financial statements 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, 2010.

This unaudited interim financial statements 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 six months and three months ended 30th September, 2010.

4. Segmental information

An analysis of the Group's turnover is as follow:

Business segments

	(Unaudited)	
	For the	
	six months ended	
	30th September,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment turnover		
House brand light source products	3,905	2,179
Agency brand light source products	2,718	2,485
	<u>6,623</u>	<u>4,664</u>
Segment results		
House brand light source products	290	(2,800)
Agency brand light source products	708	532
	<u>998</u>	<u>(2,268)</u>
Unallocated net corporate expenses	<u>(3,660)</u>	<u>(3,288)</u>
Operating loss	(2,662)	(5,556)
Finance costs	(9)	(13)
Loss before taxation	(2,671)	(5,569)
Taxation	—	—
Loss for the period attributable to the equity holders of the Company	<u>(2,671)</u>	<u>(5,569)</u>

Geographical segments

The Group's operations are located in the People's Republic of China ("PRC") and Hong Kong. The following tables provide an analysis of the Group's turnover by geographical markets, irrespective of the origin of the goods:

	(Unaudited)	
	For the	
	six months ended	
	30th September,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,741	2,485
Europe	3,881	2,172
Others	1	7
	<u>6,623</u>	<u>4,664</u>

5. Finance costs

	(Unaudited)		(Unaudited)	
	For the		For the	
	six months ended		three months ended	
	30th September,		30th September,	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on a finance lease	<u>9</u>	<u>13</u>	<u>4</u>	<u>6</u>

6. Taxation

As the Group has sustained a tax loss for the six and three months periods ended 30th September, 2010 and 2009, no provision for Hong Kong Profits Tax and PRC Enterprise Income Tax is made for the periods.

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

7. Loss per share

The calculation of loss per share for the six and three months ended 30th September, 2010 and 2009 is based on the following data:

	(Unaudited)		(Unaudited)	
	For the		For the	
	six months ended		three months ended	
	30th September,		30th September,	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit for the period for the purpose of calculation of basic loss per share	<u>(2,671)</u>	<u>(5,569)</u>	<u>(1,112)</u>	<u>(1,673)</u>
Weighted average number of shares for the purpose of calculation of basic loss per share	<u>1,105,600,000</u>	<u>1,105,600,000</u>	<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.

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2010 (six months ended 30th September, 2009: Nil).

9. Property, plant and equipment

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

At 30th September, 2010, a motor vehicle with net book value about HK\$281,000 is held under a finance lease arrangement as mentioned in note 12.

10. Trade and other receivables

The following is an aged analysis of the Group's trade receivables which are included in trade and other receivables:

	(Unaudited) As at 30th September, 2010 <i>HK\$'000</i>	(Audited) As at 31st March, 2010 <i>HK\$'000</i>
Within three months	696	611
Four to six months	46	49
Seven to twelve months	10	34
More than one year	<u>1</u>	<u>3</u>
	<u>753</u>	<u>697</u>

The Group allows an average credit period ranging from 7 days to 90 days to its customers.

11. Trade and other payables

The following is an aged analysis of the Group's trade payables which are included in trade and other payables:

	(Unaudited) As at 30th September, 2010 <i>HK\$'000</i>	(Audited) As at 31st March, 2010 <i>HK\$'000</i>
Within three months	562	790
Four to six months	214	164
Seven to twelve months	–	–
More than one year	<u>3</u>	<u>3</u>
	<u>779</u>	<u>957</u>

12. Obligation under a finance lease

At the balance sheet date, the Group's total minimum lease payments under a finance lease arrangement and its present value are as follows:

	(Unaudited) As at 30th September, 2010 <i>HK\$'000</i>	(Audited) As at 31st March, 2010 <i>HK\$'000</i>
Within one year	142	142
In the second to fifth year inclusive	167	238
Total minimum lease payment	309	380
Future finance lease charges	(19)	(28)
Present value of total minimum lease payments	290	352

The present value of finance lease obligations is due as follows:

Within one year	129	126
In the second to fifth year inclusive	161	226
Falling due within one year included in current liabilities	(129)	(126)
	161	226

The Group leases a motor vehicle under a finance lease arrangement for an initial period of 5 years. The lease does not include contingent rentals. The leased motor vehicle secures the above lease obligation.

13. Share capital

	Number of shares	Amount HK\$'000
Shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31st March, 2010 and 30th September, 2010	<u>5,000,000,000</u>	<u>50,000</u>
<i>Issued and fully paid:</i>		
At 31st March, 2010 and 30th September, 2010	<u>1,105,600,000</u>	<u>11,056</u>

14. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	(Unaudited) For the six months ended 30th September, 2010		(Unaudited) For the three months ended 30th September, 2010	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental paid to Tungda Industrial Limited	<u>54</u>	<u>54</u>	<u>27</u>	<u>27</u>

Tungda Industrial Limited is the ultimate holding company of the Company.

