Contents

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, CTA, FHKIoD
Mr. Cheung Wah Fung, Christopher, *JP*
Dr. Yu Sun Say, *GBS, SBS, JP*

Audit Committee

Mr. Wang Ya Nan
Mr. Choi Wai Sang
Mr. Ting Leung Huel, Stephen
Mr. Cheung Wah Fung, Christopher
Dr. Yu Sun Say

Remuneration Committee

Mr. Wang Ya Nan
Mr. Ting Leung Huel, Stephen
Mr. Cheung Wah Fung, Christopher
Dr. Yu Sun Say

Company Secretary

Ms. Chan Sze Man

Auditors

Ernst & Young
Certified Public Accountants

Authorised Representatives

Mr. Wang Ya Nan
Mr. Wang Ya Hua

Principal Bankers

In Hong Kong:

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
KBC Bank N.V., Hong Kong Branch
The Bank of East Asia, Limited

In PRC:

Bank of China Limited
China Construction Bank Corporation

Corporate Information (Continued)

Legal Advisers

As to Hong Kong law:

Michael Li & Co.
Hui & Lam

As to PRC law:

Fujian Xieli & Partners Law Firm

As to Cayman Islands law:

Conyers 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
Tel: (852) 2570 8128
Fax: (852) 2510 0991
Website: http://www.tongda.com
Email (Investor Relations):
ir@tongda.com.hk

Listing Information

Listing on the Hong Kong Stock Exchange (Main Board)
Stock short name: Tongda
Stock code: 698
Board lot: 10,000 shares

Hong Kong Branch Share Registrar

Union Registrars Limited
18/F Fook Lee Commercial Centre
Town Place
33 Lockhart 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

Management Discussion and Analysis

1. Business and Financial Review

For the six months ended 30 June 2011 (the "Period"), the Group's overall sales continued to increase steadily by approximately 23.1% to HK$1,279.9 million (six months ended 30 June 2010: HK$1,039.5 million) over the corresponding period of last year. Gross profit increased by 26.7% to HK$238.4 million (six months ended 30 June 2010: HK$188.1 million) over the corresponding period of last year and profit attributable to owners of the Company increased by 18.0% to HK$102.1 million (six months ended 30 June 2010: HK$86.5 million) from the corresponding period of last year.

Looking back on the first half of 2011, despite the challenges posed by global economic instability and the aftermatch of the earthquake in Japan, the Group still achieved solid and continuous growth in sales, gross profit and net profit through continuously optimizing our product portfolio and effectively controlling cost.

Although faced with challenging business environment and rising operational cost, we managed a net profit margin of approximately 8.0% (six months ended 30 June 2010: 8.3%).

As at 30 June 2011, the Group had pledged deposit, restricted bank balance and cash and cash equivalents balances of approximately HK$186.4 million (31 December 2010: HK$228.0 million).

Management Discussion and Analysis (Continued)

2. Operational Information by Division

a. Electrical Fittings Division

The Group's unique IML* printing technology is mainly applied to products developed in the electrical fittings division, namely handsets, notebook computers and electrical appliances. During the Period, the division recorded an satisfactory revenue growth of 31.6% over the corresponding period of last year, to HK$1,045.3 million (six months ended 30 June 2010: HK$794.4 million). The Group has a R&D team of over 100 research professionals, focusing on product R&D. During the period, besides worked to further integrate our electronic fittings decoration printing and precise injection moulding technology, the Group also successfully developed our own IMD** printing technology, which has already completed bulk shipments. This not only complemented our product portfolio but also greatly enhanced our core competitiveness, strengthened the business operation of the Group and further established the Group's leadership position in both domestic and international electronics fitting market.

* IML: In-Mould Lamination, surface of the product is covered by a hardening transparent film, with printed layer in the middle and plastic layer on the back. The characteristic of this technology is that it can prevent the surface of the product from scratches and frictions as the printed layer was covered by transparent film, thus its color remains longer and does not fade easily, providing more kinds of surface texture than other plastic printing.

** IMD: In-Mould Decoration, an in-mould technology used for plastic surfaces decoration. The technology carries out decoration with a carrier foil placed inside the opened mould. It carries the dried paint layers which are to be transferred to the plastic part.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

i. Handsets

Raising demand of middle-to-high-end handsets coupled with the popularity for smartphones globally, the handset sales maintained a rapid growth during the Period. Turnover from the Group's handset business increased from HK$373.6 million to HK$453.4 million from the corresponding period of last year, marking a growth of 21.4%, which is mainly driven by product portfolio adjustment and improvement in sales volume.

According to a report from the International Data Corporation (IDC), a consulting and research institute in the U.S., the global shipment of smartphones is expected to reach 472 million units in 2011, an increase of 55% over 305 million units shipped in 2010. As consumers increasingly prefer more advanced mobile devices, global shipment of smartphones is expected to reach 982 million units by the end of 2015. In view of the strong development potential of the smartphone market, in addition to engaging proactively in R&D on the design and printing technologies for high-precision plastic handset casings, the Group also commenced mass production of glass touch panel for smartphone producers including Huawei, ZTE and TCL. The production of glass touch panel includes a series of high-tech processing procedures. Leveraging our R&D team's vast experience in high-tech, the Group is able to quickly master the relevant production technology. By developing high-tech and high value-added products, the Group is expected to further strengthen its leading position as an expert in surface decoration while enhancing its overall profitability. In view of the rising demand for glass touch panel driven by a fast-growing smartphone market, the Group expects relevant orders to grow gradually. The Group will aptly allocate more resources and effectively enhance its production capacity to meet the enormous demand of the market. The production target for glass touch panel for 2011 remains at the annual production of 12.5 million pieces.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

i. *Handsets* (Continued)

Acting as strategic partners with renowned mobile phone producers such as Huawei, ZTE TCL, Nokia and Motorola, the Group seeks to maintain win-win cooperation through adding value to their products with our high-precision case fittings.

ii. *Electrical Appliances*

The Group's electrical appliances business generally performed well and recorded consistently strong growth across the first half of 2011. Thanks to stable income from the major customers including Haier, Midea, Gree, Little Swan, Hitachi and Philips, the turnover of the electrical appliances division grew remarkably by 68.8% to HK$416.3 million over the corresponding period of last year. With continuous investments in R&D to improve our printing technology and implementation of effective cost control measures, the Group has managed to provide our customers with products at a more competitive price. This has encouraged the customers to widely use our products in their product lines rather than only in high-end products like before.

