亞洲聯網科技有限公司

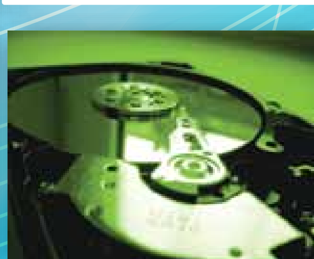
Asia Tele-Net & Technology Corporation Limited

(A Listed Company of The Stock Exchange of Hong Kong Ltd.)

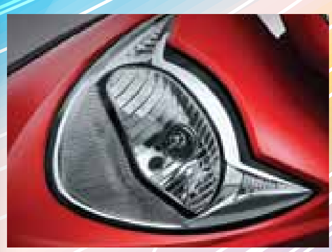
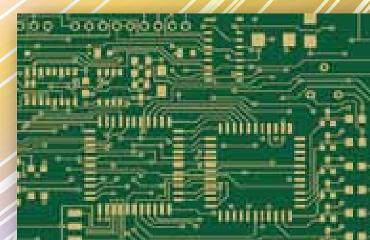
Stock Code:679








Annual Report 2010

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Corporate Information

BOARD OF DIRECTORS

Lam Kwok Hing *(Chairman & Managing Director)*
Nam Kwok Lun *(Deputy Chairman)*
Kwan Wang Wai Alan
(Independent Non-executive Director)
Ng Chi Kin David
(Independent Non-executive Director)
Cheung Kin Wai
(Independent Non-executive Director)

COMPANY SECRETARY

Lui Choi Yiu Angela

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11 Dai Hei Street
Tai Po Industrial Estate
Tai Po, New Territories
Hong Kong
Tel: (852) 2666 2288
Fax: (852) 2664 0717

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Ltd
Taishin International Bank
Citibank, N.A

SHARE REGISTRARS AND TRANSFER OFFICES

PRINCIPAL REGISTRARS AND TRANSFER OFFICE:

Butterfield Corporate Service Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE:

Tricor Secretaries Limited
26/F, Tesburg Centre
28 Queen's Road East
Hong Kong

CORPORATE WEBSITE

www.atnt.biz

Chairman's Statement and Management Discussions

FINANCIAL RESULTS

The Group recorded approximately HK$601,362,000 in revenue for the year ended 31st December, 2010 ("the Period Under Review") representing an increase of approximately HK$406,003,000 or 208% compared to the year ended 31st December, 2009 ("the Previous Period") which was approximately HK$195,359,000. The profit attributable to owners of the Company was about HK$31,078,000 for the Period Under Review compared to the loss attributable to owners of the Company of about HK$54,277,000 for the Previous Period. The increase in revenue and profit attributable to owners of the Company are further elaborated in the following sections.

The basic earnings per share for the Period Under Review was HK7.29 cents compared to the basic loss per share of HK12.73 cents for the Previous Period.

BUSINESS REVIEW ON ELECTROPLATING EQUIPMENT (UNDER THE TRADE NAME OF "PAL")

The revenue for the Period Under Review was approximately HK$601,362,000 or 208% more than the Previous Period. Approximately 71% of the revenue was generated from PCB sector (the Previous Period: approximately 61%), approximately 13% came from surface finishing sector (the Previous Period: approximately 39%) and approximately 16% derived from solar cell sector (the Previous Period: 0%). In terms of machines installation base, the revenue composition during the Period Under Review was 39 % machines in PRC, 22 % in Taiwan, 15 % in Malaysia, 7% in USA and 17% in rest of the world.

The gross profit margin for the Period Under Review has improved by 6.8%. This was mainly due to better production efficiency achieved resulted from the great efforts put in by the management since the global financial crisis.

Electroplating Equipment-Printed Circuit Boards ("PCB") Sector

This sector is traded through our subsidiary Process Automation International Ltd ("PAL").

We witnessed signs of recovery in almost all worldwide PCB markets. The modest recovery in the broad economic environment has improved the overall consumer sentiments. The demand for consumer electronic products mainly smart phone such as the Apple i-Phone and netbooks are escalating. This robust demand from the end consumers has prompted our customers to expand their production capacity.

The recovery is supported by IPC's announcement that IPC's PCB book to bill ratio was above parity (1.0) for 17 consecutive months until October 2010 and in January 2011, it held steady at 0.97, due to the seasonal effect and the sales results for the Electronics Manufacturing Services (EMS) industry for the year 2010 have shown a steady upward climb continuing into 2011.

Our long standing customers in Taiwan, Tripod, Unitech, Compeq and Kinsus have posted strong revenue gain for year ended 2010 due mainly to strong demand for High Density Interconnects (HDI) boards from the handset industry.

Chairman's Statement and Management Discussions

The application of electronic technology in the automotive industry is a dominant trend. As reported in our last interim report, according to Unimicron Chairman Mr Tze-chang Tzeng, the global automotive PCB market is expected to grow at a compound annual growth rate of 8% in the next three years compared to 3%-6% projected growth for IT and communication boards. This great opportunity has driven PCB makers such as Unimicron, Unitech Printed Circuit Board and Tripod Technology to venture into the mass production of automotive PCBs.

PAL, having an established global sales network, a strong engineering team and brand name has benefited from the economy recovery and will continue to capitalize on the growth opportunities of the PCB segment. However, the operating environment has become more challenging due to the general increase in commodity price, appreciation in Renminbi and price competition in the industry. Meanwhile, our machine delivery lead time to customers has become shorter. To cope with this, in the Period Under Review, we have invested approximately RMB 10 million to expand our production capacity in China while continue with our costs control measures and strategy to standardize the machine design to offer standard products.

Electroplating Equipment-Surface Finishing ("SF") Sector

This sector is traded through our subsidiary, PAL Surface Treatment Systems Ltd.

The revenue of the SF sector has increased from HK$55,894,000 in the Previous Period to HK$67,372,000 for the Period Under Review. The rise of HK$11,478,000 in revenue was mainly due to higher customer demand as a result of improvement in the market sentiment. Our SF customers include automobile parts manufacturers, sanitary ware manufacturers, mint factories and electronic device manufacturers.

A couple year of ago, we have shipped an electroplating line to a mint factory in Australia. In last year 2010, we have shipped two electroplating lines to a mint factory in UK. We will continue to cultivate this market and hopefully to build a solid customer base as we have done in the automobile parts industry.

Our SF sector encounters stiff price competition from the European players due to longer delivery (shipping time from Asia to Europe) and higher shipping cost which is originated from the high crude oil price. However, we have gradually earned a reputation in this sector due to our strong engineering and designing capabilities. We are still the preferred suppler to multi-national clients due to our sound financial background.

Electroplating Equipment-Photo Voltaic ("Solar") Sector

This sector is traded through our subsidiary, Process Automation International Ltd.

As reported in our last interim report, the end market strength of the Solar sector was driven principally by Germany, Italy and the Czech Republic. The growth has been triggered by the extraordinary amendment to the Renewable Energies Act (EEG) that passed by German Bundestag. The amendment provides for a substantial reduction in solar feed in tariff starting from 1st July, 2010.

Solar has reported HK$77,719,000 in revenue for the Period Under Review in view of the strong demand on the green energy.

Chairman's Statement and Management Discussions

The growth in the global demand for solar panels is contingent upon local government subsidy programs. The module prices tend to decline gradually when the market is over supply. PAL as an equipment manufacturer will continue to support our customers at a reasonable price so that together, we will remain competitive in the industry and grow further.

Business Review on Energy Saving

This sector is traded through our subsidiary, ESIC Technology Ltd and ESIC Control Ltd (collectively called ESIC Group).

During the year, the Company has established two subsidiaries to sell and manufacture energy saving products. Major clients are European importers and retailers. Products include energy saver, energy timer and thermostats. ESIC Group has hired a number of OEM subcontractors to manufacture the products while controlling supplies of critical materials. A small team was formed in April.

Losses of about HK$3,000,000 were incurred mainly because some materials were scrapped while the OEM subcontractors learnt how to manufacture the products.

