通達集團
TONGDA GROUP

TONGDA GROUP HOLDINGS LIMITED
通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 698)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors of Tongda Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010 (the "Period") together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
REVENUE	4	**1,039,473**	678,086
Cost of sales		**(851,371)**	(562,460)
Gross profit		**188,102**	115,626
Other income and gains, net		**9,786**	17,639
Selling and distribution costs		**(21,674)**	(18,190)
Administrative expenses		**(64,982)**	(49,196)
Change in fair value of warrants		**(5,141)**	–
Other expenses		**(11)**	(821)
Finance costs		**(8,284)**	(9,739)
Share of profits and losses of associates		**2,010**	435
PROFIT BEFORE TAX	5	**99,806**	55,754
Income tax expense	6	**(15,999)**	(10,623)
PROFIT FOR THE PERIOD		**83,807**	45,131

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

	Notes	Unaudited Six months ended 30 June **2010** ***HK$'000***	 2009 *HK$'000*
Attributable to:			
Owners of the Company		**81,365**	40,977
Non-controlling interests		**2,442**	4,154
		83,807	45,131
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
– Basic		**HK1.83 cents**	HK1.03 cents
– Diluted		**HK1.81 cents**	HK1.03 cents

Details of the dividends are disclosed to note 7 to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**83,807**	45,131
Gain on revaluation	**4,158**	1,388
Income tax effect on revaluation of property, plant and equipment	**(686)**	(229)
	3,472	1,159
Exchange differences on translation of foreign operations of subsidiaries	**(50)**	56
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**3,422**	1,215
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**87,229**	46,346
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	**84,787**	42,192
Non-controlling interests	**2,442**	4,154
	87,229	46,346

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2010** *HK$'000*	Audited 31 December 2009 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**863,542**	822,303
Investment property		**45,880**	50,230
Prepaid land lease payments		**30,630**	30,995
Interests in associates		**30,686**	35,543
Available-for-sale investment		**3,605**	–
Goodwill		**22,751**	22,751
Prepayments		**55,737**	56,401
Long term deposits		**7,936**	11,412
Deferred tax assets		**3,833**	3,833
Total non-current assets		**1,064,600**	1,033,468
CURRENT ASSETS			
Inventories		**442,801**	369,242
Trade and bills receivables	9	**694,385**	630,636
Prepayments, deposits and other receivables		**106,558**	75,498
Due from a related company		**1,804**	–
Tax recoverable		**6,008**	4,574
Pledged deposits		**28,780**	20,242
Cash and cash equivalents		**138,226**	225,808
Total current assets		**1,418,562**	1,326,000
CURRENT LIABILITIES			
Trade and bills payables	10	**521,758**	411,305
Accrued liabilities and other payables		**73,006**	84,948
Interest-bearing bank borrowings		**195,346**	248,226
Due to non-controlling shareholders		**786**	665
Due to a related company		**–**	6,150
Deposit received		**15,050**	–
Tax payable		**116,118**	112,245
Warrants		**6,662**	–
Total current liabilities		**928,726**	863,539
NET CURRENT ASSETS		**489,836**	462,461
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,554,436**	1,495,929

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**Unaudited 30 June 2010** *HK$'000*	Audited 31 December 2009 *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**50,000**	99,094
Due to a non-controlling shareholder		**7,331**	–
Deferred tax liabilities		**16,527**	16,025
Total non-current liabilities		**73,858**	115,119
Net assets		**1,480,578**	1,380,810
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**44,658**	43,058
Reserves		**1,396,743**	1,290,465
		1,441,401	1,333,523
Non-controlling interests		**39,177**	47,287
Total equity		**1,480,578**	1,380,810

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 2009.

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 2009, 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 2010.

HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 18 Amendments	*Revenue*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

3. ACCOUNTING POLICIES *(Continued)*

Other than as further explained below regarding the impact of HKAS 27 (Revised), 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.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Accordingly, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parents.

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

4. OPERATING SEGMENT INFORMATION

The following tables present unaudited revenue, results, assets and liabilities for the Group's operating segments for the periods ended 30 June 2010 and 2009.