During the period, the orders of mid-range to high end products from Media and Haier increased significantly. An added boost was provided by the Group's successful development of glass cover components for Haier electrical appliances and which has already been utilized in market applications, which helped spur the substantial rise in sales of electrical appliances business.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

ii. *Electrical Appliances* (Continued)

In the first half of 2011, the national economy of China recorded sound performances. According to data from National Bureau of Statistics of China, the total retail sales of consumer goods in China for the first half of 2011 grew 16.8% to RMB8.58 trillion compared with corresponding period of last year, among which the growth for consumer electronics and audio-visual equipment sector was 21.5%. Meanwhile, the National Bureau of Statistics of China reported a GDP growth of 9.6% for the first half of 2011 over the corresponding period of last year. Although the financial crisis affecting global consumer electronics industry in the past two years, the domestic and overseas sales of consumer electronics in China was on up trend driven by the rapid development in its consumer market. During the Twelfth Five-Year Plan period, the consumer electronics industry in China will enter an era of overall upgrading and transition characterized by a structural adjustment, technological innovation and development towards higher environmental efficiency.

The consumer electronics market in China shows a trend of overall renewal with high-end products, such as edge lit LED TVs, variable frequency air-conditioners, front-loading washing machines and three-door refrigerators, emerging as a new mainstream in the consumer electronics market. As we always strive to expand our expertise into high-end products, we expect a steady growth on orders for our high-end consumer electronics products in the second half of 2011. Motivated by the economic stimulus plan of macro economic policy in China and the rapid development of consumer electronics market, the Group will seek to maintain our industry leadership in terms of size by fully utilizing our existing resources and strengths according to market demands. Through developing fashionable, innovative, eco-friendly and efficient high-end products with high design standards, actively strengthening our collaboration with strategic partners, and combining a sound business and profit-generating model, we will maintain a stable and rapid development of our electrical appliance business.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

ii. *Electrical Appliances* (Continued)

LED Light Guide Plate for LED TV

To meet with the call for green, low carbon footprint and environmental friendly lifestyle, low-carbon economy themed on green and efficiency is sure to become the trend for consumer electronics development. To reflect our commitment to high-precision product line and high-tech environmental product strategy, the Group joined forces with Matsushita Shokai last year to develop and produce high quality light guide plates, the core component of LED TV sets, and mainly supply to Japanese brands. The light guide plates business has been put into production during the first quarter of 2011.

As our light guide plate business for LED TVs was still at a preliminary stage of development, and the earthquake in Japan disrupted the supply chain of the LED TV manufacturers in March and April of this year, which has slowed down the pace for LED TV manufactures to launch new TV sets, our light guide plate business was under severe pressure. With extensive market experience accumulated for years and the efforts of its management, the Group fully understood the situation and core issues in the industry and dealt with market impacts and changes in a decisive and swift manner before putting into force various strategic measures, which began to alleviate those pressures and has helped to resume the orders and shipments of light guide plates to their normal levels since May. In view of the robust development of consumer electronics market in China, in addition to supplying existing clients in Japan and Korea, the Group sought to capture a greater share of the burgeoning domestic consumer electronics market through collaborating with major TV set manufactures in China, such as TCL, Skyworth and Hisense. Given more and more customers preferring TVs with a high-quality image and LCD TVs becoming gradually obsolete, the Group expects shippings will rise significantly in the second half of this year.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

iii. Notebook Computers

During the period, turnover from the Group's notebook computer division was HK$175.6 million compared to HK$174.2 million in the corresponding period of last year. The marginally slight increase of the turnover in the first half of 2011 compared to the corresponding period of last year was mainly due to generally weaker performance of the notebook computer market.

The major customers of the Group's notebook business were Lenovo, Dell, HP, Toshiba and NEC as well as Taiwan's top four computer manufacturers, namely Asus, Acer, Quanta and Compal.

During the period, the Group not only continued to enhance its IML printing technology, but also successfully developed its own IMD printing technology and started bulk shipments of relevant products, with the main customer being those worldly renowned computer brands. By developing certain materials necessary for its IMD printing technology, the Group has managed to control production cost effectively and enhance our profit margin. In addition, in order to satisfy consumers' demands and optimize the product portfolio of the Group's notebook business, the Group increased shipment of the aluminum casings and fittings during the period, offering more choices of higher qualities for computer manufacturers.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

a. Electrical Fittings Division (Continued)

iii. *Notebook Computers* (Continued)

Looking forward, the Group will seek to enhance our advantages in the manufacturing of notebook computer's casings and fittings with the aim to further increase its market shares. In the mean time, the Group will utilize its technical advantages in the manufacturing of notebook computer's casings to expand to the manufacturing of the casings and fittings for other personal digital and consumer electronics products such as tablet PCs. The Group is committed to continuously optimizing its product portfolio so as to boost up the gross profit margin of the business.

b. Ironware Parts Division

During the period, the turnover of this division was HK$185.6 million, representing an increase of approximately 11.0% over the corresponding period of last year (for the six months ended 30 June 2010: HK$167.2 million). This business segment mainly focus on precision metal parts provision. Although the turnover of the ironware parts division slightly increased, the gross profit margin has seen a downward trend, which was mainly due to the substantial increase of operating cost, and such increase could not be totally transferred to customers in time. As a result, both gross profit margin and segment results decreased during the period. However, the Group will continue to adopt measures to control costs.