Outlook

We expect that the PCB sector will remain as the focus of our revenue stream in 2011 due to strong growth in smart phones and internet mobility devices. The crisis in Japan has inevitably interrupted the supply chain of the electronic market. Some of our customers are suffered from not getting the required parts and hence are forced to reduce their output momentarily before they could find substitute parts while our other customers seem to be benefited from this crisis when they are asked to fill up with the lost production capacity in Japan. Nonetheless, the electroplating process in PCB has changed such that more plating process is required to finish each PCB which leads to an increased demand of electroplating equipment.

The improving business environment in Europe and USA has gradually spurred demand on automobile and house wares products. This in turn will benefit our SF sector that has founded relationship in these industries.

We also expect the Solar sector will continue to grow in view of the global hunt for the green energy.

Anticipating these changes and development, we will continue to invest in our research and development efforts.

Even though 2010 is a fruitful year for us, we are cautiously optimistic that the general economy environment is improving but this recovery is mired with uncertainties and headwind ahead in 2011. The political upheaval in Middle East, earthquake in Japan, withdrawal of economic stimulus plans by the respective governments, inflationary pressures and the continued credit crisis in Euro countries might curb the demand of our products.

Thus, the Group will continue with its cost-efficiency management and strengthen its operation and competitive capabilities.

Chairman's Statement and Management Discussions

DIVIDEND

No interim dividend (2009: nil) was recommended during the year. The Board does not recommend a final dividend for this year (2009: nil).

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

As at 31st December, 2010, the Group had equity attributable to owners of the Company of approximately HK$312,119,000 (31st December, 2009: HK$271,385,000). The gearing ratio was 12% (31st December, 2009: nil). The gearing ratio is calculated by dividing the aggregate amount of bank borrowings and other interest-bearing loans over the amount of equity attributable to the owners of the Company.

As at 31st December, 2010, the Group had approximately HK$139,007,000 of cash on hand (31st December, 2009: HK$118,345,000).

As at 31 December 2010, the Group pledged deposits of HK$7,187,000 (31st December, 2009: HK$2,174,000) to banks to secure bank guarantees issued to customers. The Group has banking facilities of approximately HK$52,092,000 (31st December, 2009: HK$52,092,000) to the Company. Out of the secured facilities available, the Group has utilised approximately HK$6,187,000 as the issuance of bank's guarantee under customers retain right to claim refund of purchase deposits received by the Group and as shipping guarantee to the supplies of the Group as at 31st December, 2010 (31st December, 2009: HK$1,174,000).

Most of the bank borrowing is charged at prevailing prime rate in the countries where the Company's subsidiaries are operating in.

Most of the assets and liabilities in the Group were mainly denominated in US dollars, HK dollars and Renminbi. However, in view of the anticipated currency appreciation in Renminbi, there will be certain risk associated with the overhead cost for the factories in China.

Contingent Liabilities

As at 31st December, 2010, the Company had guarantees of approximately HK$62,100,000 (31st December, 2009: HK$62,100,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilised by the subsidiaries was approximately HK$6,187,000 (31st December, 2009: HK$1,174,000).

Employee and Remuneration Policies

As at 31st December, 2010, the Group has approximately 819 employees. Employees are remunerated based on performance, experience and industry practice. Performance related bonus granted on discretionary basis. Other employee benefits included fund, insurance and medical cover.

During the year, the Managing Director of PAL, Mr. Geoff Paterson has expressed his wishes to reduce his workload. Geoff has been with PAL Group since January 1987. He played a key part in turning PAL from a Hong Kong company to an international company. It is with his loyalty and dedication that we have overcome various ups and downs in last two decades. We are grateful and would like to extend our highest appreciation to him. Having worked for PAL over last 24 years and well passed the retirement age limit of 60, it is a right moment for Geoff to plan a new life so that he can spend more time with his family in Australia starting in January 2011. Hence, Mr. Ronnie Wong was promoted from the post of Deputy Managing Director to the Managing Director.

In any event, Geoff will always stay with us as part of PAL family. He will continue to work as a non-executive Director of PAL to contribute his valuable experience and knowledge in the western markets. He will also continue to look for new partners for PAL and to advise on product development.

Ronnie has served PAL for more than 26 years and is well known in the electroplating equipment industry. He will be responsible for all the operations in PAL. Through his strong and solid experience in the electroplating field and his expertise in sales and marketing, we are confident that he can further help PAL to expand, to provide quality product and services to our precious customers and to create a win-win situation for our partners and customers.

APPRECIATION

On behalf of the Board, I would like to thank all our stakeholders for their continued confidence in and support for the Company. In particular, I would like to extend our warmest thank to our staff at all levels for their dedication and hard work over the year.

By Order of the Board
Lam Kwok Hing
Chairman and Managing Director

Hong Kong, 29th March, 2011

Directors & Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Lam Kwok Hing, aged 47, is the Chairman and Managing Director of Asia Tele-Net and Technology Corporation Limited ("ATNT") and joined the Group in 1995. He is also the Chairman of Karl Thomson Holdings Ltd ("KTH"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). KTH is the ultimate holding company of Karfun Investment Ltd ("Karfun") which is the controlling shareholder of the Company. Mr. Lam has over 25 years experience in securities, financial investment and property business. Mr. Lam is the brother of Mr. Nam Kwok Lun, the Deputy Chairman and Executive Director of the Company.

Mr. Nam Kwok Lun, aged 52, is the Deputy Chairman of ATNT and joined the Group in 2005. Mr. Nam is also the Deputy Chairman and Executive Director of KTH and is responsible for overall strategic planning, day to day operations, execution and further development. He is a member of the Hong Kong Securities Institute. Mr. Nam is the brother of Mr. Lam Kwok Hing, the Chairman, Executive Director and Managing Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Wang Wai Alan, aged 48, joined the Group in 1996 as Non-executive Director of ATNT. He was redesignated as Independent Non-executive Director of ATNT in April 2005. He holds a Bachelor degree in Engineering Science and a Master of Arts degree from the University of Oxford and has over 21 years of experience in the consumer electronics field. Mr. Kwan is also an Independent Non-executive Director of KTH.

Mr. Ng Chi Kin David, aged 49, is an Independent Non-executive Director of ATNT and joined the Group in 1995. He is a professional accountant, fellow member of the Hong Kong Society of Accountants and member of CPA Australia, the Hong Kong Institute of Company Secretaries & the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Ng is also an Independent Non-executive Director of KTH.

Mr. Cheung Kin Wai, aged 55, is an Independent Non-executive Director of ATNT and joined the Group in 1998. He holds a Bachelor of Social Science degree from the Chinese University of Hong Kong and a MBA degree from the University of California, Riverside. Mr. Cheung has worked for over 23 years with various international banking and brokerage firms. He has extensive securities and financial investment experience.

Directors & Senior Management Profile

SENIOR MANAGEMENT

HOLDINGS COMPANY

Ms. Yung Wai Ching Ada, aged 45, is the Deputy General Manager of ATNT and joined the Group in 1998. She holds a Bachelor degree in Accountancy from the City University of Hong Kong. She is a member of ACCA and the Hong Kong Institute of Company Secretaries. Before joining the Group, she has over 15 years of finance experience in various industries including telecommunication, trading, manufacturing and system integration.

ELECTROPLATING EQUIPMENT BUSINESS

Mr. Wong Kwok Wai, aged 46, is the Managing Director of Process Automation International Limited ("PAL") and has worked with the Group in 1985. Mr. Wong holds a degree in Chemical Technology from Hong Kong Polytechnic University and has over 25 years of experience in the electroplating industry. He is responsible for the overall business development of our electroplating equipment group.

Mr. Wong Chi Wing, aged 53, is the Director of PAL and joined the Group in 1980. He holds a degree in Mechanical Engineering from National Taiwan University and has over 31 years of experience in the electroplating industry. He is mainly responsible for the engineering development.

Mr. Chan Chi Wai, aged 54, is the Director of PAL and joined the Group in 1981. He has over 30 years of experience in the electroplating industry. He is mainly responsible for managing our production bases.

Mr. Geoffrey F. Paterson, aged 63, is the non-executive Director of PAL and joined the Group in 1987. He holds a degree in Chemistry from the University of Aberdeen and prior to joining the Group, he had over 10 years of experience in the PCB manufacturing industry in the United Kingdom.

