



**Tungda
Lighting**

Tungda Innovative Lighting Holdings Limited
東大新材料照明控股有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 8229)

TUNGDA

First Quarterly Report | 2011/2012

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

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY RESULTS

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, 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30th June,	
	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000
Turnover	<i>3</i>	1,259	4,018
Cost of sales		(2,262)	(2,878)
Gross (loss)/profit		(1,003)	1,140
Other income		465	330
Selling and distribution costs		(73)	(120)
Administrative expenses		(1,368)	(2,904)
Operating loss		(1,979)	(1,554)
Finance costs		(3)	(5)
Loss before taxation		(1,982)	(1,559)
Taxation	<i>4</i>	–	–
Loss for the period attributable to the equity holders of the Company		(1,982)	(1,559)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign operations		5,545	4,894
Total comprehensive income/ (loss) for the period attributable to the equity holders of the Company		3,563	3,335
Loss per share			
– Basic	<i>5</i>	(0.18) HK cents	(0.14) HK cents
Dividend	<i>6</i>	–	–

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
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	-	-	-	4,894	-	(1,559)	3,335
At 30th June, 2010	11,056	101,670	(2,128)	64,338	17,383	193,147	385,466
At 1st April, 2011	11,056	101,670	(2,128)	76,128	17,383	173,756	377,865
Total comprehensive income/(loss) for the period	-	-	-	5,545	-	(1,982)	3,563
At 30th June, 2011	11,056	101,670	(2,128)	81,673	17,383	171,774	381,428

Notes:

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, 2011.

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, 2011.

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

	(Unaudited) For the three months ended 30th June, 2011		2010
	HK\$'000		HK\$'000
Turnover			
Sales of light source products	1,259		4,018

4. Taxation

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax is made as the Group has sustained a tax loss for both periods.

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

5. Loss per share

The calculation of loss per share for the three months ended 30th June, 2011 and 2010 is based on the following data:

	(Unaudited) For the three months ended 30th June,	
	2011	2010
	HK\$'000	HK\$'000
Loss for the period for the purpose of calculation of basic loss per share	1,982	1,559
Weighted average number of shares for the purpose of calculation of basic loss per share	1,105,600,000	1,105,600,000

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

6. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30th June, 2011 (three months ended 30th June, 2010: Nil).

FINANCIAL REVIEW

For the three months ended 30th June, 2011 ("Period"), the Group's turnover was approximately HK\$1.26 million, representing a decrease of approximately 68.66% as compared to approximately HK\$4.02 million of last corresponding period.

The gross loss for the Period was about HK\$1.00 million compared to gross profit about HK\$1.14 million for the same period in 2010. The change was attributable to the decrease in sales of house brand products that the sales amount of house brand products could not cover the under-utilised fixed direct production overhead being included and reflected in cost of the sales.

The major component of other income approximately HK\$0.47 million was interest income for the Period as compared to approximately HK\$0.33 million for the same period in 2010.

The selling and distribution costs primarily comprised of salaries, business promotion expenses and delivery expenses amounted to approximately HK\$0.07 million for the Period as compared to approximately HK\$0.12 million in the corresponding period in the previous year.

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\$1.37 million for the Period as compared to approximately HK\$2.90 million in the corresponding period in 2010.

As a result of the factors discussed above, the loss attributable to the equity holders for the three months ended 30th June, 2011 was approximately HK\$1.98 million as compared to the loss attributable to the equity holders approximately HK\$1.56 million for the same period in 2010.

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.

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 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 on 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 13th 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.

Based on the further information from the relevant executive directors, the trials in relation to the case have been commenced in July, 2011.