Management Discussion and Analysis (Continued)

2. Operational Information by Division (Continued)

c. Communication Facilities Division and Other Business

The Communication Facilities Division of the Group focuses on the production of such communication facilities as satellite TV receivers and set top boxes. As economies in the United States and Europe kept slowing down and orders in the business segment kept decreasing, only resulting in a turnover of approximately HK$49.0 million (for the six months ended 30 June 2010: HK$77.9 million). Since the profitability of the communication facilities division and other business is lower than that of the electrical fittings division, the Group has allocated a significant part of resources to other core business segments. The contribution from the sales volume of this business to the total turnover will be gradually scaled down.

d. Turnover Breakdown of Products for the Six Months Ended 30 June 2011 and 2010

	2011	2010
Electrical Fittings Division	82%	76%
i. Handset	35%	36%
ii. Electrical Appliances	33%	23%
iii. Notebook Computers	14%	17%
Ironware Parts Division	14%	16%
Communication Facilities and Other Business	4%	8%

Management Discussion and Analysis (Continued)

3. Prospects

Looking forward to the second half of 2011 and the coming years, we expect the global economy will continue to grow steadily. However, some economies may see certain fluctuations subject to various uncertainties, such as the increasing concern over the European debt crisis and implications of weakness in U.S. economic data. As a pioneer in the industry that is capable of manufacturing the exterior cover of electrical fittings and handling precise and multi-layered designs, the Group will further strengthen its own IML and IMD printing technology (such as fully-automatic 7-colour screen process printing technology, 3D crushing technology and glass accessory moulding) to enhance our pricing power and product competitiveness; strengthen the cooperation with various world-class brands, deepen our close strategic relationship and keep focusing on our existing major clients; continue to research and develop new projects and products to optimize the product mix and enrich the product lines of the Group; reach end customers directly to coordinate in the development and import of the Company's new products for those customers' exclusive use of our products in their module plants; and better control production cost to promote the Group's profit margin.

Looking ahead, having clear strategies in place and the commitment to success, the management remains fully confident of the Group's operational performance in the second half of 2011 and the coming years despite various challenges ahead. The management believes that the Group can continue to achieve solid performance and create better returns for shareholders through successfully implementing our key strategies and balanced growth.

Management Discussion and Analysis (Continued)

4. Liquidity and Financial Resources

At 30 June 2011, the Group had total assets of HK$3,136.1 million (31 December 2010: HK$3,016.5 million); net current assets of HK$759.7 million (31 December 2010: HK$681.9 million) and total equity of HK$1,763.5 million (31 December 2010: HK$1,662.5 million). The Group's cash and cash equivalents and pledged deposits balances as at 30 June 2011 was maintained at about HK$186.4 million (31 December 2010: HK$222.8 million), out of which about HK$46.3 million has been pledged to bank to secure banking facilities granted (31 December 2010: HK$39.1 million). The gearing ratio (consolidated net borrowings/total equity) was 0.16 (31 December 2010: 0.14). As at 30 June 2011, total bank loans of the Group amounted to approximately HK$469.8 million was floating-rate loan.

Except for the pledged deposits as shown in the condensed consolidated statement of financial position, no other assets were pledged as at 30 June 2011 and 31 December 2010.

5. Foreign Currency Risk

The Group carries on its trading transactions mainly in Hong Kong dollars and RMB. Approximately 71% (2010: 85%) 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 and United Stated 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 minimize the possible currency risk therefrom.

Condensed Consolidated Income Statement

	Notes	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000 (restated)
REVENUE	4	**1,279,880**	1,039,473
Cost of sales		**(1,041,522)**	(851,371)
Gross profit		**238,358**	188,102
Other income and gains, net		**16,448**	7,498
Selling and distribution costs		**(29,704)**	(21,674)
Administrative expenses		**(70,575)**	(64,200)
Other operating income/(expenses), net		**(7,656)**	1,495
Finance costs		**(22,312)**	(8,284)
Share of profits and losses of associates		**712**	2,010
PROFIT BEFORE TAX	5	**125,271**	104,947
Income tax expense	6	**(21,271)**	(15,999)
PROFIT FOR THE PERIOD		**104,000**	88,948
Attributable to:			
Owners of the Company		**102,118**	86,506
Non-controlling interests		**1,882**	2,442
		104,000	88,948
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
— Basic		**HK2.19 cents**	HK1.94 cents
— Diluted		**HK2.13 cents**	HK1.92 cents

Details of the dividends are disclosed in Note 7.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
		(restated)
PROFIT FOR THE PERIOD	**104,000**	88,948
OTHER COMPREHENSIVE INCOME		
Gain on revaluation	**5,524**	4,158
Income tax effect	**(911)**	(686)
	4,613	3,472
Exchange differences on translation of foreign operations		
— subsidiaries	**26,229**	(50)
— associates	**659**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**31,501**	3,422
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**135,501**	92,370
ATTRIBUTABLE TO:		
Owners of the Company	**131,990**	89,928
Non-controlling interests	**3,511**	2,442
	135,501	92,370

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**995,775**	957,035
Prepaid land lease payments		**31,285**	30,968
Investment property	*10*	**49,703**	46,977
Goodwill		**22,751**	22,751
Available-for-sale investment	*11*	**8,061**	8,061
Prepayments		**58,378**	56,354
Interests in associates		**38,901**	34,408
Long term deposits		**45,970**	17,482
Deferred tax assets		**3,713**	3,703
Total non-current assets		**1,254,537**	1,177,739
CURRENT ASSETS			
Inventories		**606,742**	472,249
Trade and bills receivables	*12*	**941,608**	1,019,725
Prepayments, deposits and other receivables		**146,747**	112,745
Tax recoverable		**30**	6,057
Pledged deposits		**46,334**	39,109
Restricted bank balance		**—**	5,199
Cash and cash equivalents		**140,076**	183,698
Total current assets		**1,881,537**	1,838,782
CURRENT LIABILITIES			
Trade and bills payables	*13*	**656,500**	655,883
Accrued liabilities and other payables		**92,808**	92,079
Due to non-controlling shareholders of subsidiaries		**120**	189
Due to a related company		**175**	1,862
Tax payable		**122,283**	124,436
Interest-bearing bank borrowings	*14*	**249,969**	282,392
Total current liabilities		**1,121,855**	1,156,841