COMPANY SECRETARY

Ms. Lui Choi Yiu Angela, aged 36, is the Company Secretary of the Group and joined the Group in 2009. She graduated with a Bachelor of Science degree in Accounting from Azusa Pacific University in California, USA and a Postgraduate Diploma in Corporate Administration from Hong Kong Polytechnic University. She is currently a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms.Lui is also the Financial Controller and Company Secretary of KTH.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 40 and 18 respectively to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31st December, 2010 are set out in the consolidated statement of comprehensive income on page 24.

The Directors do not recommend the payment of a dividend.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 31 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 41% of the Group's turnover, with the largest customer accounted for approximately 12%. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers.

RESERVES

Under The Companies Act 1981 of Bermuda, the Company's contributed surplus account is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the Directors, the Company's reserves available for distribution to its shareholders as at 31st December, 2010 are approximately HK$206,951,000, being the contributed surplus of approximately HK$78,447,000 and retained profits of approximately HK$128,504,000.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Lam Kwok Hing *(Chairman and Managing Director)*
Mr. Nam Kwok Lun *(Deputy Chairman)*

Independent Non-executive Directors:

Mr. Ng Chi Kin David
Mr. Cheung Kin Wai
Mr. Kwan Wang Wai Alan

In accordance with Clause 87(2) of the Company's Bye-laws, Mr. Kwan Wang Wai Alan retires and, being eligible, offers himself for re-election.

The terms of office of each Independent Non-executive Director are the period up to their retirement by rotation in accordance with the above clause.

The Director being proposed for re-election at the forthcoming annual general meeting does not have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all of the Independent Nonexecutive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had a service contract with the Company. These service contracts continued unless and until terminated by either the Company or the Directors giving to the other party 6 months' notice in writing.

Directors' Report

DIRECTORS' INTERESTS IN SHARES

At 31st December, 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long position

Ordinary shares of HK$0.01 each of the Company

	Number of issued ordinary shares held			Percentage of the issued share
Name of director	Personal interest	Corporate interest	Total	capital of the Company
Mr. Lam Kwok Hing	3,474,667	250,516,500 (Note)	253,991,167	59.56%

Note: The amount composed of 48,520,666 and 201,995,834 shares of the Company that were held by Medusa Group Limited ("Medusa") and Karfun respectively. Medusa is a company wholly owned by Mr. Lam Kwok Hing. Karfun is a whollyowned subsidiary of KTH, a company in which Mr. Lam Kwok Hing is a controlling shareholder.

Save as disclosed above, except for nominee shares in certain subsidiaries held in trust for the Company by certain Directors, none of the Directors, the chief executive or their associates had any interests or short positions in any shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31st December, 2010.

CONNECTED TRANSACTION

During the year, the Group has paid approximately HK$40,216 as brokerage commission to Karl-Thomson Securities Company Limited, which is a wholly owned subsidiary of KTH in which Mr. Lam Kwok Hing is a controlling shareholder.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the heading "connected transactions" above, there was no other transaction which need to be disclosed as a connected transaction in accordance with the requirements of the Listing Rules and no contract of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2010, the following persons (other than the Directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of Company's issued share capital
Karfun	Interest of controlled corporation	201,995,834	47.37%
Medusa	Interest of controlled corporation	48,520,666	11.38%

Please refer to the note under the section heading "Director's Interests in Shares" above.

Save as disclosed above, as at 31st December, 2010, no person (other than the Directors of the Company whose interests are set out under the heading "Directors' Interests in Shares" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of SFO.

SHARE OPTIONS

A summary of the Share Option Scheme (the "Scheme") which came into effect from 13th June, 2005, disclosed in accordance with the Listing Rules is as follows:

(1) Purpose of the Scheme

The purpose of the Scheme is to enable the Company to grant option to the eligible participants as incentives and rewards for their contributions to the Company or such subsidiaries.

(2) Participants of the Scheme

The Board may, at its discretion, to grant options to any employees (whether full time or part time), executives or officers of the Company or any of the subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who will contribute or have contributed to the Company or any of the subsidiaries.

(3) Total number of shares available for issue under the Scheme and % of issued share capital at 31st December, 2010

The number of shares available for issue under the Scheme was 42,646,340 shares representing 10% of the issued share capital at 31st December, 2010.

(4) Maximum entitlement of each participant under the Scheme

The maximum number of shares issuable under the Scheme to each participant in any 12-month period up to the date of grant shall not exceed 1% of the shares unless it is approved by shareholders in a general meeting of the Company. Any share options granted a substantial shareholder or an independent nonexecutive director of the Company or to any of their associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in general meeting of the Company.

(5) The period within which the shares must be taken up under an option

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(6) The minimum period for which an option must be held before it can be exercised

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose as its discretion any such minimum period at the time of grant of any particular option.

(7) The amount payable upon acceptance of option

HK$1.00 is payable by each eligible participant to the Company on acceptance of the option on or before the 30th day after the option is offered.

(8) The basis of determining the exercise price

The exercise price must be at least the higher of:

(i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

(9) The remaining life of the Scheme

The Scheme will expire at the close of business of 12th June, 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices of the Company is set out in the "Corporate Governance Report" on pages 17 to 21.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

At the latest practicable date prior to the issue of this report, based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public floats as required under the Listing Rules throughout the year ended 31st December, 2010.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

LAM KWOK HING
CHAIRMAN AND MANAGING DIRECTOR

Hong Kong
29th March, 2011

Corporate Governance Report

The Company recognizes that good corporate governance is vital to the success of the Group and sustains development of the Group. The Company aims at complying with, where appropriate, all code provisions set out in Appendix 14 Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the CG Code of the Listing Rules. The Company has, throughout the year ended 31st December, 2010 and up to the date of publication of the annual report, applied and complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of code provisions A.2.1 and A.4.2, details of which are explained below.

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 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year under review and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

The Board comprises of two Executive Directors, being Mr. Lam Kwok Hing (Chairman and Managing Director) and Mr. Nam Kwok Lun (Deputy Chairman); three Independent Non-executive Directors, being Mr. Cheung Kin Wai, Mr. Kwan Wang Wai Alan and Mr. Ng Chi Kin David. Biographical details, which include relationships among members of the Board, are provided in the "Directors and Senior Management Profile" section of the Annual Report.

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking the Board is responsible for:

- Formulating the Group's long term strategy and monitoring the implementation thereof
- Approval of interim and year end dividend
- Reviewing and approving the annual and interim reports
- Ensuring good corporate governance and compliance
- Monitoring the performance of the management
- Reviewing and approving any material acquisition and assets disposal

The Board authorizes the management to carry out the strategies that have been approved.

The Board meets regularly at least four times a year and additional meetings or telephone conference are convened as and when the Board considers necessary. In 2010, four board meetings were held. Details of the Directors' attendance record in the year are as follows:

Directors	Attendance
Mr. Lam Kwok Hing	4/4
Mr. Nam Kwok Lun	4/4
Mr. Cheung Kin Wai	4/4
Mr. Kwan Wang Wai Alan	4/4
Mr. Ng Chi Kin David	4/4

The Board complied with the Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors and one of the independent non-executive directors has appropriate professional qualifications or accounting or related finance management expertise. All three Independent Nonexecutive Directors are appointed for a specific term of three years. They are subject to retirement by rotation and re-election provisions of the Bye-laws. Each of the independent non-executive director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any officer with the title of "Chief Executive Officer" ("CEO") but instead the duties of a CEO are performed by the Managing Director ("MD"). The positions of both Chairman and MD are currently held by Mr. Lam Kwok Hing. The Board believes that vesting the roles of both Chairman and MD 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. In addition, through the supervision of the Board which comprised of three independent non-executive directors, representing more than half of the Board, the interests of the shareholders are adequately and fairly represented.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the next following annual general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, the Chairman or Managing Director is not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from the CG Code. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that, together with the reasons for deviation from Code Provision A.2.1, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee in February 2005 with terms of reference substantially the same as those contained in paragraph B.1.3 of the CG Code. A majority of the members of the Remuneration Committee is Independent Non-executive Directors and members of the Committee are listed as below.