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30th June, 2011, the interests of the directors and the chief executive officer of the Company and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by directors, were as follows:

Long positions

(a) Ordinary shares of HK\$0.01 each of the Company and underlying shares

<u>Name of director</u>	<u>Capacity</u>	<u>Number of issued ordinary shares held</u>	<u>Percentage of the issued share capital of the Company</u>
Mr. Chu Chien Tung	Held by controlled corporation (Note)	560,000,000	50.65%

Note: These shares were held indirectly by Tungda Industrial Limited ("Tungda Industrial") through its beneficial interest in the entire issued share capital of Standard Exceed Limited. Messrs. Chu Chien Tung, Chu Chick Kei and Chu Siu Chun (father of Messrs. Chu Chien Tung and Chu Chick Kei) jointly hold the entire issued share capital of Tungda Industrial.

(b) Share options

Name of directors	Capacity	Number of options held	Number of underlying shares
Mr. Chu Chien Tung	Beneficial owner	1,054,944	1,054,944
Mr. Chu Chick Kei	Beneficial owner	1,054,944	1,054,944
Mr. Chu Sen Hei	Beneficial owner	10,549,440	10,549,440

Other than as disclosed above, none of the directors and chief executive officer of the Company and their associates has any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30th June, 2011.

SHARE OPTIONS

Pursuant to the Company's share option scheme adopted on 12th July, 2002, the board of directors may grant share options to any directors, full time and part time employees of the Group and the consultant or adviser of the Group.

A summary of the movements in the Company's share options during the Period is as follows:

	Date of grant	Exercise price HK\$	Closing price at the date of grant HK\$	Number of share options			
				At 1st April, 2011	Granted during the period	Exercised during the period	At 30th June, 2011
Directors							
Mr. Chu Chien Tung	21st November, 2003	0.452	0.440	1,054,944	-	-	1,054,944
Mr. Chu Chick Kei	21st November, 2003	0.452	0.440	1,054,944	-	-	1,054,944
Mr. Chu Sen Hei	21st November, 2003	0.452	0.440	10,549,440	-	-	10,549,440
Sub-total				12,659,328	-	-	12,659,328
Employees							
	3rd October, 2003	0.345	0.345	33,140,672	-	-	33,140,672
Total				45,800,000	-	-	45,800,000

Save as disclosed herein, none of the directors and chief executive officer and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the Period was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate. None of the directors of the Company, or their spouses or children under 18 years of age, had any rights to subscribe for the shares of the Company, or had exercised any such right during the Period.

SUBSTANTIAL SHAREHOLDERS

At 30th June, 2011, the following substantial shareholders (other than a director or chief executive officer of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholders	Number of issued ordinary shares held	Approximate percentage of shareholding
Standard Exceed Limited (<i>Note 1</i>)	560,000,000	50.65%
Tungda Industrial Limited (<i>Note 1</i>)	560,000,000	50.65%
Mr. Chu Chien Tung (<i>Note 2</i>)	560,000,000	50.65%
Ms. Chan Pik Kam (<i>Note 3</i>)	560,000,000	50.65%

Notes:

1. Standard Exceed Limited is wholly and beneficially-owned by Tungda Industrial which in turn is beneficially-owned as to 33.33334% by Mr. Chu Chien Tung, 33.33333% by Mr. Chu Chick Kei and 33.33333% by Mr. Chu Siu Chun. Mr. Chu Siu Chun has no management role in the Group.
2. Under Section 336 of the SFO, Mr. Chu Chien Tung is deemed to have interests in all the shares of the Company which Tungda Industrial has interests as he is entitled to exercise more than one-third of the voting power at general meetings of Tungda Industrial. The other two shareholders of Tungda Industrial, namely Messrs. Chu Chick Kei and Chu Siu Chun, are not so deemed as they are not entitled to exercise more than one-third of the voting power at general meetings of Tungda Industrial.
3. Ms. Chan Pik Kam is the wife of Mr. Chu Chien Tung. Under Section 336 of the SFO, she is deemed to have interest in all the shares in which Mr. Chu Chien Tung is interested.

Save as disclosed above, no other person (other than a director or chief executive officer of the Company) has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETING INTERESTS

During the Period, the Board 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, 2011 have been reviewed by the audit committee but not by the external auditors of the Company.

By Order of the Board
Chu Chien Tung
Chairman

Hong Kong, 13th August, 2011

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