Condensed Consolidated Statement of Financial Position (Continued)

	Notes	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
NET CURRENT ASSETS		**759,682**	681,941
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,014,219**	1,859,680
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*14*	**219,825**	169,750
Loan from a non-controlling shareholder of a subsidiary		**7,331**	7,331
Deferred tax liabilities		**23,541**	20,066
Total non-current liabilities		**250,697**	197,147
Net assets		**1,763,522**	1,662,533
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**46,783**	46,049
Reserves		**1,666,691**	1,569,947
		1,713,474	1,615,996
Non-controlling interests		**50,048**	46,537
Total equity		**1,763,522**	1,662,533

Condensed Consolidated Statement of Changes in Equity

	Unaudited six months ended 30 June 2011												
	Attributable to owners of the Company												
	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Warrant reserve HK$'000	Asset revaluation reserve HK$'000	Statutory reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011	46,049	613,649	23,212	16,092	1,180	17,612	22,697	287	101,937	773,281	1,615,996	46,537	1,662,533
Profit for the period	–	–	–	–	–	–		–	–	102,118	102,118	1,882	104,000
Other comprehensive income	–	–	–	–	–	4,613	–	–	25,259	–	29,872	1,629	31,501
Total comprehensive income for the period	–	–	–	–	–	4,613	–	–	25,259	102,118	131,990	3,511	135,501
Shares issued upon exercises of share options *(note 15(iv))*	190	6,254	(1,167)	–	–	–	–	–	–	–	5,277	–	5,277
Exercise of warrants *(note 15(v))*	544	16,206	–	–	(430)	–	–	–	–	–	16,320	–	16,320
Final 2010 dividend declared and paid *(note 7)*	–	–	–	–	–	–	–	–	–	(56,109)	(56,109)	–	(56,109)
At 30 June 2011	46,783	636,109	22,045	16,092	750	22,225	22,697	287	127,196	819,290	1,713,474	50,048	1,763,522

Condensed Consolidated Statement of Changes in Equity (Continued)

Unaudited six months ended 30 June 2010

Attributable to owners of the Company

	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Warrant reserve HK$'000 (restated)	Asset revaluation reserve HK$'000	Statutory reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000 (restated)	Total HK$'000 (restated)	Non-controlling interests HK$'000	Total equity HK$'000 (restated)
At 1 January 2010	43,058	535,759	15,431	993	–	12,160	287	5,078	81,664	639,093	1,333,523	47,287	1,380,810
Profit for the period	–	–	–	–	–	–	–	–	–	86,506	86,506	2,442	88,948
Other comprehensive income	–	–	–	–	–	3,472	–	–	(50)	–	3,422	–	3,422
Total comprehensive income for the period	–	–	–	–	–	3,472	–	–	(50)	86,506	89,928	2,442	92,370
Share issued *(note 15(i))*	1,600	36,800	–	–	–	–	–	–	–	–	38,400	–	38,400
Transaction costs attributable to issue of shares	–	(425)	–	–	–	–	–	–	–	–	(425)	–	(425)
Issued of warrants	–	–	–	–	1,521	–	–	–	–	–	1,521	–	1,521
Equity-settled share option arrangements	–	–	7,897	–	–	–	–	–	–	–	7,897	–	7,897
Final 2009 dividend declared and paid *(note 7)*	–	–	–	–	–	–	–	–	–	(22,329)	(22,329)	–	(22,329)
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	127	127
Acquisition of non-controlling interests	–	–	–	(615)	–	–	–	–	163	–	(452)	(10,679)	(11,131)
At 30 June 2010	44,658	572,134	23,328	378	1,521	15,632	287	5,078	81,777	703,270	1,448,063	39,177	1,487,240

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**67,503**	91,626
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(98,505)**	(94,514)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(16,860)**	(84,807)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(47,862)**	(87,695)
Cash and cash equivalents at beginning of period	**183,698**	225,808
Effects of foreign exchange rate changes, net	**4,240**	113
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**140,076**	138,226
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the condensed consolidated statement of financial position	**140,076**	138,226

Notes to Condensed Consolidated Interim Financial Statements

1. Corporate Information

Tongda Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands.

The registered office of the Company is located 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 and other electronic products and ironware products. There were no significant changes in the nature of the subsidiaries' principal activities during the period.

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 ("HKICPA"). The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

2. Basis of Presentation (Continued)

Corresponding period of last year adjustment

Accounting treatment of warrants

On 15 January 2010, the Company issued 192,000,000 unlisted warrants at price of HK$0.008 per warrant to four placees, all being independent third parties to the Group for total cash consideration of approximately HK$1,521,000, these warrants were classified as derivative financial liabilities, carried at fair value net of transaction costs of HK$1,521,000 at initial recognition. At 30 June 2010, the fair value of the outstanding warrants was determined using the binomial option pricing model at HK$6,662,000. Accordingly, a change in fair value of warrants of HK$5,141,000 has been charged to the condensed consolidated income statement of the Group. No warrants were exercised up to 30 June 2010.

After the issuance of interim report of the Group dated 23 August 2010 and prior to the issuance of 2010 annual report of the Group dated 16 March 2011, the directors have undertaken a detailed review on the terms and conditions of the warrants and considered it is more appropriate to reclassify and re-measure the warrants as equity instruments. Accordingly, the consideration received from the subscription of warrants, i.e. HK$1,521,000 representing the fair value of the warrants, was recognised in equity (warrant reserve) on the date of issue. The warrant reserve will be transferred to share premium accounts upon the subsequent exercise of warrants. Where the warrants remained unexercised upon expiry, the amount will be released to the retained earnings.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

2. Basis of Presentation (Continued)

Corresponding period of last year adjustment (Continued)

Accounting treatment of warrants (Continued)

Comparative information has been restated to reflect the above change and the effects are summarised below:

	HK$'000
Unaudited condensed consolidated income statement and unaudited condensed consolidated statement of other comprehensive income for the six months ended 30 June 2010	
Reversal of change in fair value of warrants	5,141