The Remuneration Committee is primarily responsible for the following duties:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;
- to have the delegated responsibilities to determine the specific remuneration packages of all Executive Directors and senior management;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The overriding objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The Remuneration Committee will meet at least once each year. During the year under review, one meeting was held to consider and approve the remuneration of all Directors and senior management.

Committee member		Attendance
Mr. Ng Chi Kin David	(Independent Non-executive Director & chairman of the Remuneration Committee)	1/1
Mr. Cheung Kin Wai	(Independent Non-executive Director)	1/1
Mr. Kwan Wang Wai Alan	(Independent Non-executive Director)	1/1
Mr. Lam Kwok Hing	(Executive Director)	1/1
Mr. Nam Kwok Lun	(Executive Director)	1/1

Corporate Governance Report

NOMINATION OF DIRECTORS

Currently, the Company does not have a nomination committee, and the Board will identify individuals suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account of his/her experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

AUDITOR REMUNERATION

During the year, the auditor of the Company, Messrs. Deloitte Touche Tohmatsu received approximately HK$1,100,000 for statutory audit services. Payments made by the Company for non-audit services to the auditor was made during the year were:

- HK$150,000 for review of the unaudited financial statements for the six months ended 30th June, 2010
- HK$5,400 for audit of provident scheme fund

AUDIT COMMITTEE

The Audit Committee was established in 1999 and comprises three Board members, all of whom are Independent Non-executive Directors. The Audit Committee has adopted the same term of reference, which describes the authority and duties of the Committee, as quoted under code provision C.3.3 of the CG Code.

The Audit Committee is primarily responsible for the following duties:

(a) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditor.

(b) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointments, reappointment and removal of external auditor.

(c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee will meet at least twice each year. In 2010, the Audit Committee met twice considering the annual results of the Group for the financial year ended 31st December, 2010 and the interim results of the Group for the 6 months ended 30th June, 2010, assessing any changes in accounting policies and practices, major judgmental areas and compliance with applicable legal and accounting requirements and standards, discussing with the auditor of the Company on internal control and the re-appointment of the external auditor. Details of Committee members and their attendance records are listed as below:

Committee member		Attendance
Mr. Kwan Wang Wai Alan	(Independent Non-executive Director & chairman of the Audit Committee)	2/2
Mr. Ng Chi Kin David	(Independent Non-executive Director)	2/2
Mr. Cheung Kin Wai	(Independent Non-executive Director)	2/2

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

The Board acknowledges that it is their responsibilities for:

(i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group, and

(ii) selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgement and estimates.

A statement by the auditor about his reporting responsibilities is set out on pages 22 to 23 of this Annual Report.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the year, the Board reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group.

Deloitte.
德勤

TO THE MEMBERS OF
ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Tele-Net And Technology Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 91, which comprise the consolidated statement of financial position as at 31st December, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29th March, 2011

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2010

	NOTES	2010 HK'000	2009 HK'000
Revenue	7	**601,362**	195,359
Direct costs		**(456,100)**	(160,593)
Gross profit		**145,262**	34,766
Other gains and losses	8	**1,439**	6,176
Bad debts recovered		**4,117**	4,111
Other income		**1,746**	2,787
Selling and distribution costs		**(16,369)**	(14,081)
Administrative expenses		**(99,692)**	(80,987)
Allowance for bad and doubtful debts		**(3,262)**	(9,275)
Finance costs	9	**(1,117)**	(222)
Share of results of associates		**(542)**	397
Profit (loss) before taxation		**31,582**	(56,328)
Taxation	10	**(475)**	25
Profit (loss) for the year	11	**31,107**	(56,303)
Other comprehensive income (expense)			
Increase in fair value of available-for-sale investments		**–**	412
Exchange difference arising on translation of foreign subsidiaries and associate		**9,626**	493
Reclassification of revaluation reserve upon disposal of available-for-sale investments		**–**	(412)
Recognition of actuarial gain on defined benefits plan		**209**	537
Other comprehensive income for the year		**9,835**	1,030
Total comprehensive income (expense) for the year		**40,942**	(55,273)
Profit (loss) for the year attributable to:			
Owners of the Company		**31,078**	(54,277)
Non-controlling interests		**29**	(2,026)
		31,107	(56,303)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**40,734**	(53,252)
Non-controlling interests		**208**	(2,021)
		40,942	(55,273)
Earnings (loss) per share – Basic	14	**HK7.29 cents**	HK(12.73) cents

Consolidated Statement of Financial Position

At 31st December, 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	16	**92,408**	85,781	92,418
Prepaid lease payments	17	**8,535**	8,467	8,728
Interests in associates	18	**477**	933	541
Available-for-sale investments	19	**95**	113	2,373
Loans receivable	20	**3,170**	3,234	307
Deposits for acquisition of property, plant and equipment		**5,675**	–	–
		110,360	98,528	104,367
Current assets				
Inventories	21	**55,851**	31,659	38,404
Retirement benefit assets	39	**62**	–	–
Amounts due from customers for contract work	22	**96,801**	22,941	9,999
Loans receivable	20	**2,729**	5,701	8,032
Debtors, bills receivables and prepayments	23	**143,331**	68,563	185,239
Prepaid lease payments	17	**289**	278	278
Held-for-trading investments	24	**28,840**	36,823	13,681
Amounts due from associates	25	**954**	796	620
Taxation recoverable		**20**	108	3,610
Pledged bank deposits	26	**7,187**	2,174	10,711
Bank balances and cash	26	**131,820**	116,171	150,705
		467,884	285,214	421,279
Current liabilities				
Creditors, bills payables and accrued charges	27	**201,758**	84,668	156,141
Retirement benefit obligations	39	**–**	163	711
Warranty provision	28	**6,405**	8,350	10,842
Amounts due to customers for contract work	22	**7,521**	9,201	15,474
Amounts due to associates	25	**25**	98	–
Bank borrowings	29	**38,372**	–	–
Taxation payable		**291**	–	–
Obligations under finance leases due within one year	30	**–**	227	2,251
		254,372	102,707	185,419
Net current assets		**213,512**	182,507	235,860
Total assets less current liabilities		**323,872**	281,035	340,227

Consolidated Statement of Financial Position

At 31st December, 2010

	NOTES	**31.12.2010 HK$'000**	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Capital and reserves				
Share capital	31	**4,265**	4,265	4,265
Reserves		**307,854**	267,120	320,372
Equity attributable to owners of the Company		**312,119**	271,385	324,637
Non-controlling interests		**4,531**	4,323	7,975
Total equity		**316,650**	275,708	332,612
Non-current liabilities				
Warranty provision	28	**2,907**	1,012	3,278
Obligations under finance leases due after one year	30	**–**	–	20
Deferred taxation	32	**4,315**	4,315	4,317
		7,222	5,327	7,615
		323,872	281,035	340,227

The consolidated financial statements on pages 24 to 91 were approved and authorised for issue by the Board of Directors on 29th March, 2011 and are signed on its behalf by:

