



Tongda Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 698

2008
INTERIM REPORT

CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Income Statement	9
Condensed Consolidated Balance Sheet	10
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Cash Flow Statement	14
Notes to Condensed Consolidated Financial Statements	15
Supplementary Information	26

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Ya Nan (*Chairman*)
 Mr. Wang Ya Hua (*Vice Chairman*)
 Mr. Wong Ah Yu
 Mr. Wong Ah Yeung
 Mr. Choi Wai Sang
 Mr. Wang Ming Che

Independent Non-executive Directors

Mr. Ting Leung Huel, Stephen
*MH, FCCA, FCPA (Practising), ACA,
 FTIHK, FHKIoD*
 Mr. Cheung Wah Fung, Christopher, *JP*
 Dr. Yu Sun Say, SBS, GBS, *JP*

COMPANY SECRETARY

Mr. Ko Chun Hay, Kelvin
MSc, FCPA, ACMA

AUDITOR

Ernst & Young
 Certified Public Accountants

AUTHORISED REPRESENTATIVES

Mr. Wang Ya Nan
 Mr. Wang Ya Hua

PRINCIPAL BANKERS

In Hong Kong:

Hang Seng Bank Limited
 HSBC
 The Bank of Tokyo-Mitsubishi UFJ Limited
 DBS Bank (Hong Kong) Limited

In PRC:

Bank of China, Shishi City sub-branch
 Xian Yap Bank

LEGAL ADVISER

As to Hong Kong law:

Chiu & Partners
 Michael Li & Co.
 Hui & Lam

As to PRC law:

Fujian Xieli & Partners Law Firm

As to Cayman Islands law:

Conyes Dill & Pearman, Cayman

REGISTERED OFFICE

Century Yard
 Cricket Square
 Hutchins Drive
 P.O. Box 2681GT
 George Town
 Grand Cayman, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 1201-03, 12th Floor
 Shui On Centre
 6-8 Harbour Road
 Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Cayman)
 Limited
 Butterfield House
 68 Fort Street
 P. O. Box 705
 George Town
 Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
 Rooms 1901-02
 Fook Lee Commercial Centre
 Town Place
 33 Lockhart Road
 Wanchai, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. Financial

For the six month ended 30 June 2008 (the "Period"), the Group's turnover was approximately HK\$614,756,000, representing an increase of 30% compared to the HK\$472,796,000 in the corresponding period last year.

During the Period, the Group has consolidated a newly acquired subsidiary company, Tongda (Xiamen) Technology Ltd ("Xiamen Technology"). Xiamen Technology is a jointly- controlled entity in last year. After consolidation, it has contributed about 18.1% increase in the Group's turnover for the Period. Excluding the contribution from the above, the Group's turnover has shown an increase of 11.9% year on year.

The Group's profit attributable to the ordinary equity holders for the Period recorded approximately HK\$45,317,000 representing a drop of 47.9% compared to HK\$86,948,000 for the same period in 2007. During the Period, the Group records a gross profit of HK\$95,800,000 implying a gross margin of 15.6% (2007: 27.2%).

The drop in gross profit is mainly contributed from the general decrease in average selling price of some of the Group's products in comparing with similar products in the same period last year. In addition, there are an increase in operation costs such as raw materials, direct labor, depreciation and utilities. Although production volume of IML has been increased to 45.2 million during the Period (2007: 35 million), the increase in revenue is running behind the increased cost and consequently, it shows a decline in profit during the Period.

The worldwide economic environment is sluggish and there are a number of uncertainties being faced by most of manufacturers. The Group will continue strategically phasing out traditional and low margin products while focusing more on higher-margin and more value-added products. Continuous efforts in R&D by broadening IML technology to various electrical appliances is the fixed strategy of the Group while develops new models and trendy products are the main focus.

The Group has successfully entered into the international supply chain. From last year, the Group started to supply handset lens to a well-known international handset brand and the orders are maintained at a stable level for the year. More encouraging, the Group has gained the orders of handset lens from the world's biggest handset manufacturer during the Period, representing a formal successful tapping into the international market by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

1. Financial (Continued)

On the other side, the newly acquired subsidiary group, Xiamen Technology, has contributed over HK\$86 million revenue for the Period (2007: Nil). It has a relatively stable margin of amounting over HK\$20 million gross margin contribution during the Period. This new group mainly manufactured plastic casings for handset. Other casings such as computer notebook casing and electrical appliance casing are under-developed. It acts as a new supporter to the Group. Provided with the Group's existing strong customer base, this new group will continue penetrating into the China market and is expected to have a persistent growth in its revenue and profit contribution in the coming years.

During the Period, the computer notebook casing business is formally launched by the Group and has successfully gained Taiwanese customers. One of its major customers is Asus. In addition, the Group successfully obtains qualified supplier status from Lenovo, a prestige and major computer manufacturer in China. There are a few international computer notebook manufacturers under discussion with the Group for supplying casing. The management is full of confidence in the prospect of this new product.