	HK$'000
Unaudited condensed consolidated statement of financial position as at 30 June 2010	
Decrease in warrants classified as derivative financial liabilities	6,662
Increase in warrant reserve	1,521
Increase in retained profits	5,141
	6,662

The corresponding period of last year adjustment represents the reclassification of warrants of HK$1,521,000 from derivative financial liabilities to warrant reserve at initial recognition, and reversal of change in fair value of warrants of HK$5,141,000 during the period ended 30 June 2010 when the change occurs.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

2. Basis of Presentation (Continued)

Corresponding period of last year adjustment (Continued)

Accounting treatment of warrants (Continued)

As a result, unaudited basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2010 were restated from HK1.83 cents and HK1.81 cents to HK1.94 cents and HK1.92 cents respectively. The above reclassification has already been reflected in the audited annual consolidated financial statements for the Group for the year ended 31 December 2010.

Furthermore, the directors have made reclassification on certain items as shown on the face of the condensed consolidated income statement in the current period and hence the comparative amounts in corresponding period of last year were reclassified to conform the current period's presentation. Further details are set out in note 20.

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 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and interpretations, which are generally effective for accounting periods beginning on or after 1 January 2011.

HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
Amendments to HK(IFRIC)-Int 14	*Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Notes to Condensed Consolidated Interim Financial Statements (Continued)

3. Accounting Policies (Continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13 are effective for the reporting period.

The adoption of the above new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the electrical fittings segment produces accessories for electrical appliance products;

(b) the ironware parts segment is a supplier of metallic casings and other ironware parts for electrical and electronic appliances; and

(c) the communication facilities and others segment comprises a supply of electronic components and the trading of electrical appliances, the Group's management services business and the corporate income and expense items.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

4. Operating Segment Information (Continued)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains — net, corporate and other unallocated expenses, finance costs and share of profits and losses of associates, are excluded from such measurement.

Segment assets exclude available-for-sale investment, interests in associates, goodwill, deferred tax assets, tax recoverable, pledged deposits, restricted bank balances and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

4. Operating Segment Information (continued)

The following tables present unaudited revenue, profit, certain assets and liabilities information for the Group's operating segments for the periods ended 30 June 2011 and 2010.

	Unaudited six months ended 30 June 2011				
	Electrical fittings HK$'000	Ironware parts HK$'000	Communication facilities and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenue:					
Sales to external customers	1,045,262	185,642	48,976	–	1,279,880
Intersegment sales	4,235	7,442	4,599	(16,276)	–
Total	1,049,497	193,084	53,575	(16,276)	1,279,880
Segment results before depreciation and amortisation	186,886	17,164	(4,046)	–	200,004
Depreciation	(48,767)	(6,115)	(1,533)	–	(56,415)
Amortisation	(344)	(711)	(38)	–	(1,093)
Segment results	137,775	10,338	(5,617)	–	142,496
Unallocated income					16,448
Corporate and other unallocated expenses					(12,073)
Finance costs					(22,312)
Share of profits and losses of associates					712
Profit before tax					125,271
Income tax expense					(21,271)
Profit for the period					104,000

Notes to Condensed Consolidated Interim Financial Statements (Continued)

4. Operating Segment Information (continued)

	Electrical fittings HK$'000	Ironware parts HK$'000	Communication facilities and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
	Unaudited six months ended 30 June 2010 (restated)				
Segment revenue:					
Sales to external customers	794,418	167,189	77,866	–	1,039,473
Intersegment sales	3,862	1,919	–	(5,781)	–
Total	798,280	169,108	77,866	(5,781)	1,039,473
Segment results before depreciation and amortisation	142,599	21,859	(5,364)	–	159,094
Depreciation	(38,946)	(5,545)	(1,259)	–	(45,750)
Amortisation	(328)	(664)	(37)	–	(1,029)
Segment results	103,325	15,650	(6,660)	–	112,315
Unallocated income					7,498
Corporate and other unallocated expenses					(8,592)
Finance costs					(8,284)
Share of profits and losses of associates					2,010
Profit before tax					104,947
Income tax expense					(15,999)
Profit for the period					88,948

Notes to Condensed Consolidated Interim Financial Statements (Continued)

4. Operating Segment Information (continued)

	Unaudited six months ended 30 June 2011				
	Electrical fittings HK$'000	Ironware parts HK$'000	Communication facilities and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	2,726,799	381,803	637,407	(869,801)	2,876,208
Unallocated assets					259,866
Total assets					3,136,074
Segment liabilities	1,678,249	170,301	231,930	(1,323,546)	756,934
Unallocated liabilities					615,618
Total liabilities					1,372,552

Notes to Condensed Consolidated Interim Financial Statements (Continued)

4. Operating Segment Information (continued)

	Audited 31 December 2010				
	Electrical fittings HK$'000	Ironware parts HK$'000	Communication facilities and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	2,593,128	364,415	594,644	(838,652)	2,713,535
Unallocated assets					302,986
Total assets					3,016,521
Segment liabilities	1,634,427	173,344	208,346	(1,258,773)	757,344
Unallocated liabilities					596,644
Total liabilities					1,353,988

The following table presents unaudited revenue for the Group's geographical information for the periods ended 30 June 2011 and 2010.

	Unaudited six months ended 30 June									
	Mainland China		Southeast Asia		Middle East		Others		Consolidated	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Segment revenue: Sales to external customers	**1,176,363**	879,501	**7,095**	21,083	**25,092**	66,189	**71,330**	72,700	**1,279,880**	1,039,473

For the six months ended 30 June 2011, revenue of approximately HK$138,727,000, representing 10.8% of the Group's revenue, was derived from sales by the electrical fittings segment to a single customer, include sales to a group of entities which are known to be under common control of that customer. None of the customers accounted for more than 10% of the Group's revenue during the period ended 30 June 2010.