LAM KWOK HING
CHAIRMAN AND MANAGING DIRECTOR

NAM KWOK LUN
DEPUTY CHAIRMAN

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2010

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000	**Property revaluation reserve** HK$'000	**Legal reserve** HK$'000 (note a)	**Available-for-sale investments reserve** HK$'000	**Currency translation reserve** HK$'000	**Contributed surplus** HK$'000 (note b)	**Retained profits** HK$'000	**Subtotal** HK$'000	**Attributable to non-controlling interests** HK$'000	**Total** HK$'000
Balance at 1st January, 2009	4,265	28,500	32,383	11,450	–	21,629	48,937	177,473	324,637	7,975	332,612
Loss for the year	–	–	–	–	–	–	–	(54,277)	(54,277)	(2,026)	(56,303)
Increase in fair value on available-for-sale investments	–	–	–	–	412	–	–	–	412	–	412
Exchange difference arising on translation of foreign operations											
– subsidiaries	–	–	–	–	–	493	–	–	493	5	498
– associate	–	–	–	–	–	(5)	–	–	(5)	–	(5)
Recognition of actuarial gain on defined benefits plan	–	–	–	–	–	–	–	537	537	–	537
Reclassification upon disposal of available-for-sale investments	–	–	–	–	(412)	–	–	–	(412)	–	(412)
Total comprehensive income (expense) for the year	–	–	–	–	–	488	–	(53,740)	(53,252)	(2,021)	(55,273)
Dividend paid by a subsidiary to its non-controlling interests	–	–	–	–	–	–	–	–	–	(1,633)	(1,633)
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	2	2
Balance at 31st December, 2009	4,265	28,500	32,383	11,450	–	22,117	48,937	123,733	271,385	4,323	275,708
Profit for the year	–	–	–	–	–	–	–	31,078	31,078	29	31,107
Exchange difference arising on translationof foreign operations											
– subsidiaries	–	–	–	–	–	9,361	–	–	9,361	179	9,540
– associate	–	–	–	–	–	86	–	–	86	–	86
Recognition of actuarial gain on defined benefits plan	–	–	–	–	–	–	–	209	209	–	209
Total comprehensive income for the year	–	–	–	–	–	9,447	–	31,287	40,734	208	40,942
Balance at 31st December, 2010	4,265	28,500	32,383	11,450	–	31,564	48,937	155,020	312,119	4,531	316,650

Notes:

(a) In accordance with statutory requirements in the PRC (as defined on note 6 to the consolidated financial statements), a subsidiary registered in the PRC had transferred a certain percentage of its annual net income from retained profits to legal reserve. No such transfer is required for the years ended 31st December, 2010 and 2009 as the subsidiary has no retained profits for both years. The legal reserve is not distributable.

(b) The contributed surplus arose as a result of the capital reconstruction on 23rd April, 2004.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	2010 HK'000	2009 HK'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**31,582**	(56,328)
Adjustments for:		
Share of results of associates	**542**	(397)
Interest income, other than interest income from loans receivable	**(323)**	(291)
Finance costs	**1,117**	222
Dividend income	**(334)**	(753)
Depreciation	**10,130**	11,069
Release of prepaid lease payments	**289**	278
Allowance for slow moving inventories	**1,868**	3,917
Allowance for bad and doubtful debts	**3,262**	9,275
Loss on disposal of property, plant and equipment	**184**	767
Net change in fair value of held-for-trading investments	**(2,751)**	(23,609)
Impairment loss on available-for-sales investments	**18**	182
Gain on disposal of available-for-sale investments	**–**	(412)
Warranty provision	**7,282**	2,114
Net exchange (gain) loss	**(323)**	2,195
Operating cash flows before movements in working capital	**52,543**	(51,771)
Decrease in held-for-trading investments	**10,734**	467
(Increase) decrease in inventories	**(23,700)**	2,892
Increase in amounts due from customers for contract work	**(72,266)**	(12,942)
Decrease (increase) in loans receivable	**3,036**	(596)
(Increase) decrease in debtors, bills receivables and prepayments	**(80,038)**	108,917
Increase (decrease) in creditors, bills payables and accrued charges	**118,596**	(71,469)
Decrease in warranty provision	**(7,332)**	(6,872)
Decrease in amounts due to customers for contract work	**(1,680)**	(6,273)
Decrease in retirement benefits obligations	**(16)**	(11)
Cash used in operations	**(123)**	(37,658)
Overseas income tax paid	**(177)**	(10)
Hong Kong and overseas income tax refunded	**91**	3,536
NET CASH USED IN OPERATING ACTIVITIES	**(209)**	(34,132)

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	NOTE	2010 HK'000	2009 HK'000
INVESTING ACTIVITIES			
(Increase) decrease in pledged bank deposits		**(5,013)**	8,537
Proceeds on disposal of property, plant and equipment		**450**	161
Deposits paid for acquisition of property, plant and equipment		**(5,675)**	–
Dividend received from investments		**334**	753
Interest received		**323**	291
Purchase of property, plant and equipment		**(15,640)**	(4,613)
Proceeds on disposal of available-for-sale investments		**–**	2,780
Purchase of available-for-sales investments		**–**	(290)
Advance to associates		**(1,144)**	(176)
Disposal of a subsidiary	33	**(121)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(26,486)**	7,443
FINANCING ACTIVITIES			
Net increase in bank borrowings		**38,372**	–
Capital contribution from non-controlling shareholder of a subsidiary		**–**	2
Dividend paid by a subsidiary to its non-controlling shareholder		**–**	(1,633)
Interest paid		**(1,117)**	(222)
(Repayment to) advance from associates		**(73)**	98
Repayment of obligations under finance leases		**(227)**	(2,691)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**36,955**	(4,446)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,260**	(31,135)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**116,171**	150,705
EFFECT ON FOREIGN EXCHANGE RATE CHANGES		**5,389**	(3,399)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**131,820**	116,171
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**131,820**	116,171

1. GENERAL

The Company is incorporated in Bermuda under The Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporation Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the same as the functional currency of the Company.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in electroplating equipment business. The details of principal activities of its principal subsidiaries are set out in note 40.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for 2010 financial year ends.

Except as described below, the adoption of the new and revised Standards, Amendments and Interpretations in the current year had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. Instead, the amendments require that the classification of leasehold land to be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1st January, 2010 based on information that existed at the inception of the leases. Leasehold land that qualities for finance lease classification has been reclassified from prepaid lease payments to property, plant and equipment retrospectively.

The effect of the application of this amendment on the financial positions of the Group as at 1st January, 2009 and 31st December, 2009 are as follows:

	As at 1.1.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1.1.2009 (restated) HK$'000	As at 31.12.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 31.12.2009 (restated) HK$'000
Property, plant and equipment	84,567	7,851	92,418	78,002	7,779	85,781
Prepaid lease payments	16,857	(7,851)	9,006	16,524	(7,779)	8,745
Total effects on net assets		–			–	

The application of this amendment did not have any impact on the results of the Group for the current and prior accounting periods.

The Group has not early applied the following new or revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters[3]
HKFRS 7 (Amendments)	Disclosures – transfer of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011,as appropriate.
[2] Effective for annual periods beginning on or after 1st July, 2010.
[3] Effective for annual periods beginning on or after 1st July, 2011.
[4] Effective for annual periods beginning on or after 1st January, 2013.
[5] Effective for annual periods beginning on or after 1st January, 2012.
[6] Effective for annual periods beginning on or after 1st January, 2011.
[7] Effective for annual periods beginning on or after 1st February, 2010.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31st December, 2013 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and measurement of the Group's other financial assets but not on the Group's financial liabilities.

Other than as described above, the directors of the Company anticipate that the application of other new or revised Standards, Amendments or Interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain buildings and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st January, 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted (the carrying amount of the net assets attributable to the non-controlling interests) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates *(Continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with its associate, profits and losses resulting from transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and title was passed.

Service income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under debtors, bills receivables and prepayments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Property, plant and equipment

Property, plant and equipment includes land and buildings held for use on the production or supply of goods and services, or for administrative purposes (other than construction in progress as described below) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, Plant and Equipment" from the requirement to make regular revaluations of the Group's buildings which had been revalued prior to 30th September, 1995. Prior to 30th September, 1995, the revaluation increase arising on the revaluation of these assets was credited to the revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to retained profits.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets of the Group or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

For a leasehold land classified as operating lease, whilst the building element is classified as finance lease, interest in leasehold land is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the currency translation reserve).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefits scheme/state-managed retirement benefits schemes/ the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefits scheme, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period. All actuarial gains and losses of defined benefit plans are recognised immediately in other comprehensive income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefits obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of three categories, including held-for-trading investments, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Held-for-trading investments

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective as a hedging instrument.