With the business growth as mentioned in above, the Group has accumulated certain amount of raw materials for the expected bulk sales orders in the second half of the year. As a result, the closing stock for the Period has shown an obvious growth. The management expects that it will match with sales growth in the coming months.

2. Operational information by division

a. *The Electrical Fittings Division*

During the Period, this Division has included the newly acquired subsidiary company, Xiamen Technology, which is mainly focused on handset casings while is preparing to work for computer notebook casing and other electrical appliance casings in the coming days. With this products being formally included in the Group, Tongda can now manufacture the whole set cover of handsets including lens, casings and keypads offering convenience to our customers as a one-stop shop supplier.

For the six months ended 30 June 2008, the turnover of the electrical fittings division increased by 61.1% to HK\$360,103,000 from HK\$223,559,000 for the same period in the year 2007. There is about HK\$85,601,000 sales revenue coming from the new Xiamen Technology. Excluding the above, the Group has recorded sales revenue growth of HK\$50,943,000 being an increase of 22.8% year on year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Operational information by division (Continued)

a. *The Electrical Fittings Division (Continued)*

The IML product remains the core business of the Group and is the key product in this Division, occupying more than 74% of the Division's sales. The Group has manufactured about 45.2 million pieces during the Period (2007: 35 million). More important, the Group has gained the purchase orders from the world's biggest handset manufacturers during the Period. Although there is a decline of purchase orders from some local handset brands, it is compensated by the strong purchase orders from a few prestige local handset brands such as ZTE corporation, Huawei and Lenovo.

The Group has successfully entered into the mobile handset market, a fast moving consumer products demanding for an attractive outlook and artistic exterior designs together with high profitability. Consumer expects a mobile handset not only function well but also having a good outlook. The IML technology of the Group exactly matches such consumers' needs. To capture this new consumption trend, the Group further enhanced its IML technology by including color coating, plasma surface treatment, leather incrustation, multi-color automatic printing, and alloys with various textures. These techniques can be combined or isolated uses to generate some very unique surface-decoration effects, which have attracted very positive responses from both mobile handset manufacturers and end-users. With this technique on hand, the Group has successfully extended the IML products application to computer notebook market, another big consumer market with short product life cycle and enormous demand.

b. *The Ironware Parts Division*

For the Period, the turnover under this Division has increased by 15.6% to HK\$197,421,000 from HK\$170,759,000 for the same period in last year. The increase in turnover in this Division came from the new business of "Precision Components" which is mainly supplying for the dedicated metal parts. The trend of the Division is to turn to smaller size but delicated and more profitable products such as metal handset casing MP3, MP4 and digital camera cases.

c. *The Communication Facilities Division*

Despite the termination of the optic fiber and electrical resistance businesses in this Division from last year, the Division only left "satellite television modem" product and has increased by 18% to HK\$48,457,000 from HK\$41,054,000 for the same period in last year

During the Period, the Group has entered into a new business for assembly of "BAR Speaker". Although the business is small during the Period, according to the latest discussion with the customers, a considerable amount of orders will be continued in the coming years. In addition, the Group is also considering to assembly the whole set of handset adding to its product mix.

There is a trend of decrease in gross profit margin throughout the Group during the Period. One of the main reasons is the drastic increase in operational costs including raw material cost, labor cost, utilities and depreciation as well. The drastic increase in operational costs has run more quick than adjustment in selling price. Consequently, there is a decline in gross profit margin during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Operational information by division (Continued)

d. Product turnover breakdowns for the 6 months ended 30 June 2008 and 2007

	2008	2007
Electrical Fittings Division	59%	47%
Ironware Parts Division	32%	36%
Communication Facilities Division	8%	9%
Other (Trading Division)	1%	8%

During the Period, the main Division, Electrical Fittings Division has increased a lot for its revenue share in the Group. As previously mentioned, it is largely contributed by consolidation of a new subsidiary, Xiamen Technology. Excluding the above effect, it is about 51.9% of the the Group's revenue share (2007: 47.3%). Going forward, the Group will strategically adjusted its product mix to produce more products in Electrical Fittings Division because of its relatively higher margin and better allocation of the resources.

3. Prospect

Although the general condition for manufacturing business is poor, the Group through the past few years' accumulated experience, appropriate market strategy, trendy product design, technology development and customers upgraded, has consolidated a big production and development base:

- (i) The Group has successfully gained the purchase orders from the world's biggest handset manufacturer.
- (ii) To further development of the core technology of the Group, IML, the Group has successfully entered into computer notebook casing business and put into production during the Period. The Group started to manufacture bulk orders for Asus, Flexitronics etc, the prestige international computer notebook manufacturers.
- (iii) Through the vertical integration of the production facilities, the Group can provide an efficient and effective surface solutions for all electrical appliances, mobile phones and computer notebooks, leading to an outstanding and trendy outlook for the consumer products.
- (iv) Having gained the core technology of IML, the Group has a very strong development power, advanced craft technology with well-prepared facilities and a high reputation in product quality in both inside and outside China.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Prospect (Continued)

Looking forward, new challenges are expected to be come across by the Group. The Group has tightened credit control and maintains strict cost savings scheme to minimize the business risks. In particular, the management is aware of the continuous rising cost of production. Cost savings will be one of its main target to be achieved in coming days. Increasing automation of production procedures is another way being considered to lower down labour cost.