	Unaudited six months ended 30 June 2010				
	Electrical fittings *HK$'000*	Ironware parts *HK$'000*	Communication facilities and others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Revenue from 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	**140,312**	**21,859**	**(5,364)**	**(696)**	**156,111**
Depreciation	**(38,946)**	**(5,545)**	**(1,259)**	**–**	**(45,750)**
Amortisation	**(328)**	**(664)**	**(37)**	**–**	**(1,029)**
Segment results	**101,038**	**15,650**	**(6,660)**	**(696)**	**109,332**
Unallocated income					**9,786**
Unallocated expense					**(13,038)**
Finance costs					**(8,284)**
Share of profits and losses of associates					**2,010**
Profit before tax					**99,806**
Income tax expense					**(15,999)**
Profit for the period					**83,807**

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Unaudited six months ended 30 June 2010				
	Electrical fittings *HK$'000*	**Ironware parts** *HK$'000*	**Communication facilities and others** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**2,246,585**	**414,918**	**887,016**	**(1,276,495)**	**2,272,024**
Unallocated assets					**211,138**
Total assets					**2,483,162**
Segment liabilities	**1,606,801**	**229,857**	**355,969**	**(1,574,696)**	**617,931**
Unallocated liabilities					**384,653**
Total liabilities					**1,002,584**

	Unaudited six months ended 30 June 2009				
	Electrical fittings *HK$'000*	Ironware parts *HK$'000*	Communication facilities and others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Revenue from external customers	461,303	163,502	53,281	–	678,086
Intersegment sales	1,762	786	–	(2,548)	–
Total	463,065	164,288	53,281	(2,548)	678,086
Segment results before depreciation and amortisation	75,833	16,733	(4,824)	(1,004)	86,738
Depreciation	(31,196)	(5,276)	(1,881)	–	(38,353)
Amortisation	(291)	(638)	(37)	–	(966)
Segment results	44,346	10,819	(6,742)	(1,004)	47,419
Unallocated income					17,639
Finance costs					(9,739)
Share of profits and losses of associates					435
Profit before tax					55,754
Income tax expense					(10,623)
Profit for the period					45,131

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Audited 31 December 2009				
	Electrical fittings *HK$'000*	Ironware parts *HK$'000*	Communication facilities and others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	2,066,744	406,043	853,324	(1,256,643)	2,069,468
Unallocated assets					290,000
Total assets					2,359,468
Segment liabilities	1,564,918	245,259	364,573	(1,671,682)	503,068
Unallocated liabilities					475,590
Total liabilities					978,658

The following table presents unaudited revenue for the Group's geographical information for the periods ended 30 June 2010 and 2009.

	Unaudited six months ended 30 June													
	Hong Kong		The People's Republic of China (the "PRC")		Southeast Asia		Australia		Middle East		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***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	**19,702**	23,440	**879,501**	519,004	**21,083**	63,669	**9,609**	20,182	**66,189**	32,883	**43,389**	18,908	**1,039,473**	678,086

For the six months ended 30 June 2010 and 2009, the revenue from the Group's largest customer was less than 10% of the Group's total revenue.

5. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Amortisation of prepaid land lease payments	**365**	328
Amortisation of prepayments	**664**	638
Depreciation of property, plant and equipment	**45,750**	38,353
Net fair value change on foreign exchange derivative financial instruments	**–**	2,144
Write-back of impairment of trade receivables	**(2,216)**	(818)
Write-off of trade receivables	**782**	655
Write-down of inventories	**768**	–
Foreign exchange differences, net	**1,194**	2,577
Gain on disposal of property, plant and equipment	**(72)**	–
Change in fair value of an investment property	**–**	(270)
Gain on disposal of investment property	**(453)**	–
Interest income	**(453)**	(2,538)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 22% (2009: 20%) can be enjoyed by the subsidiary in the year 2010 if it is located in the Special Economic Zone of the PRC.

6. INCOME TAX *(Continued)*

	Unaudited Six months ended 30 June **2010** ***HK$'000***	 2009 *HK$'000*
Current – Hong Kong		
Charge for the period	**674**	47
Underprovision in prior years	**–**	22
	674	69
Current – Elsewhere		
Charge for the period	**15,530**	10,802
(Over)/under provision in prior years	**(11)**	131
	15,519	10,933
Deferred tax	**(194)**	(379)
Total tax charge for the period	**15,999**	10,623

The share of tax attributable to associates amounting to HK$32,700 (2009: HK$3,400) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

7. DIVIDENDS

	Unaudited Six months ended 30 June **2010** ***HK$'000***	 2009 *HK$'000*
Dividends paid during the period:		
Final in respect of financial year ended 31 December 2009 – HK0.5 cent per ordinary share (2009: final dividend of HK0.2 cent per ordinary share, in respect of the financial year ended 31 December 2008)	**22,329**	7,980

At the board meeting held on 23 August 2010, the board of directors declared and approved an interim dividend of HK0.6 cent per ordinary share (2009: HK0.35 cent) totalling HK$26,794,800 (2009: HK$22,329,000).