Notes to Condensed Consolidated Interim 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	
	2011	2010
	HK$'000	HK$'000
Amortisation of prepaid land lease payments	**382**	365
Amortisation of prepayments	**711**	664
Depreciation of property, plant and equipment	**56,415**	45,750
Impairment of trade receivables	**5,373**	—
Write-back of impairment of trade receivables	**(106)**	(2,216)
Write-off of trade receivables	**1,134**	782
Write-down of inventories to net realisable values	**2,976**	768
Foreign exchange differences, net	**(13,313)**	1,194
Gain on disposal of property, plant and equipment	**(57)**	(72)
Change in fair value of an investment property	**(1,665)**	—
Gain on disposal of an investment property	**—**	(453)
Interest income	**(403)**	(453)

Notes to Condensed Consolidated Interim Financial Statements (Continued)

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) 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.

With the PRC Corporate Income Tax Law (the "Corporate Income Tax Law") being effective on 1 January 2008, the Corporate Income Tax (the "CIT") rate was changed from 33% to 25%. Under the relevant laws and regulations in the PRC, certain subsidiaries of the Group operating in Mainland China are exempted from CIT for two years from their respective first profit-making years and are eligible for a 50% reduction in CIT for the following three years. In addition, a reduced tax rate of 24% (2010: 22%) can be enjoyed by the subsidiary in the year 2011 if it is located in the Special Economic Zone of the PRC.

福建省石獅市通達電器有限公司 (Tongda Electrics Company Limited, Shishi City, Fujian) and 通達（廈門）科技有限公司 (Tongda (Xiamen) Technology Limited) are awarded as High New Technology Enterprises during the six months period ended 30 June 2011 and subject to a preferential tax rate of 15%.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

6. Income Tax (Continued)

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Current — Hong Kong		
Charge for the period	**127**	674
Overprovision in prior years	**(62)**	—
	65	674
Current — Elsewhere		
Charge for the period	**18,849**	15,530
Under/(over) provision in prior years	**4**	(11)
	18,853	15,519
Deferred tax	**2,353**	(194)
Total tax charge for the period	**21,271**	15,999

The share of tax attributable to associates amounting to HK$86,000 (30 June 2010: HK$32,700) is included in "share of profits and losses of associates" on the face of the condensed consolidated income statement.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

7. Dividends

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Dividends paid during the period: Final and special in respect of the financial year ended 31 December 2010 — HK1 cent and HK0.2 cent per ordinary share (2010: final dividend of HK0.5 cent per ordinary share, in respect of the financial year ended 31 December 2009)	**56,109**	22,329

At the board meeting held on 22 August 2011, the board of directors declared and approved an interim dividend of HK0.7 cent per ordinary share (2010: HK0.6 cent), totalling HK$32,748,100 (2010: HK$26,794,800).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

8. Earnings per Share

	Unaudited Six months ended 30 June 2011 HK$	2010 HK$ (restated)
Profit:		
Profit for the period attributable to owners of the Company	**102,118,000**	86,506,000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,668,141,989**	4,452,540,331
Effect of dilutive potential ordinary shares:		
Options	**91,321,429**	26,673,107
Warrants	**26,785,714**	21,873,418
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,786,249,132**	4,501,086,856

Notes to Condensed Consolidated Interim Financial Statements (Continued)

9. Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment of approximately HK$73,239,000 (30 June 2010: HK$87,407,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK$3,289,000 (30 June 2010: HK$4,585,000) for proceeds of approximately HK$3,346,000 (30 June 2010: HK$4,657,000).

At 30 June 2011, the Group's leasehold buildings situated in Hong Kong were revaluated by Asset Appraisal Ltd., an independent firm of professionally qualified appraisers, at an open market value of HK$37,200,000 (31 December 2010: HK$32,000,000). The resulting revaluation surplus of HK$5,524,000 (30 June 2010: HK$4,158,000) has been credited to the asset revaluation reserve during the six months ended 30 June 2011. The resulting deferred tax liability of HK$911,000 (30 June 2010: HK$686,000) arising from the revaluation has also been debited to the asset revaluation reserve.

10. Investment Property

During the six months ended 30 June 2010, the Group disposed of an investment property located in Hong Kong with a carrying amount of HK$4,350,000 at a cash consideration of approximately HK$4,803,000 resulting in a gain on disposal of HK$453,000.

The Group's investment property in Shanghai was valued by Asset Appraisal Ltd., an independent firm of professionally qualified appraisers, on an open market existing use basis at HK$49,703,000 (31 December 2010: HK$46,977,000) as at 30 June 2011. Consequently, gain in fair value change of an investment property of HK$1,665,000 and exchange realignment of HK$1,061,000 have been recognised in the condensed consolidated income statement and condensed consolidated statement of other comprehensive income for the six months ended 30 June 2011 (30 June 2010: nil).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

10. Investment Property (Continued)

The investment properties are leased to an associate and a related company controlled by a director of the Company under operating lease, further details of which are included in note 16(a) to these Interim Financial Statements.

11. Available-for-Sale Investment

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Unlisted equity investment, at cost	**8,061**	8,061

As at 30 June 2011, the above unlisted equity investment with a carrying amount of HK$8,061,000 (2010: HK$8,061,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

The Group does not intend to dispose of the investment in the near future.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

12. Trade and Bills Receivables

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Trade receivables	**801,597**	888,559
Impairment allowances	**(27,623)**	(22,174)
	773,974	866,385
Bills receivables	**167,634**	153,340
	941,608	1,019,725

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 Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

12. Trade and Bills Receivables (Continued)

An aged analysis of the Group's trade and bills receivables as at 30 June 2011, based on the invoice date, is as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Within 3 months	**814,750**	906,218
4 to 6 months, inclusive	**105,301**	100,410
7 to 9 months, inclusive	**18,104**	10,446
10 to 12 months, inclusive	**5,385**	1,433
More than 1 year	**25,691**	23,392
	969,231	1,041,899
Impairment allowances	**(27,623)**	(22,174)
	941,608	1,019,725

13. Trade and Bills Payables

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Trade payables	**478,620**	491,534
Bills payables	**177,880**	164,349
	656,500	655,883