On the other hand, additional finance is requested from the existing bankers for future expansion. A long term loan for 3 years amounting to HK\$350 million has been granted by the existing bankers. The Group is still optimistic about the China market and is full of confidence that China market will be the world's focus in the coming years. Tongda Group will continue to play a major role in supplying accessories and parts of consumer products to the market.

Through international market expansion, increased effort in R&D for product diversification, business structure optimization and production scale expansion, the Group's competitive advantages are enhanced to a large extent. Although there is a drop in profitability of the Group during the Period, the management has every confidence to its business and trust that it is the temporary phenomenon.

4. Liquidity and financial resources

At 30 June 2008, the Group had total assets of HK\$1,897 million (31 December 2007: HK\$1,677 million); net current assets of HK\$601 million (31 December 2007: HK\$470 million) and capital and reserves of HK\$1,211 million (31 December 2007: HK\$1,138 million).

The Group's cash and bank balance as at 30 June 2008 was maintained at about HK\$96 million (31 December 2007: HK\$147 million), out of which HK\$4 million has been pledged to bank to secure banking facilities granted (31 December 2007: HK\$0.6 million).

The gearing ratio (total debt/total asset of the Group) was 0.36 (31 December 2007: 0.32).

The effective interest rate of the Group's long term bank loan and short term bank loan is HIBOR plus 1.1% and best lending rate respectively and they are denominated in Hong Kong dollars. Other than the aforesaid bank loans, the remaining bank loans of the Group are denominated in RMB with effective interest rates ranging from 6.6% to 7.1%.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

5. Foreign Currency risk

The Group carries on its trading transactions mainly in Hong Kong dollars and RMB. Approximately 70% (2007: 70%) of the Group's sales and purchases transactions are denominated in RMB while the remaining balance of sales and purchases transactions denominated mainly in Hong Kong dollars. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

Considering the appreciation of RMB, the Group will maintain a comparatively higher level of Hong Kong dollars borrowings than RMB borrowings to minimise the possible currency risk therefrom.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited	
		Six months ended 30 June 2008 HK\$'000	2007 HK\$'000
REVENUE	4	614,756	472,796
Cost of sales		(518,956)	(344,314)
Gross profit		95,800	128,482
Other income and gains		45,927	16,565
Selling and distribution costs		(19,490)	(14,275)
Administrative expenses		(45,112)	(31,175)
Other expenses		(13,323)	(79)
Finance costs		(13,654)	(5,733)
Share of profits and losses of:			
Associates		1,855	2,426
A jointly-controlled entity		3,572	6,381
PROFIT BEFORE TAX	5	55,575	102,592
Tax	6	(7,914)	(16,409)
PROFIT FOR THE PERIOD		47,661	86,183
Attributable to:			
Ordinary equity holders of the Company		45,317	86,948
Minority interests		2,344	(765)
		47,661	86,183
DIVIDEND	7		
Interim		15,959	32,132
		15,959	32,132
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
– Basic		1.14 cents	2.26 cents
– Diluted		N/A	2.26 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		30 June	31 December
		2008	2007
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	633,535	523,682
Investment property	10	4,350	4,000
Prepaid land lease payments		20,620	19,725
Interest in associates		24,786	22,895
Interest in a jointly-controlled entity		-	43,692
Prepayments		44,961	42,980
Long term deposits		7,830	13,442
Deferred tax assets		130	130
		<hr/>	<hr/>
Total non-current assets		736,212	670,546
CURRENT ASSETS			
Inventories		359,397	167,710
Trade and bills receivables	11	603,948	627,727
Prepayments, deposits and other receivables		97,363	58,245
Due from a minority shareholder of a subsidiary		528	-
Pledged deposits		3,649	584
Derivative financial assets		4,396	5,945
Cash and cash equivalents		91,992	146,627
		<hr/>	<hr/>
Total current assets		1,161,273	1,006,838
CURRENT LIABILITIES			
Trade and bills payables	12	310,858	243,371
Accrued liabilities and other payables		59,247	58,003
Interest-bearing bank borrowings	13	66,510	112,844
Derivative financial liabilities		-	1,984
Due to a jointly-controlled entity		-	13,787
Due to a minority shareholder of a subsidiary		-	609
Tax payable		108,035	105,883
Dividend payable		15,959	-
		<hr/>	<hr/>
Total current liabilities		560,609	536,481
		<hr/>	<hr/>
NET CURRENT ASSETS		600,664	470,357
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,336,876	1,140,903
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	13	123,656	–
Deferred tax liabilities		2,502	2,502
Total non-current liabilities		126,158	2,502
Net assets		1,210,718	1,138,401
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	14	39,898	39,975
Reserves		1,122,531	1,061,079
Proposed final dividend		–	31,918
Minority interests		1,162,429	1,132,972
		48,289	5,429
Total equity		1,210,718	1,138,401