The directors of the Company are of the opinion that the above transactions were carried out in the ordinary course of the Group's business based on normal commercial terms.

15. Comparative figures

Certain comparative figures have been reclassified to confirm with current periods presentation.

DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30th September, 2010.

FINANCIAL REVIEW

For the six months ended 30th September, 2010 (“Period”), the Group’s turnover was approximately HK\$6.62 million, representing an increase of approximately 42.00% as compared to approximately HK\$4.66 million of last corresponding period.

The gross profit for the Period was about HK\$1.00 million compared to gross loss about HK\$2.27 million for the same period in 2009. The change was attributable to the increase in sales of house brand products. The gross loss in prior corresponding period was attributable to the material decrease in sales of house brand products which resulted in corresponding decrease in production whilst the under-utilised fixed direct production overhead did not decrease and was included and reflected in cost of sales.

The major component of other income approximately HK\$0.70 million was interest income for the Period as compared to approximately HK\$0.71 million for the same period in 2009.

The selling and distribution costs for the Period primarily comprised of salaries. The amount decreased because of decrease in sales staff.

The administrative expenses comprised primarily of staff remuneration, entertainment, rental expenses, research and development expenses and general administrative expenses. The administrative expenses was approximately HK\$4.12 million for the Period as compared to approximately HK\$3.76 million for the corresponding period in 2009.

As a result of the factors discussed above, the loss for the six months ended 30th September, 2010 was approximately HK\$2.67 million as compared to the loss approximately HK\$5.57 million for the same period in 2009.

PROSPECT

The Group’s products have longer life hours and high energy efficiency. In addition, more customers are now concerning the importance of environmental protection, and therefore they are intending to use the Group’s products instead of traditional light source products. The Group will continue to pursue and focus on its core business of being a provider of good quality light source products.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th September, 2010, the Group's shareholders' funds amounted to approximately HK\$388.19 million. Cash and bank balances was approximately HK\$350.71 million as at 30th September, 2010, compared to HK\$343.18 million as at 30th September, 2009. Increase in cash stemmed primarily from cash generated from operating activities.

There was no material change in the capital structure of the Group for the six months ended 30th September, 2010.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were neither significant investment incurred by the Group nor material acquisitions and disposals of subsidiaries and affiliated companies during the six months periods ended 30th September, 2010.

CHARGE ON GROUP ASSETS

The leasehold buildings and one of the leasehold land and land use rights in the PRC of the Group have been pledged to a bank to secure banking facilities granted to the Group as mentioned in notes 13 and 14 to the Group's annual financial statements for the year ended 31st March, 2010.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's trading transactions, monetary assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars, the impact of the foreign exchange exposure of the Group was considered to be minimal and there was no significant adverse effect on the normal operations of the Group. As at 30th September, 2010, no related hedges were made by the Group.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30th September, 2010.

EMPLOYEE INFORMATION

As at 30th September, 2010, the Group had about 46 full time employees. The Group's employees were remunerated according to the nature of their duty and market trend, with discretionary bonus and benefit of retirement scheme, share options and necessary training.

PROPERTY, PLANT AND EQUIPMENT

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

SUSPENSION ON TRADING IN 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, the Company has actively communicated with relevant section of the Stock Exchange of Hong Kong Limited since January 2007.

With reference to the Company's announcement on 3rd April, 2009, the Company received a letter in around November 2008 from the Stock Exchange in which the Stock Exchange set out conditions prior to uplifting of the Company's suspension of trading in shares pursuant to Rule 9.10 of the GEM Listing Rules.

The Company will make further announcements as appropriate for any further material developments.

INVESTIGATION BY THE COMMERCIAL CRIME BUREAU

With reference to the Company's announcement on 13 August, 2010, officers of Commercial Crime Bureau of the Hong Kong Police Force ("CCB") executed a search warrant at the premises of the Group. The search warrant concerned an investigation by the CCB of a suspected offence (conspiracy to defraud, contrary to Common Law). Mr. Chu Chien Tung, the Chairman, Mr. Chu Chick Kei, an executive director, and Ms. Chu Pik Ang, an accounting clerk of the Company have informed the Company that they: (a) were arrested as part of the CCB's investigation; (b) have been charged by the police; and (c) have been released on police bail. Based on the information in the search warrant, the Board understands that the CCB's investigation may also involve certain individuals who previously worked for the Company.

The Company will keep the public informed through further announcements as appropriate.

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 competes 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 consolidated interim results for the six months ended 30th September, 2010 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. The Company has not appointed a company secretary according to and is not in compliance with Rule 11.07(2) of the GEM Listing Rules. 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 six months ended 30th September, 2010, 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 director 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 of trading in shares is needed to be dealt with priority. At the same time, an effective internal control is one of the important factors for resumption of trading in 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, 12th November, 2010

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

This announcement will remain on GEM website on the “Latest Company Announcements” page for at least 7 days from the day of its publication and the website of the Company at www.tungdalighting.hk.