Held-for-trading investments are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loans receivable and debtors, bills receivables, amounts due from associates, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as held-for-trading investments, loans and receivables or held-to-maturity investments. The Group designated investments in equity securities as available-for-sale financial assets.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than held-for-trading investments, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of debtors could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and other observable changes in national or local economic conditions that correlate with default on debtors.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including creditors, bills payables, accrued charges and amounts due to associates and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Provision for warranties

Provision for warranties are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowances for bad and doubtful debts

When there is objective evidence that loans receivable, trade debtors and other debtors may be impaired, the Group estimates the future cash flows of the these balances. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed on initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2010, the carrying amount of loans receivable was HK$5,899,000 (2009: HK$8,935,000) with no allowance for bad and doubtful debts, trade debtors is HK$120,752,000 (2009: HK$50,866,000) (net of allowance for bad and doubtful debts of HK$27,976,000 (2009: HK$31,785,000)), and other debtors was HK$14,644,000 (2009: HK$9,177,000) (net of allowance for bad and doubtful debts of HK$7,552,000 (2009: HK$6,607,000)) and amounts due from associates was HK$954,000 (2009: HK$796,000) (net of allowance for bad and doubtful debts of HK$3,906,000 (2009: HK$2,920,000)).

Provision for warranties

The provision of warranties of the Group is determined based on the management's best estimate of the Group's liabilities under a 1-2 year warranty period granted for the electroplating products based on its past experience. The actual settlement may differ from the estimation made by the management. If the amounts are settled for an amount greater than management's estimation, a future charge will be recognised in profit or loss when the amounts are settled. Likewise, if the amounts are settled for an amount that is less than management's estimation, a future credit to profit or loss will be recognised in profit or loss when the amounts are settled.

Allowance for inventories

The management of the Group reviews an aging analysis at the end of the reporting period, and makes allowance for obsolete and slow moving inventory items identified that are not suitable for use in current production. Management estimates the net realisable value for raw materials based primarily on the latest invoice prices and current market conditions. However, given the competitiveness of the industry, these prices may subsequently be affected. The Group carries out an inventory review on an item-by-item basis at the end of the reporting period and makes allowance for these items. As at 31st December, 2010, the carrying amount of inventories was HK$55,851,000 (2009: HK$31,659,000). Allowance for slow moving inventories of HK$1,868,000 was made during the year ended 31st December, 2010 (2009: HK$3,917,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Revenue recognition of construction contracts

Revenue from construction contracts in respect of design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery is recognised on the percentage of completion method, measured by reference to the proportion of the contract costs incurred for the work performed to date over the estimated total contract costs. Accordingly, any changes to the estimated total contract cost may have material impact on the contract revenue recognised in each accounting period over the contract term.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of debt, which includes the bank borrowings and obligations under finance leases disclosed in notes 29 and 30 respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010 **HK'000**	2009 HK'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**277,433**	200,756
Available-for-sale investments	**95**	113
Held-for-trading investments	**28,840**	36,823
Financial liabilities		
Amortised cost	**222,266**	83,829

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include loans receivable, debtors and bills receivables, available-for-sale investments, held-for-trading investments, amounts due from associates, pledged bank deposits, bank balances, creditors, bills payables, accrued charges, amounts due to associates and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases. The Group is therefore exposed to foreign currency risk. In addition, certain debtors, pledged bank deposits, bank balances, creditors, bills payables and bank borrowings are denominated in currencies other than the functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the group's entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Australian Dollar ("AUD")	**267**	277	**–**	–
Euro ("EUR")	**9,146**	23,181	**14,410**	2,390
Sterling Pound ("GBP")	**864**	1,694	**1,210**	62
Taiwan Dollars ("NTD")	**66,208**	61,285	**1,152**	1,637
United States Dollars ("USD")	**137,424**	41,653	**80,182**	28,702
Philippine Peso ("PESO")	**103**	–	**–**	–
Japanese Yen ("JPY")	**–**	–	**4,012**	–

The carrying amounts of inter-company balances of certain group entities which were denominated in foreign currency are as follows:

	Assets	
	2010 HK'000	2009 HK'000
HKD	**94,467**	71,306

The Directors of the Company expect the foreign exchange exposure on USD against HKD to be minimal because HKD is pegged with USD.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2009: 10%) increase and decrease in AUD, EUR, GBP, NTD, HKD, JPY and PESO against the functional currency of the relevant group entities. 10% (2009: 10%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2009: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year (2009: a decrease in post-tax loss) where relevant currencies strengthen 10% (2009: 10%) against the functional currency of the relevant group entities. For a 10% (2009: 10%) weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result.

	Profit and loss	
	2010	2009
	HK'000	HK'000
AUD	**27**	28
EUR	**(526)**	2,079
GBP	**(35)**	163
NTD	**6,506**	5,965
HKD	**(9,447)**	(7,131)
JPY	**(401)**	–
PESO	**10**	–

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate loans receivable and bank borrowings as at 31st December, 2010 and 2009 (see notes 20 and 29 respectively for details). It is the Group's policy to keep its loans receivable at floating rate of interests so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate of pledged bank deposits and time deposits placed with bank (see note 26 for details) and obligations under finance leases (see note 30 for details). The Group has not used any derivative contracts to hedge this exposure to interest rate risk. The directors of the Company consider that the Group's exposure to fair value interest rate risk is not significant as the fixed-rate pledged bank deposits and time deposits are with short maturity period and the carrying amount of obligations under finance leases is not significant.

The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk *(Continued)*

Sensitivity analysis

The sensitivity analyses below has been determined based on the exposure to interest rates for the variable-rate loans receivable and bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of asset outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2009: 100 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2009: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2010 would decrease/increase by HK$325,000 (2009: decrease/increase of the Group's post-tax loss by HK$89,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate loans receivable.

Equity price risk

The Group is exposed to potential loss in market value resulting from an adverse change in prices through its quoted held-for-trading investments. The management manages this exposure by closely monitoring the performance of the investments and market conditions. The management will consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks for held-for-trading investments at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2009: 10%) higher/lower the Group's post-tax profit for the year ended 31st December, 2010 would increase/decrease by HK$2,884,000 (2009: Group's post-tax loss would decrease/increase by HK$3,682,000) as a result of the changes in fair value of held-for-trading investments.

In the management's opinion, the above sensitivity analysis is unrepresentative of the inherent risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's credit risk are primarily attributable to loans receivables, trade debtors, and bills receivables amounts due from associates, pledged bank deposits and bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations as at 31st December, 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's pledged bank deposits and bank balances and cash are deposited with banks in Hong Kong, the People's Republic of China (excluding Hong Kong) ("PRC") and Taiwan. The Group had concentration of credit risk as 50% of the total bank balances as at 31st December, 2010 was placed in a bank in Taiwan (2009: 53%). The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

The Group had concentration of credit risk as 62% of the total trade debtors and bills receivables as at 31st December, 2010 was due from the Group's five largest trade debtors (2009: 39%) and 55% of the total loans receivable as at 31st December, 2010 was due from the Group's largest borrower (2009: 37%). In order to minimise the credit risk of those receivables, management closely monitored the recoverability of the amounts due. In this regards, the directors of the Company consider that the Group's credit risk is significant reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity risk tables

	Weighted average effective interest rate	On demand and less than 1 month	1 - 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010						
Creditors, bills payables and accrued charges	**–**	**38,069**	**39,688**	**106,112**	**183,869**	**183,869**
Amounts due to associates	**–**	**25**	**–**	**–**	**25**	**25**
Bank borrowings	**2.81**	**–**	**27,719**	**11,096**	**38,815**	**38,372**
		38,094	**67,407**	**117,208**	**222,709**	**222,266**
2009						
Creditors, bills payables and accrued charges	–	16,314	39,104	28,086	83,504	83,504
Amounts due to associates	–	98	–	–	98	98
Obligations under finance leases	2.78	119	127	–	246	227
		16,531	39,231	28,086	83,848	83,829

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of held-for-trading investments (listed in Hong Kong) are determined with reference to the quoted market bid prices available on the relevant exchange; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurement recognised in the statement of financial position

Held-for-trading investments are measured subsequent to initial recognitions at fair value and are grouped into Level 1. Level 1 fair value measurements are those derived from quoted prices in active market for identical assets or liabilities.