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited six months ended 30 June 2008

Attributable to ordinary equity holders of the Company

	Share Issued capital	Share premium account	Share option reserve	Assets Capital revaluation reserve	Capital redemption reserve	Exchange Statutory reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Minority Total interests	Total equity		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
At 1 January 2008	39,975	472,734	4,393	993	11,796	190	49	51,847	519,077	31,918	1,132,972	5,429	1,138,401
Surplus on revaluation	-	-	-	-	1,554	-	-	-	-	-	1,554	-	1,554
Exchange realignment	-	-	-	-	-	-	-	28,120	-	-	28,120	-	28,120
- subsidiaries	-	-	-	-	-	-	-	596	-	-	596	-	596
- associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income and expenses for the period recognised directly in equity	-	-	-	-	1,554	-	-	28,716	-	-	30,270	-	30,270
Profit for the period	-	-	-	-	-	-	-	45,317	-	-	45,317	2,344	47,661
Total income and expense for the period	-	-	-	-	1,554	-	-	28,716	45,317	-	75,587	2,344	77,931
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	40,516	40,516
Issue of shares upon exercise of share options	20	610	-	-	-	-	-	-	-	-	630	-	630
Transfer of share option reserve upon exercise of share options	-	183	(183)	-	-	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	-	-	4,449	-	-	-	-	-	-	-	4,449	-	4,449
Final 2007 dividend declared	-	-	-	-	-	-	-	-	(31,918)	(31,918)	(31,918)	-	(31,918)
Interim 2008 dividend	-	-	-	-	-	-	-	(15,959)	-	(15,959)	(15,959)	-	(15,959)
Repurchase and cancellation of shares	(97)	-	-	-	-	97	-	(3,332)	-	(3,332)	(3,332)	-	(3,332)
At 30 June 2008	39,898	473,527	8,659	993	13,350	287	49	80,563	545,103	-	1,162,429	48,289	1,210,718

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Unaudited six months ended 30 June 2007
Attributable to ordinary equity holders of the Company

	Share		Share option reserve	Assets		Statutory reserve	Exchange fluctuation reserve	Proposed		Minority interests	Total equity	
	Issued capital	premium account		Capital reserve	revaluation reserve			Retained profits	final dividend			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2007	33,715	102,281	-	993	8,725	49	23,493	415,004	32,132	616,392	10,239	626,631
Exchange realignment												
- subsidiaries	-	-	-	-	-	-	11,134	-	-	11,134	-	11,134
- a jointly controlled entity	-	-	-	-	-	-	562	-	-	562	-	562
- associates	-	-	-	-	-	-	2,198	-	-	2,198	-	2,198
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	13,894	-	-	13,894	-	13,894
Profit for the period	-	-	-	-	-	-	-	86,948	-	86,948	(765)	86,183
Total income and expense for the period	-	-	-	-	-	-	13,894	86,948	-	100,842	(765)	100,077
Issue of shares upon placing of shares	6,450	370,453	-	-	-	-	-	-	-	376,903	-	376,903
Equity-settled share option arrangements	-	-	841	-	-	-	-	-	-	841	-	841
Final 2006 dividend paid	-	-	-	-	-	-	-	-	(32,132)	(32,132)	-	(32,132)
Interim 2007 dividend	-	-	-	-	-	-	-	(32,132)	-	(32,132)	-	(32,132)
At 30 June 2007	40,165	472,734	841	993	8,725	49	37,387	469,820	-	1,030,714	9,474	1,040,188

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	24,871	16,611
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(115,356)	(93,029)
NET CASH INFLOW FROM FINANCING ACTIVITIES	30,553	229,692
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(59,932)	153,274
Cash and cash equivalents at beginning of period	146,627	113,211
Effects of foreign exchange rate changes, net	5,297	3,920
CASH AND CASH EQUIVALENTS AT END OF PERIOD	91,992	270,405
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank equivalents	91,992	270,405

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tongda Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The address of its registered office is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are manufacture and sale of accessories for electrical appliance products, resistors and other electronic products and ironware products.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2007 except for the adoption of the following new Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards. HKASs and Interpretations that affect the Group and are adopted the first time for the current period's unaudited condensed consolidated interim financial statements:

HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's Interim Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**4. SEGMENT INFORMATION**

The following tables present unaudited revenue and results for the Group's business segments for the period ended 30 June 2008 and 2007.