Notes to Condensed Consolidated Interim Financial Statements (Continued)

13. Trade and Bills Payables (Continued)

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 2011, based on the invoice date, is as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Within 3 months	**456,453**	516,664
4 to 6 months, inclusive	**166,353**	114,499
7 to 9 months, inclusive	**19,975**	15,211
10 to 12 months, inclusive	**1,611**	2,949
More than 1 year	**12,108**	6,560
	656,500	655,883

14. Interest-Bearing Bank Borrowings

During the six months ended 30 June 2011, the Group repaid bank loans totaling of approximately HK$282,979,000 (30 June 2010: HK$123,128,000) and raised new bank loans of approximately HK$300,631,000 during the period (30 June 2010: HK$21,154,000). All borrowings bear interest at prevailing market rates and are repayable within five years.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

15. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each, authorised:		
Balance at 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011	20,000,000,000	200,000
Ordinary shares of HK$0.01 each, issued and fully paid:		
At 1 January 2010	4,305,800,000	43,058
Issue of shares *(note i)*	160,000,000	1,600
Share issued upon exercise of share options *(note ii)*	1,500,000	15
Share issued upon exercise of warrants *(note iii)*	137,600,000	1,376
At 31 December 2010	4,604,900,000	46,049
Share issued upon exercise of shares option *(note iv)*	19,000,000	190
Share issued upon exercise of warrants *(note v)*	54,400,000	544
At 30 June 2011	4,678,300,000	46,783

Notes to Condensed Consolidated Interim Financial Statements (Continued)

15. Share Capital (Continued)

Notes:

(i) Pursuant to a placing and subscription agreement entered into on 15 January 2010, the Company allotted and issued 160,000,000 new ordinary shares of HK$0.01 each at the subscription price of HK$0.24 per share to E-Growth, a shareholder holding 296,000,000 ordinary issued shares representing approximately 6.87% of the entire issued share capital (before the replacement of 160,000,000 new ordinary shares) of the Company.

(ii) The subscription rights attaching to 1,500,000 share options were exercised at the subscription price of HK$0.28 per share, resulting in the issue of 1,500,000 shares of HK$0.01 each for a total cash consideration, before expenses, of HK$420,000. An amount of HK$116,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(iii) 137,600,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.30 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$41,280,000. An amount of HK$1,090,000 was transferred from the warrant reserve to the share premium account upon the exercise of the warrants.

(iv) During the six months ended 30 June 2011, the subscription rights attaching to 8,000,000 shares, 5,000,000 shares and 6,000,000 shares of share options were exercised at the subscription prices of HK$0.315 per share, HK$0.280 per share and HK$0.2262 per share respectively, resulting in the issue of 19,000,000 shares of HK$0.01 each for a total cash consideration, before expense, of HK$5,277,000. An amount of HK$1,167,000 was transferred from the share option reserve to the share premium account upon the exercises of the share options.

(v) 54,400,000 new ordinary shares of HK$0.01 each were issued for cash at a subscription price of HK$0.30 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$16,320,000. An amount of HK$430,000 was transferred from the warrant reserve to the share premium reserve upon the exercise of the warrants.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

16. Operating Lease Arrangements

(a) As lessor

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

At 30 June 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Within one year	**4,495**	4,279
In the second to fifth years, inclusive	**16,159**	15,741
After five years	**23,042**	24,817
	43,696	44,837

(b) As lessee

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

Notes to Condensed Consolidated Interim Financial Statements (Continued)

16. Operating Lease Arrangements (continued)

(b) As lessee (continued)

At 30 June 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Within one year	**10,998**	10,848
In the second to fifth years, inclusive	**13,497**	17,570
After five years	**18,900**	19,650
	43,395	48,068

17. Commitments

In addition to the operating lease commitments set out in note 16(b) above, the Group had the following capital commitments contracted but not provided for at the end of the reporting period:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Purchases of property, plant and equipment	**21,992**	36,118
Acquisition of an investment classified as available-for-sale investment	**7,800**	7,800
	29,792	43,918

Notes to Condensed Consolidated Interim Financial Statements (Continued)

18. Contingent Liabilities

At 30 June 2011, the Company had contingent liabilities in respect of corporate guarantees provided for banking facilities for certain subsidiaries, which were utilised to the extent of approximately HK$66,333,000 (2010: HK$82,499,000). Save as disclosed above, the Group did not have any significant contingent liabilities as at the end of the reporting period.

19. Related Parties Transactions

(a) 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	
		Six months ended 30 June	
		2011	2010
	Notes	**HK$'000**	HK$'000
Associates:			
Technology consultancy fee	*(i)*	**300**	300
Sales of products	*(ii)*	**1,602**	1,457
Purchases of raw materials and finished goods	*(iii)*	**378**	369
Rental income	*(iv)*	**665**	636
Dividend income		**1,500**	3,000
Related companies controlled by directors of the Company:			
Sales of machineries	*(v)*	**—**	2,318
Sales of products	*(ii)*	**55**	—
Purchase of raw materials	*(iii)*	**11**	—
Rental income	*(vi)*	**1,427**	1,364

Notes to Condensed Consolidated Interim Financial Statements (Continued)

19. Related Parties Transactions (continued)

(a) (Continued)

Notes:

(i) The technology consultancy fee charged at HK$50,000 (2010: HK$50,000) per month was received from an associate for the provision of technology support provided by the Group.

(ii) The sales to associates and a related company were made according to the terms similar to those offered to the Group's non-related customers.

(iii) The purchases from associates and a related company were made according to the terms similar to those offered to the Group's non-related suppliers.

(iv) The rental income received from an associate represented the subleasing of factory premises and staff quarters of the Group located at Shenzhen, the PRC.

(v) The sales of machineries to a related company controlled by directors of the Company were made at cost.

(vi) The rental income received from a related company controlled by a director of the Company were charged at monthly rental of RMB200,000.

The related party transaction in respect of item (vi) above also constitute continuing connected transaction as defined in chapter 14A or the Listing Rules.