7. REVENUE AND SEGMENT INFORMATION

Revenue

The Group's revenue for the years ended 31st December, 2010 and 2009 analysed by principal activity is as follows:

	2010 **HK'000**	2009 HK'000
Revenue from electroplating machinery business:		
Construction contracts in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery	**544,112**	167,306
Sale of spare parts of electroplating machinery	**28,910**	20,258
Provision of services – repairs and maintenance	**12,923**	7,795
Revenue from other operation	**15,417**	–
	601,362	195,359

Segment information

Information reported to the chief operating decision maker, the chairman of the board of directors who is also the managing director of the Group, for the purposes of resources allocation and performance assessment, focuses on (1) Electroplating equipment: the overall performance of the electroplating equipment business as a whole, which includes the design, manufacturing and sale of custom-built electroplating equipment, sale of spare parts of electroplating machinery and provision of repairs and maintenance services and (2) Energy saving: the performance of the manufacture and sale of energy saving home automation products.

The energy saving operation is introduced during the year ended 31st December, 2010.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

	2010			2009
	Electroplating equipment	**Energy saving**	**Total**	Electroplating equipment and total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000
Revenue	**585,945**	**15,417**	**601,362**	195,359
Segment profit (loss)	**44,248**	**(2,898)**	**41,350**	(55,822)
Intra-group management fee charged to operating segment			**4,690**	2,242
Other income			**5,810**	2,168
Central corporate expenses			**(22,459)**	(29,152)
Net change in fair value of held-for-trading investments			**2,751**	23,609
Share of results of associates			**(542)**	397
Impairment loss on available-for-sale investments			**(18)**	(182)
Gain on disposal of available-for-sale investments			**–**	412
Profit (loss) before taxation			**31,582**	(56,328)

The accounting policies of the operating segment are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the gross profit of the segments and other income and expenses directly attributable to the segment activity (including intra-group management fee) but excluding interest income from loans receivables, dividend income and sundry income, central administration costs including auditor's remuneration, net change in fair value of held-for-trading investments, share of results of associates, impairment loss on available-for-sale investments and gain on disposal of available-for-sale investments. This is the measure reported to the chief operating decision maker in order to allocate resources to segments and to assess segment performance.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's segment assets and segments liabilities that are regularly reviewed by the chief operating decision maker:

	2010 HK'000	2009 HK'000
Segment assets – electroplating equipment	**387,608**	208,080
Segment assets – energy saving	**5,052**	–
Property, plant and equipment (for corporate)	**5,597**	6,187
Interests in associates	**477**	933
Available-for-sale investments	**95**	113
Loans receivable	**5,899**	8,935
Other debtors, deposits and prepayments (for corporate)	**4,695**	3,422
Held-for-trading investments	**28,840**	36,823
Amounts due from associates	**954**	796
Taxation recoverable	**20**	108
Pledged bank deposits	**7,187**	2,174
Bank balances and cash	**131,820**	116,171
Consolidated total assets	**578,244**	383,742
Segment liabilities – electroplating equipment	**214,896**	101,576
Segment liabilities – energy saving	**1,995**	–
Other creditors and accrued charges (for corporate)	**1,700**	1,818
Amounts due to associates	**25**	98
Obligations under finance leases	**–**	227
Deferred taxation	**4,315**	4,315
Bank borrowings	**38,372**	–
Taxation payable	**291**	–
Consolidated total liabilities	**261,594**	108,034

For the purposes of monitoring segment performances and allocating resources to the segments:

- All assets are allocated to segment other than interests in associates, available-for-sale investments, loans receivable, held-for-trading investments, amount due from associates, taxation recoverable, pledged bank deposits and bank balances and cash of the Group, and corporate assets of the Group.

- All liabilities are allocated to segment other than amounts due to associates, obligations under finance leases, deferred taxation, bank borrowings and taxation payable of the Group, and corporate liabilities of the Group.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Other segment information

	2010			2009
	Electroplating equipment HK$'000	**Energy saving HK$'000**	**Total HK$'000**	Electroplating equipment and total HK$'000
Amounts included in the measure of segment result or segment assets:				
Allowance for bad and doubtful debts for trade and other debtors	**1,331**	**945**	**2,276**	9,275
Allowance for slow moving inventories	**1,053**	**815**	**1,868**	3,917
Bad debts recovered	**4,117**	**–**	**4,117**	4,071
Loss on disposal of property, plant and equipment	**178**	**–**	**178**	767
Depreciation	**9,495**	**–**	**9,495**	10,189
Release of prepaid lease payments	**289**	**–**	**289**	278
Provision for warranty	**7,282**	**–**	**7,282**	2,114
Capital additions	**15,590**	**–**	**15,590**	5,232

	Unallocated	
	2010 HK'000	2009 HK'000
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:		
Allowance for bad and doubtful debts for amounts due from associates	**986**	–
Bad debts recovered	**–**	40
Finance costs	**1,117**	222
Capital additions	**50**	28
Loss on disposal of property, plant and equipment	**6**	–
Depreciation	**635**	880
Interest income	**754**	943

For the year ended 31st December, 2010

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are mainly located in Hong Kong, the PRC, Taiwan, Europe, the United States of America and other Asia countries.

The following table provides an analysis of the Group's revenue by location of external customers.

	2010	2009
	HK'000	HK'000
PRC	**227,350**	75,861
Europe	**48,922**	29,691
Taiwan	**117,886**	26,570
India	**2,480**	21,540
Mexico	**1,114**	11,755
Hong Kong	**34,388**	7,468
Singapore	**9,934**	5,392
The United States of America	**38,260**	5,016
Australia	**1,608**	4,912
United Arab Emirates	**–**	2,208
The Philippines	**3,021**	1,855
Japan	**2,623**	523
Malaysia	**91,084**	–
Korea	**21,647**	–
Other South East Asia countries	**–**	2,145
Others	**1,045**	423
	601,362	195,359

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

The following is the information about non-current assets other than financial instruments by the geographical area in which the assets are located:

	2010 **HK'000**	2009 HK'000
Hong Kong	**39,645**	43,832
PRC	**66,829**	49,948
Others	**621**	1,401
	107,095	95,181

Information about major customers

Revenues from customers under the electroplating equipment segment of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010 **HK'000**	2009 HK'000
Customer A	**74,137**	–[1]
Customer B	**–[1]**	25,056

[1] The corresponding revenue did not contribute over 10% of total sales of the Group.

8. OTHER GAINS AND LOSSES

	2010 HK'000	2009 HK'000
Net change in fair value of held-for-trading investments	**2,751**	23,609
Impairment loss on available-for-sale investments	**(18)**	(182)
Gain on disposal of available-for-sale investments	**–**	412
Net exchange loss	**(1,005)**	(12,662)
Loss on disposal of property, plant and equipment	**(184)**	(767)
Other losses	**(105)**	(4,234)
	1,439	6,176

9. FINANCE COSTS

	2010 HK'000	2009 HK'000
Interest on:		
Bank borrowings wholly repayable within five years	**1,093**	–
Finance leases	**24**	222
	1,117	222

10. TAXATION

The taxation charge (credit) comprises:

	2010 **HK'000**	2009 HK'000
Overseas taxation		
Charge for the year	**475**	–
Overprovision in prior years	**–**	(23)
Deferred taxation (note 32)	**–**	(2)
Taxation attributable to the Company and its subsidiaries	**475**	(25)

No tax is payable on the profit for the year ended 31st December, 2010 arising in Hong Kong since the assessable profit is wholly absorbed by tax loss brought forward.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit for the year ended 31st December, 2009.

Overseas taxation (including PRC enterprise income tax) is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary of the Group charged under the preferential tax rate is exempted from PRC enterprise income tax for the first two years commencing from its first profit-making year of operation and thereafter, that PRC subsidiary will be entitled to a 50% relief for PRC enterprise income tax for the following two years ("Tax Preference"). The reduced tax rate for the relief period is 11% (2009: 10%). The charge of PRC enterprise income tax for the years has been provided for after taking these tax incentives into account.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No.63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changes the PRC Enterprise Income Tax rate to 25% and affect the PRC subsidiaries of the Group from 1st January, 2008.

On 16th December, 2007, the State Council of the PRC issued a circular on the implementation of transitional preferential policies for PRC enterprise income tax. The subsidiary that is currently entitled to preferential tax rate under the old PRC Enterprise Income Tax Law can gradually transit to the new tax rate of 25% within 5 years after the enforcement of the New Law at a tax rate of 18%, 20%, 22%, 24% and 25% in year 2008, 2009, 2010, 2011 and 2012 respectively.