(a) Business segments

	Unaudited six months ended 30 June 2008					
	Electrical fittings HK\$'000	Ironware parts HK\$'000	Communication facilities HK\$'000	Corporates and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue:						
Sales to external customers	360,103	197,421	48,457	8,775	-	614,756
Intersegment sales	4,884	-	3,927	-	(8,811)	-
Total	<u>364,987</u>	<u>197,421</u>	<u>52,384</u>	<u>8,775</u>	<u>(8,811)</u>	<u>614,756</u>
Segment results	<u>47,303</u>	<u>17,478</u>	<u>(10,497)</u>	<u>650</u>	<u>-</u>	<u>54,934</u>
Unallocated income						15,262
Unallocated expenses						(6,394)
Finance costs						(13,654)
Share of profits and losses of:						
Associates						1,855
A jointly-controlled entity						3,572
Profit before tax						55,575
Tax						(7,914)
Profit for the period						<u>47,661</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**4. SEGMENT INFORMATION (Continued)***(a) Business segments (Continued)*

	Unaudited six months ended 30 June 2007					
	Electrical fittings HK\$'000	Ironware parts HK\$'000	Communication facilities HK\$'000	Corporates and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue:						
Sales to external customers	223,559	170,759	41,054	37,424	-	472,796
Intersegment sales	2,106	183	1,268	-	(3,557)	-
Total	225,665	170,942	42,322	37,424	(3,557)	472,796
Segment results	69,888	26,737	871	(14,543)	-	82,953
Unallocated income						16,565
Finance costs						(5,733)
Share of profits and losses of:						
Associates						2,426
A jointly-controlled entity						6,381
Profit before tax						102,592
Tax						(16,409)
Profit for the period						86,183

(b) Geographical segments

The following table presents unaudited revenue for the Group's geographical segments for the period ended 30 June 2008 and 2007.

	Unaudited six months ended 30 June											
	Hong Kong		Mainland China		Southeast Asia		Australia		Others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	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	67,526	61,466	465,480	333,994	8,884	4,191	9,112	29,166	65,754	43,979	614,756	472,796

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5. PROFIT BEFORE TAX**

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

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Amortisation of prepaid land lease payments	249	226
Amortisation of prepayments	510	463
Depreciation of property, plant and equipment	39,472	16,247
Net fair value change on foreign exchange derivative financial instruments	3,783	-
Impairment of bad and doubtful debts	9,889	6,597
Foreign exchange differences, net	(32,621)	(11,564)
Loss on write-off of items of property, plant and equipment	38	-
Loss on disposal of items of property, plant and equipment	-	49
Change in fair value of an investment property	(350)	-
	_____	_____

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New PRC Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises.

The State Council of the PRC passed an implementation guidance note ("Implementation Guidance") on 26 December 2007, which sets out details of how existing preferential income tax rates will be adjusted to the standard rate of 25%. According to the Implementation Guidance, the preferential income tax rates of lower than 25% currently enjoyed by certain PRC enterprises of the Group will be gradually increased to 25% over a five year period. Certain PRC enterprises of the Group which have not fully utilised their "two-year exemption, followed by three-year half deduction" tax holiday will be allowed to continue to enjoy the remaining tax holiday until its expiry. For other eligible PRC enterprises of the Group which have not commenced the aforesaid tax holiday due to loss, the tax holiday will be commenced in 2008.

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong		
Charge for the period	2,733	1,987
Current – Elsewhere		
Charge for the period	5,181	16,829
Overprovision in prior years	-	(2,407)
	_____	_____
Total tax charge for the period	7,914	16,409
	_____	_____

The share of tax attributable to associates amounting to HK\$103,130 (2007: HK\$3,900) is included in "Share of profits and losses of associates" on the face of the consolidated income statement. Last period, the share of tax attributable to the jointly-controlled entity amounting to HK\$512,000 was included in "Share of profits and losses of jointly controlled entity" on the face of the consolidated income statement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**7. DIVIDEND**

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend – HK0.4 cent (2007: HK0.8 cent) per ordinary share	15,959	32,132

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the unaudited profit attributable to the ordinary equity holders of the Company of HK\$45,317,000 (2007: HK\$86,948,000), and the weighted average of 3,989,864,451 (2007: 3,841,886,740) ordinary shares in issue during the period.

The diluted earnings per share for the period ended 30 June 2008 had not been disclosed as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary shares during the period and thus the share options have no diluting effect.

9. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2008, the Group acquired assets with the total cost of HK\$121,819,000 (2007: HK\$196,649,000). Assets with a net book value of HK\$2,991,000 were disposed of and written off by the Group during the six-month period ended 30 June 2008 (2007: HK\$19,895,000).

10. INVESTMENT PROPERTY

	Unaudited	Audited
	30 June	31 December
	2008	2007
	HK\$'000	HK\$'000
Carrying amount at 1 January	4,000	3,300
Fair value adjustment	350	700
Carrying amount at 30 June	4,350	4,000

The Group's investment property located at Unit C, 7th Floor, Seabright Plaza, Nos. 9, 11, 13, 15, 17, 19, 21 and 23 Shell Street, Hong Kong and held under the medium term lease is situated in Hong Kong and has been pledged as security against banking facilities granted to the Group.