(b) A banking facility of a subsidiary of the Company has been guaranteed to the extent of RMB50,000,000 (equivalent to HK$59,453,000) by a related company controlled by directors of the Company at nil consideration. The banking facility of HK$52,940,000 was utilised as at 30 June 2011 (31 December 2010: nil).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

20. Comparative Amounts

Save as disclosed in note 2, the Group has made reclassification on certain items as shown on the face of the condensed consolidated income statement in the current period as follows:

In the corresponding period of last year, the write-back of impairment of trade receivable of HK$2,216,000 and the gain on disposal of property, plant and equipment of HK$72,000 were both included in "other income and gains, net", while the write-off of trade receivable of HK$782,000 was included in "administrative expenses". During the current period, the Group has changed the presentation, as in the opinion of the directors, it is more appropriate to include all the above items as "other operating income/(expenses), net". To conform with the current period's presentation, the amounts of "other income and gains, net" and "administrative expenses" in corresponding period of last year were decreased by HK$2,288,000 and decreased by HK$782,000 respectively, while the other operating expenses of HK$11,000 was changed to other operating income of HK$1,495,000.

21. Approval of the Interim Financial Statements

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 22 August 2011.

Supplementary Information

Interim Dividends

The board of directors (the "Board") of the Company declared an interim dividend of HK0.7 cent (2010: HK0.6 cent) per ordinary share for the period ended 30 June 2011 payable on or about 23 September 2011 to shareholders whose names appear on the register of members of the Company on 15 September 2011.

Closure of register of members

The Register of Members will be closed from 16 September 2011 to 20 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:00 p.m. on 15 September 2011.

Supplementary Information (Continued)

Directors' Interest and Short Positions in Shares and Underlying Shares

At 30 June 2011, 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	Note	Total	Percentage of the Company's issued share capital
Mr. Wang Ya Nan	111,700,000	2,296,490,000	1,2	2,408,190,000	51.48
Mr. Wang Ya Hua	19,920,000	2,000,490,000	1	2,020,410,000	43.19
Mr. Wong Ah Yu	25,160,000	2,000,490,000	1	2,025,650,000	43.30
Mr. Wong Ah Yeung	32,000,000	2,000,490,000	1	2,032,490,000	43.45
Mr. Choi Wai Sang	19,750,000	78,750,000	3	98,500,000	2.11
Mr. Cheung Wah Fung, Christopher, *JP*	—	—		—	—
Dr. Yu Sun Say	2,500,000	—		2,500,000	0.05

Notes:

1. 2,000,490,000 shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% each by Wong Brothers.

2. 296,000,000 shares are held by E-Growth entire issued share capital of which is beneficially owned by Mr. Wang Ya Nan.

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

Supplementary Information (Continued)

Directors' Interest and Short Positions in Shares and Underlying Shares (Continued)

Saved as disclosed above, as at 30 June 2011 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.

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.

Supplementary Information (Continued)

Share Option Scheme (Continued)

The following table discloses movements in the Company's share options outstanding during the period:

Name or category of participants	Number of share options: At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share
Directors							
Mr. Wang Ya Nan	59,300,000	–	–	59,300,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28
Mr. Wang Ya Hua	59,300,000	–	–	59,300,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28
Mr. Wong Ah Yu	59,300,000	–	–	59,300,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28
Mr. Wong Ah Yeung	59,300,000	–	–	59,300,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28

Supplementary Information (Continued)

Share Option Scheme (Continued)

Name or category of participants	At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share
	Number of share options						
Directors (Continued)							
Mr. Choi Wai Sang	13,500,000	–	3,500,000	10,000,000	16 February 2008, and 31 May 2010	16 February 2008 to 15 February 2018 and 31 May 2010 to 30 May 2013	0.315 and 0.28
Mr. Ting Leung Huel, Stephen	8,450,000	–	–	8,450,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28
Mr. Cheung Wah Fung, Christopher, *JP*	8,450,000	–	–	8,450,000	3 July 2007, 16 February 2008, 25 September 2009 and 31 May 2010	4 July 2007 to 3 July 2017, 16 February 2008 to 15 February 2018, 25 September 2009 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.586, 0.315, 0.2262 and 0.28

Supplementary Information (Continued)

Share Option Scheme (Continued)

Name or category of participants	Number of share options: At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share
Directors (Continued)							
Dr. Yu Sun Say, *GBS, SBS, JP*	6,450,000	–	2,500,000	3,950,000	16 February 2008, and 31 May 2010	16 February 2008 to 15 February 2018 and 31 May 2010 to 30 May 2013	0.315 and 0.28
Mr. Wang Ming Che	16,000,000	–	–	16,000,000	25 September 2009 and 31 May 2010	25 September 2010 to 24 September 2012 and 31 May 2010 to 30 May 2013	0.2262 and 0.28
Other employees							
In aggregate	38,500,000	–	13,000,000	25,500,000	9 March 2007, 16 February 2008 and 31 May 2010	10 March 2007 to 9 March 2017, 16 February 2008 to 15 February 2018, 31 May 2010 to 30 May 2013	0.485, 0.315 and 0.28
	328,550,000	–	19,000,000	309,550,000			

Supplementary Information (Continued)

Share Option Scheme (Continued)

* 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 weighted average share price at the date of exercises for share options exercised during the period was HK$0.42 per share.

At the date of approval of these interim financial statements, the Company had 309,550,000 share options outstanding under the New Scheme, which represented approximately 6.62% of the Company's share in issue as at that date.

Substantial Shareholders

At 30 June 2011, 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	Notes	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	2,000,490,000	42.76
E-Growth	2	Directly beneficially owned	296,000,000	6.33

Supplementary Information (Continued)

Substantial Shareholders (Continued)

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 E-Growth is held and beneficially owned as to 100% by Mr. Wang Ya Nan.

Save as disclosed above, as at 30 June 2011, 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.

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.

Supplementary Information (Continued)

Remuneration Committee

The Remuneration Committee (the "RC") consists of the Chairman and Chief Executive Officer 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, *J.P*. 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 2011 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 August 2011