8. EARNINGS PER SHARE

	Unaudited Six months ended 30 June	
	2010	2009
	HK$	*HK$*
Profit:		
Profit for the period attributable to owners of the Company	**81,365,000**	40,977,000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,452,540,331**	3,989,800,000
Effect of dilutive potential ordinary shares:		
Options	**26,673,107**	7,578,927
Warrants	**21,873,418**	Nil
Weighted average number of ordinary shares for the purpose of calculating dilutive earnings per share	**4,501,086,856**	3,997,378,927

9. TRADE AND BILLS RECEIVABLES

An aged analysis of the Group's trade and bills receivables as at 30 June 2010, based on the invoice date, is as follows:

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**566,069**	544,142
4 to 6 months, inclusive	**111,731**	70,177
7 to 9 months, inclusive	**10,127**	6,876
10 to 12 months, inclusive	**1,877**	6,358
More than 1 year	**25,683**	26,418
	715,487	653,971
Impairment allowances	**(21,102)**	(23,335)
	694,385	630,636

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-interesting-bearing.

10. TRADE AND BILLS PAYABLES

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 2010, based on the invoice date, is as follows:

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Within 3 months	**393,148**	339,369
4 to 6 months, inclusive	**113,861**	56,646
7 to 9 months, inclusive	**4,969**	6,517
10 to 12 months, inclusive	**1,627**	2,670
More than 1 year	**8,153**	6,103
	521,758	411,305

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

1. Business and Financial Review

Being the world's largest player in the global consumer electronics plastic casing market, Tongda Group Holdings Limited (the "Group") continued to assert significant presence in the worldwide handset, notebook computer and electrical appliance segments with its unique In-Mould Lamination ("IML") technology.

For the six months ended 30 June 2010 (the "Period"), the Group's overall sales increased by approximately 53% to HK$1,039 million (six months ended 30 June 2009: HK$678 million). Gross profit increased by 62% to HK$188 million (six months ended 30 June 2009: HK$116 million) and profit attributable to owners of the Company increased by 98% to HK$81 million (six months ended 30 June 2009: HK$41 million).

The achievement of solid growth in sales, gross profit and net profit was particularly encouraging as it solidified the Group's capability to deliver sustainable growth against the backdrop of an unstable economic environment. In spite of negative factors asserted by the recent phenomenon of rising labour costs in the PRC and increased raw material costs, the Group was able to successfully offset cost contingencies through the implementation of stringent internal cost controls and development of new product designs. In addition, driven by the management's vision to focus on value-added and high margin products coupled with the ability to charge premium prices for every new product launched, the Group's overall net profit margin increased to approximately 8% (six months ended 30 June 2009: 6%).

As at 30 June 2010, the Group had pledged deposit and cash equivalents balances of approximately HK$167 million (31 December 2009: HK$246 million). In January 2010, the Group completed a share placement of 160,000,000 new shares with net proceeds amounting to HK$37,975,000 and a warrant placement of 192,000,000 warrants. As at the date of this report, the warrants have not been exercised by the warrant holders and the expected net proceeds of approximately HK$57,000,000 will be received when the warrants are exercised. The successful placements reflected the market's confidence and support in the Group's business direction and will provide sufficient funding for future business developments.

During the period, the Group has acquired a 5% equity interest in an investee company at RMB3,160,000 which will develop a company which is holding a parcel of land in Siming District, Xiamen City, the PRC with a gross floor area of approximately 5,344 square meters amounting to RMB3,160,000. The gross investment of the group in such project will be limited to HK$8 million in its preliminary plan and goal of the investment will be development of a new company headquarter for the Group in long run.