The Group's investment property was revalued on 30 June 2008 by Asset Appraisal Limited, an independent firm of professionally qualified value, at open market, existing use basis of HK\$4,350,000 (31 December 2007: HK\$4,000,000). The investment property is leased to third parties under operating leases, further summary details of which are included in note 15(a) to the Interim Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**11. TRADE AND BILLS RECEIVABLES**

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade receivables	576,277	599,724
Impairment allowances for bad and doubtful debts	(18,175)	(7,968)
	558,102	591,756
Bill receivables	45,846	35,971
	603,948	627,727

It is the general policy of the Group to allow a credit period of three to six months. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted in order to maintain a good relationship. The trade receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate to their fair values.

An aged analysis of the Group's trade and bills receivables as at 30 June 2008, based on the invoice date, is as follows:

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Within 3 months	552,384	503,169
4 to 6 months, inclusive	21,027	74,806
7 to 9 months, inclusive	9,273	29,830
10 to 12 months, inclusive	7,227	7,782
More than 1 year	32,212	20,108
	622,123	635,695
Impairment allowances for bad and doubtful debts	(18,175)	(7,968)
	603,948	627,727

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12. TRADE AND BILLS PAYABLES**

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade payables	242,723	183,358
Bills payables	68,135	60,013
	310,858	243,371

The carrying amounts of trade and bills payables approximate to their fair values. 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 30 June 2008, based on the invoice date, is as follows:

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Within 3 months	252,722	222,808
4 to 6 months, inclusive	37,027	11,760
7 to 9 months, inclusive	14,202	1,360
10 to 12 months, inclusive	3,052	3,661
More than 1 year	3,855	3,782
	310,858	243,371

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**13. INTEREST-BEARING BANK BORROWINGS**

		Unaudited	Audited
		30 June	31 December
		2008	2007
	Maturity	HK\$'000	HK\$'000
Current			
Bank loans – unsecured	2008/2009	55,909	112,844
Bank import loans – secured	2008	10,601	–
		66,510	112,844
Non-current			
Bank loans – unsecured	2009-2011	123,656	–
		190,166	112,844

- (i) The effective interest rate of the Group's long term bank loan and short term bank import loans is HIBOR plus 1.1% and best lending rate respectively and they are denominated in Hong Kong dollars. Other than the aforesaid bank loans, the remaining bank loans of the Group are denominated in RMB with effective interest rates ranging from 6.6% to 7.1%
- (ii) As at 30 June 2008, the Group's banking facilities were supported
- (a) an investment property owned by the Group (note 10) to secure the issuance of trade finance facilities;
 - (b) the pledge of bank deposits of approximately HK\$3,649,000 (2007: HK\$584,000); and
 - (c) corporate guarantees from the Company and certain of its subsidiaries.

The long term bank loans do not bear interest at fixed rates, so the fair values of the non-current borrowings are not materially different from their book values. The carrying amounts of short-term borrowings approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**14. SHARE CAPITAL**

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Authorised: 20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid: 3,989,800,000 (2007: 3,997,470,000) ordinary shares of HK\$0.01 each	39,898	39,975

A summary of the movements in the Company's issued share capital is as follows:

	Number of ordinary shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
Issued:				
As at 1 January 2008	3,997,470,000	39,975	472,734	512,709
Issue of shares upon exercise of share options	2,000,000	20	610	630
Transfer of share option reserve upon exercise of share options	–	–	183	183
Repurchase and cancellation of shares	(9,670,000)	(97)	–	(97)
As at 30 June 2008	3,989,800,000	39,898	473,527	513,425

15. OPERATING LEASE ARRANGEMENTS*(a) As lessor*

The Group leases its investment property (note 10) under operating lease arrangements, with leases negotiated for terms of two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Within one year	1,473	3,223
In the second to fifth years, inclusive	3,886	4,545
	5,359	7,768

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**15. OPERATING LEASE ARRANGEMENTS (Continued)***(b) As lessee*

The Group leases certain of its use of land under operating lease arrangements which are negotiated for a lease term of 50 years. In addition, the Group leases certain of its offices properties under operating lease arrangements for terms of over five years.

At 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Within one year	8,136	4,069
In the second to fifth years, inclusive	23,409	17,482
After five years	10,332	9,847
	41,877	31,398

16. COMMITMENTS

In addition to the operating lease commitments set out in note 15(b) above, the Group had the following capital commitments contracted but not provided for at the balance sheet date:

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Purchases of property, plant and equipment	4,004	11,196
Construction of factory buildings in Mainland China	-	898
Investment in a subsidiary	-	42,000
	4,004	54,094

The Company had no significant commitments at the balance sheet (2007: Nil).

17. CONTINGENT LIABILITIES

At 30 June 2008, the Company had contingent liabilities in respect of outstanding irrevocable letters of credit of HK\$26 million (2007: 44 million). Save as disclosed above, the Group did not have any significant contingent liabilities as at the balance sheet date.

18. INCREASE IN THE REGISTERED CAPITAL OF TONGDA (XIAMEN) TECHNOLOGY LTD.

During the Period, the Group agreed to made capital contribution of approximately RMB21,510,520 to Tongda (Xiamen) Technology Ltd. ("Xiamen Technology"). Immediately upon first capital contribution, the Group's equity interest in Xiamen Technology increase from 50% to 70%. Xiamen Technology becomes a non-wholly owned subsidiary of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**19. RELATED PARTIES TRANSACTIONS**

In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period.

		Unaudited 30 June 2008 HK\$'000	Unaudited 30 June 2007 HK\$'000
	<i>Notes</i>		
Associates:			
Technology consultancy fee	<i>(i)</i>	300	300
Sales of products	<i>(ii)</i>	-	872
Purchases of raw materials and finished goods	<i>(ii)</i>	-	552
A former jointly-controlled entity:			
Sales of raw materials	<i>(iii)</i>	1,267	2,292
Purchases of raw materials and finished goods	<i>(iii)</i>	3,924	15,423
Rental income	<i>(iv)</i>	699	633
A related company in which a director of the Company is a shareholder:			
Sales of raw materials	<i>(v)</i>	897	-
Sale of machinery	<i>(vi)</i>	-	76
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) The technology consultancy fee was received from an associate for the provision of technology support provided by the Group charged at HK\$50,000 (2007: HK\$50,000) per month.
- (ii) In 30 June 2007 (the "Last Period"), the sales to and purchases from the associates were made according to the terms similar to those offered to the Group's non-related suppliers.
- (iii) The sales to and purchases from a former jointly-controlled entity were made according to the terms similar to those offered to the Group's non-related suppliers.
- (iv) The rental income received from a former jointly-controlled entity represented the leasing of factory premises and staff quarters of the Group located at Xiamen, the PRC.
- (v) During the Period, the Group sold raw materials of approximately HK\$897,000 to 福建石獅通達電機有限公司, a company owned as to 7.5% by Mr. Wang Ya Nan, a director of the Company. The selling price was determined with reference to the published prices offered to the Group's non-related customers.
- (vi) In Last Period, the Group sold machinery of approximately HK\$76,000 to 福建石獅通達電機有限公司, a company owned as to 7.5% by Mr. Wang Ya Nan, a director of the Company. The selling price was determined with reference to the published prices offered to the Group's non-related customers. No related sale of machinery to the related company is noted in current period.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorized for issue by the board of directors on 22 September 2008.

SUPPLEMENTARY INFORMATION

Interim Dividend

The board of directors (the "Board") of the Company declared an interim dividend of HK0.4 cent (2007: HK0.8 cent) per ordinary share for the period ended 30 June 2008 payable on or about 29 October 2008 to shareholders whose names appear on the register of members of the Company on 20 October 2008.

Closure of register of members

The Register of Members will be closed from 20 October 2008 to 23 October 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, Rooms 1901-1902, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:00 p.m. on 17 October 2008.

Directors' interest and short positions in shares and underlying shares

At 30 June 2008, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of directors	Directly beneficially owned	Number of shares held, capacity and nature of interest through controlled corporation	Total	Percentage of the Company's issued share capital
Mr. Wang Ya Nan	34,920,000	1,994,750,000 *	2,029,670,000	50.87
Mr. Wang Ya Hua	19,920,000	1,994,750,000 *	2,014,670,000	50.50
Mr. Wong Ah Yu	25,160,000	1,994,750,000 *	2,019,910,000	50.63
Mr. Wong Ah Yeung	32,000,000	1,994,750,000 *	2,026,750,000	50.80
Mr. Choi Wai Sang	21,250,000	78,750,000 **	100,000,000	2.51

Notes:

* These shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% each by Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (collectively referred to as the "Wong Brothers").

** These shares are held by Faye Limited, the entire issued share capital of which is held and beneficially owned by Mr. Choi Wai Sang.

Saved as disclosed above, as at 30 June 2008 none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUPPLEMENTARY INFORMATION (Continued)**Directors' rights to acquire shares or debentures**

Apart from as disclosed in the section headed "share option scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share Option Scheme

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include all executive directors and any fulltime employee of the Company or any of its subsidiaries and any suppliers, consultants or advisers who will provide or have provided services to the Group.

The following table lists the details of the share options granted under the Scheme and their movements during the Period:

Name and category of participants	Number of share options					Date of grant of share options ^a	Exercise period of share options	Exercise price of share options ^b HK\$	Share price of the Company ^c	
	1 January 2008	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period	As at 30 June 2008				As at the date of grant of share options HK\$	As at the date of exercise of share options HK\$
Directors										
Mr. Wang Ya Nan	8,500,000	15,000,000	-	-	23,500,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A
Mr. Wang Ya Hua	8,500,000	15,000,000	-	-	23,500,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A
Mr. Wong Ah Yu	8,500,000	15,000,000	-	-	23,500,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A
Mr. Wong Ah Yeung	8,500,000	15,000,000	-	-	23,500,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A
Mr. Choi Wai Sang	-	5,000,000	-	-	5,000,000	16 February 2008	16 February 2008 to 15 February 2018	0.315	0.315	N/A
Mr. Ting Leung Huel, Stephen	2,000,000	2,000,000	-	-	4,000,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A

SUPPLEMENTARY INFORMATION (Continued)