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 impressive revenue growth of 72% to HK$794,418,000 (six months ended June 2009: HK$461,303,000). The increase is largely attributable to the division's specialization in the patented IML technology, which allowed the Group to successfully become one of the world's largest one-stop solutions provider of consumer electronics plastic casings and a key component partner to many leading electronics manufacturers, further establishing the Group's leadership position in both the domestic and international electronics market.

i. Handsets

As to make use of opportunities brought forth by the increasing global penetration of cell phones and notebook computer and to further consolidate the Group's position in the global supply chain, IML application will continue to be a key growth driver for the division. Turnover from the Group's handset business increased to HK$373,594,000 from HK$296,870,000 in the previous corresponding year, signifying a stable growth of 26%. During the Period, the Group maintained close relationships with globally renowned handset manufacturers such as Nokia and Sony Ericsson and PRC manufacturers such as Huawei, ZTE and Lenovo, thereby securing a stable and long-term flow of orders.

Having successfully broken into the global supply chain in past years, the Group expects a steady growth of sales orders from the prestige international brands in coming future. The growth of the Group will be supported by a solid role in the global supply chain.

ii. Notebook Computers

During the Period, the Group's advancement in IML technology garnered the attention of reputable computer brands such as Lenovo, Dell and HP, generating an influx of new orders. The rapid expansion in clientele portfolio beyond the Group's existing relationship with the world's top four computer manufacturers, namely Asus, Acer, Quanta and Compal, was especially meaningful as it demonstrated the market's trust and confidence in the Group's innovative designs and excellent product quality. In addition, consumer's predilection for personalized notebook casings with colorful and stylish designs provide ample opportunities for the Group to showcase its unique IML techniques and design competencies that includes color coating, plasma surfaces treatment, leather incrustation and alloys with various textures. During the Period, turnover from the Group's notebook computer division increased by 1.7 times to HK$174,150,000 from HK$65,541,000 in the previous corresponding period.

iii. Electrical Appliances

Benefiting from the favorable policy enacted by the PRC Government to promote and stimulate domestic consumption of household appliances, the Group's electrical appliances division has enjoyed substantial growth during the Period, with turnover achieving a growth of 1.5 times to HK$229,833,000 from HK$93,562,000 in the previous corresponding period. The Group expects to see continual growth for the division in the foreseeable future as the policy scheme extends its influence into nearby peripheral cities. Along with the stable income generated from a diverse customer portfolio including Haier, Midea, Gree, Hitachi, Philips, Cisco, Sony and Samsung, the Group anticipates optimistic growth and is well prepared to allocate resources for future expansion contingencies to optimize profitability.

iv. New business – Light Guide Plate for LED TV

In line with the diversification strategy into the LED TV market, the Group joined forces with Matsushita Shokai and established a joint venture company during the first quarter of 2010 to develop and produce high quality light guide plates, a core component used in LED TVs to project better quality images. By leveraging its core expertise in IML technology, the Group became the only supplier in the PRC, with its own design and technique to manufacture the new generation light guide plate that is capable of projecting immaculate imagery with excellent contrast in thinner television boxes. Such pioneering technology is expected to create a new trend in modern LED TV consumption. A new factory dedicated to the development of light guide plates have been set up in Xiamen and is expected to commence production in the second half of 2010. The Group has strong confidence that this new business venture will become a new growth engine of the Group.

b. Ironware Parts Division

For the Period, turnover from this division has slightly increased by 2.3% to HK$167,189,000 (six months ended June 2009: HK$163,502,000). The Group's strategic decision to cut back on lower margin orders and added focus on higher margin products including smaller and more delicate precision ironware products. The change in business approach will allow the Group to effectively direct resources to core business segments with higher profitability; hence the proportion of sales contribution from the ironware division to total turnover is expected to gradually scale down in the long run.

c. *Communication Facilities and other Business*

The Group's communication facilities division focuses on the production of satellite television modems and set top boxes. For the Period, the division has achieved a consistent turnover of approximately HK$77,866,000 (six months ended June 2009: HK$53,281,000), representing a stable revenue stream.

d. *Turnover Breakdown of Products for the Six Months Ended 30 June 2010 and 2009*

	2010	2009
Electrical Fittings Division	**76%**	68%
i. Handset	**36%**	44%
ii. Notebook Computers	**17%**	11%
iii. Electical Appliances	**22%**	12%
iv. Others	**1%**	1%
Ironware Parts Division	**16%**	24%
Communication Facilities and Other Businesses	**8%**	8%

3. Prospects

In light of the successful IML business, coupled with the Group's solid business foundation and prominent reputation as the world's largest consumer electronics plastic casing supplier, the management is confident that the second half of 2010 will continue to be a profitable period.