Share Option Scheme (Continued)

Name and category of participants	Number of share options					Date of grant of share options [*]	Exercise period of share options	Exercise price of share options ^{**} HK\$	Share price of the Company ^{***}	
	1 January 2008	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period	As at 30 June 2008				As at the date of grant of share options HK\$	As at the date of exercise of share options HK\$
Mr. Cheung Wah Fung, Christopher	2,000,000	2,000,000	-	-	4,000,000	3 July 2007 and 16 February 2008	4 July 2007 to 3 July 2017 and 16 February 2008 to 15 February 2018	0.586 and 0.315	0.56 and 0.315	N/A
Mr. Yu Sun Say	-	2,000,000	-	-	2,000,000	16 February 2008	16 February 2008 to 15 February 2018	0.315	0.315	N/A
	<u>38,000,000</u>	<u>71,000,000</u>	<u>-</u>	<u>-</u>	<u>109,000,000</u>					
Other employees in aggregate	10,000,000	20,000,000	2,000,000	-	28,000,000	9 March 2007 and 16 February 2008	10 March 2007 to 9 March 2017 and 16 February 2008 to 15 February 2018	0.485 and 0.315	0.485 and 0.315	0.32
	<u>48,000,000</u>	<u>91,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>137,000,000</u>					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options. The share price of the Company disclosed as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the date on which the share options with the disclosure category were exercised.

SUPPLEMENTARY INFORMATION (Continued)**Share Option Scheme (Continued)**

The fair value of the share options granted during the Period was HK\$4,449,000.

The fair value of equity-settled share options granted during the Period was estimated as at the date of grant, using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the period ended 30 June 2008:

Dividend yield (%)	5.25
Expected volatility (%)	49.85
Risk-free interest rate (%)	1.28
Expected life of option (year)	1
Closing share price of trading day immediately prior to the date of grant (HK\$)	0.315
Exercise price (HK\$)	0.315

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the date of approval of these interim financial statements, the Company had 137,000,000 share options outstanding under the New Scheme, which represented approximately 3.43% of the Company's share in issue as at that date.

On 16 February 2008, 91,000,000 share options were granted to the directors and employees of the Company with exercise price of HK\$0.315. The exercise period of the share options are from 16 February 2008 to 15 February 2018. No vesting period of the share options granted to the directors. The Price of the Company's shares at a date before grant date of options is HK\$0.315. The options were granted for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

SUPPLEMENTARY INFORMATION *(Continued)*

Substantial shareholders

At 30 June 2008, the interests and short positions of the substantial shareholders, other than directors or chief executives of the Company, in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO are set out below:

Long positions in the ordinary shares of the Company:

Name of shareholder	<i>Notes</i>	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Landmark Worldwide Holdings Limited	1	Directly beneficially owned	1,994,750,000	49.99
Value Partners Limited	2	Directly beneficially owned	362,820,000	9.09
Atlantis Investment Management Limited		Directly beneficially owned	285,000,000	7.14

1. The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% each by the Wong Brothers.
2. The issued share capital of Value Partners Limited is held and beneficially owned as to 35.65% by Cheah Capital Management Limited.

Save as disclosed above, as at 30 June 2008, the Company had not been notified by any substantial shareholders other than directors or chief executives of the Company, who had interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

Purchase, redemption or sales of listed securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

SUPPLEMENTARY INFORMATION (Continued)

Corporate Governance

The Company has complied throughout the Period with the Code Provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except for the deviations as mentioned below.

The independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye Laws.

The roles of Chairman and Chief Executive should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Wang Ya Nan currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The present structure is considered to be appropriate under the circumstances.

Remuneration Committee

The Remuneration Committee (the "RC") consists of the Chairman and CEO of the Company and three independent non-executive directors. Members of the RC include Mr. Ting Leung Huel, Stephen (Chairman), Mr. Wang Ya Nan, Mr. Cheung Wah Fung, Christopher and Dr. Yu Sun Say, J.P. The main responsibility is to discuss, review and determine the remuneration of all directors and senior management.

Audit Committee

The Audit Committee (the "AC") consists of three independent non-executive directors. In establishing and adopting the terms of reference of the AC, the board of directors had regarded to the "Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.

The AC has reviewed the principal accounting policies and internal control adopted by the Group at the meeting held during the Period. The AC had also reviewed the unaudited interim results of the group for the six months ended 30 June 2008 prior to the submission to the Board for approval.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry of all directors that they have fully complied with the required standard set out in the Model Code throughout the period under review.



SUPPLEMENTARY INFORMATION *(Continued)*

Board of Directors

As at the date of this report, the Board comprises Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu, Mr. Wong Ah Yeung, Mr. Choi Wai Sang and Mr. Wang Ming Che as executive directors; and Mr. Ting Leung Huel Stephen, Mr. Cheung Wah Fung Christopher, J.P. and Dr. Yu Sun Say, J.P. as independent non-executive directors.

On behalf of the Board

Wang Ya Nan

Chairman

Hong Kong, 22 September 2008