Handsets have increasingly become an integrated part of people's lives as owning more than one handset has become the norm. The phenomenon has been further intensified by the rapid expansion of the 3G network worldwide, causing consumer to upgrade their handsets in order to capture the added functionality. As one of the few players in the industry that is capable of manufacturing the exterior cover of handsets and handling precise and multi-layered designs, the Group stands well to benefit from the upgrading trend. Coupled with the rising handset consumption rate from emerging countries, the segment foresees immense development potential and will continue to be a key growth driver of the Group in the long run.

The Group is also optimistic about the prospect of the notebook computer market as the notion of mobility is becoming an imminent characteristic that consumers gravitate to when purchasing computers, thereby triggering a rising demand for notebook cases. In addition, the rising popularity of individualized solutions creates a gateway for the Group to showcase its mastery in IML printing. To effectively capture this enormous growth opportunity, rigorous R&D development will be enforced to deliver a consistent supply of value-added products with appealing product designs, as to make use of the segments fast moving nature and to maximize profit margins. Furthermore, the Group's newly established notebook casing production facility in Suzhou, Jiangsu has commenced operation in July 2010. Strategically located where international notebook computer manufacturers cluster, the new facility will focus on manufacturing orders to the world's top 4 notebook producers, thereby reducing transportation costs and ensure timely response to market's fast moving changes. The Group will continue to reallocate resources and machineries across our production sites to optimize utilization, thus allowing the Group to effectively manage orders and absorb new business whilst retaining its premium and comprehensive service network for its customers.

The Group believes that the diversification into the LED TV market marks a new milestone in 2010. The new business venture further reinforced our versatile technology competence to the world and signified the Group's capability of transferring our notorious IML technology into other consumer electronic segments. The Group is confident that the new production facility in Shanghai is well prepared for future order growth once the product is unveiled beyond the Japanese market. With LED TVs expecting a rapid consumption in the foreseeable future, the light guide plate business will become a new growth driver for the company.

The global consumer electronics market continues to be an attractive industry and will provide ample room for the industry players to expand and develop in the long run. The Group will dedicate all its efforts to achieve our corporate vision of being a worldwide premium casing supplier of choice for consumer electronic product by enhancing our business model and leveraging our superior technological standards and high operating efficiencies to provide high-quality products and services to our customers. The Group also strives to expand our market share in the existing business territory and look forward to extend the application of our core IML expertise into other electronics segments in the future, thereby delivering sustainable returns to our shareholders.

4. Liquidity and Financial Resources

At 30 June 2010, the Group had total assets of HK$2,483 million (31 December 2009: HK$2,359 million); net current assets of HK$490 million (31 December 2009: HK$462 million) and total equity of HK$1,481 million (31 December 2009: HK$1,381 million). The Group's cash and cash equivalents and pledged deposits balances as at 30 June 2010 was maintained at about HK$167 million (31 December 2009: HK$246 million), out of which HK$29 million has been pledged to bank to secure banking facilities granted (31 December 2009: HK$20 million). The gearing ratio (total debt/equity attributable to Owners of the Company plus total debt) was 0.33 (31 December 2009: 0.32). As at 30 June 2010, total bank loans of the Group amounted to approximately HK$245 million, approximately HK$225 million was floating-rate loan and the remaining balance of approximately HK$20 million were fixed-rate loans.

Except for the pledged deposits as shown in the condensed consolidated statement of financial position, no other assets were pledged as at 30 June 2010 and 31 December 2009.

5. **Foreign Currency Risk**

The Group carries on its trading transactions mainly in Hong Kong dollars and RMB. Approximately 62% (2009: 67%) 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.

SUPPLEMENTARY INFORMATION

Interim Dividends

The board of directors (the "Board") of the Company declared an interim dividend of HK0.60 cent (2009: HK0.35 cent) per ordinary share for the period ended 30 June 2010 payable on or about 17 September 2010 to shareholders whose names appear on the register of members of the Company on 7 September 2010.

Closure of register of members

The Register of Members will be closed from 7 September 2010 to 10 September 2010, 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 6 September 2010.

Purchases, 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.

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 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 2010 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.

On behalf of the Board
Wang Ya Nan
Chairman

Hong Kong, 23 August 2010

As at the date of this announcement, 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.