The subsidiary that originally enjoys the Tax Preference can continue enjoying the Tax Preference based on the tax rate stated above until after the expiration of the Tax Preference period.

10. TAXATION *(Continued)*

The tax charge (credit) for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of comprehensive income as follows:

	2010 **HK'000**	2009 HK'000
Profit (loss) before taxation	**31,582**	(56,328)
Taxation at the income tax rate of 16.5%	**5,211**	(9,294)
Tax effect of share of results of associates	**89**	(65)
Tax effect of expenses not deductible for tax purpose	**492**	2,234
Tax effect of income not taxable for tax purpose	**(868)**	(370)
Tax effect of tax losses not recognised	**2,309**	11,051
Tax effect of deductible temporary difference not recognised	**600**	1,087
Tax effect of utilisation of tax losses previously not recognised	**(6,998)**	(4,035)
Effect of different tax rates of subsidiaries operating in other jurisdictions and Tax Preference	**(286)**	(703)
Overprovision in prior years	**–**	(23)
Others	**(74)**	93
Taxation for the year	**475**	(25)

11. PROFIT (LOSS) FOR THE YEAR

	2010 HK'000	2009 HK'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Current year	**1,152**	1,225
– Underprovision in prior years	**2**	71
	1,154	1,296
Cost of inventories recognised as expenses (including allowance for slow moving inventories of HK$1,868,000 (2009: HK$3,917,000))	**295,305**	99,198
Depreciation of property, plant and equipment	**10,130**	11,069
Release of prepaid lease payments	**289**	278
Operating lease payments in respect of rented premises	**2,446**	1,912
Staff costs:		
Directors' fee (note 12)	**180**	180
Directors' salaries and other benefits (note 12)	**7,200**	8,386
Salaries and allowances	**85,742**	54,081
Retirement benefits schemes expenses	**37**	46
Contributions to retirement contributions schemes	**1,656**	1,558
	94,815	64,251
Interest income from loans receivable	**(349)**	(548)
Interest income from an associate	**(82)**	(104)
Investment income		
Interest earned on bank deposits	**(161)**	(171)
Other interest income from overdue trade debtors	**(162)**	(120)
Dividend income from		
– Held-for-trading investments (listed equity securities)	**(334)**	(14)
– Available-for-sale investments (unlisted equity securities)	**–**	(739)
	(657)	(1,044)

12. DIRECTORS' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the five (2009: five) Directors were as follows:

For the year ended 31st December, 2010

	Lam Kwok Hing HK$'000	Nam Kwok Lun HK$'000	Kwan Wang Wai, Alan HK$'000	Ng Chi Kin, David HK$'000	Cheung Kin Wai HK$'000	Total 2010 HK$'000
Executive Directors						
Other emoluments						
Salaries and other benefits	3,600	3,600	–	–	–	7,200
Contributions to retirement benefits schemes	12	12	–	–	–	24
Independent Non-executive Directors						
Fees	–	–	60	60	60	180
Total emoluments	3,612	3,612	60	60	60	7,404

For the year ended 31st December, 2009

	Lam Kwok Hing HK$'000	Nam Kwok Lun HK$'000	Kwan Wang Wai, Alan HK$'000	Ng Chi Kin, David HK$'000	Cheung Kin Wai HK$'000	Total 2009 HK$'000
Executive Directors						
Other emoluments						
Salaries and other benefits	3,600	3,600	–	–	–	7,200
Contributions to retirement benefits schemes	12	12	–	–	–	24
Performance related incentive payments	593	593	–	–	–	1,186
Independent Non-executive Directors						
Fees	–	–	60	60	60	180
Total emoluments	4,205	4,205	60	60	60	8,590

No compensation was paid to the above Directors of the Company during the current and prior years for the loss of office as or as an inducement to join or upon joining the Company. None of the above directors of the Company has waived any emoluments during the current and prior years.

13. EMPLOYEES' EMOLUMENTS

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2009: two) were directors of the Company whose emoluments are included in note 12. The emoluments of the remaining three (2009: three) individuals were as follows:

	2010 **HK'000**	2009 HK'000
Salaries and other benefits	**2,619**	2,700
Contributions to retirement benefits schemes	**46**	48
	2,665	2,748

Their emoluments were within the following bands:

	Number of employees	
	2010	2009
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	1

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the following data:

	2010 **HK'000**	2009 HK'000
Earnings (loss) for the purposes of basic earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	**31,078**	(54,277)
	'000	'000
Number of ordinary shares for the purpose of basic earnings (loss) per share	**426,463**	426,463

15. DIVIDEND

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of reporting period (2009: nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold and buildings HK$'000	Construction in progress HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Computer software HK$'000	Total HK$'000
COST OR VALUATION								
At 1st January, 2009, as originally stated	83,884	–	7,977	9,373	50,185	13,401	3,691	168,511
Effect of change in accounting policies (note 2)	15,667	–	–	–	–	–	–	15,667
At 1st January, 2009, as restated	99,551	–	7,977	9,373	50,185	13,401	3,691	184,178
Currency realignment	86	–	9	4	52	21	–	172
Additions	–	–	1,062	2,987	1,200	11	–	5,260
Disposals	(820)	–	(222)	(318)	(816)	(1,764)	–	(3,940)
At 31st December, 2009	98,817	–	8,826	12,046	50,621	11,669	3,691	185,670
Currency realignment	2,004	–	244	92	943	165	–	3,448
Additions	–	9,725	765	2,574	2,075	392	109	15,640
Disposals	–	–	(132)	–	(1,997)	(1,081)	–	(3,210)
At 31st December, 2010	100,821	9,725	9,703	14,712	51,642	11,145	3,800	201,548
COMPRISING								
At cost	15,973	9,725	9,703	14,712	51,642	11,145	3,800	116,700
At valuation								
– 31st March, 1992	35,712	–	–	–	–	–	–	35,712
– 31st March, 1994	49,136	–	–	–	–	–	–	49,136
	100,821	9,725	9,703	14,712	51,642	11,145	3,800	201,548
DEPRECIATION, AMORTISATION AND IMPAIRMENT								
At 1st January, 2009, as originally stated	25,553	–	6,277	4,624	38,193	9,176	121	83,944
Effect of change in accounting policies (note 2)	7,816	–	–	–	–	–	–	7,816
At 1st January, 2009, as restated	33,369	–	6,277	4,624	38,193	9,176	121	91,760
Currency realignment	26	–	8	3	33	2	–	72
Provided for the year	1,868	–	639	2,258	4,177	1,665	462	11,069
Eliminated on disposals	(362)	–	(158)	(302)	(634)	(1,556)	–	(3,012)
At 31st December, 2009	34,901	–	6,766	6,583	41,769	9,287	583	99,889
Currency realignment	646	–	199	90	659	103	–	1,697
Provided for the year	1,876	–	614	3,262	2,735	1,170	473	10,130
Eliminated on disposals	–	–	(88)	–	(1,585)	(903)	–	(2,576)
At 31st December, 2010	37,423	–	7,491	9,935	43,578	9,657	1,056	109,140
CARRYING AMOUNTS								
At 31st December, 2010	63,398	9,725	2,212	4,777	8,064	1,488	2,744	92,408
At 31st December, 2009	63,916	–	2,060	5,463	8,852	2,382	3,108	85,781
At 1st January, 2009	66,182	–	1,700	4,749	11,992	4,225	3,570	92,418

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	20 – 50 years
Furniture and fixtures	25%
Leasehold improvements	over the shorter of 25% or the term of the lease
Plant, machinery and equipment	$12^1/_2$% to $33^1/_3$%
Motor vehicles	$33^1/_3$%
Computer software	$12^1/_2$%

As at 31st December, 2010, the carrying value of property, plant and equipment in respect of assets held under finance leases was nil (31.12.2009: HK$2,347,000 and 1.1.2009: HK$4,036,000).

As at 31st December, 2010, had the revalued leasehold land and buildings been carried at cost less accumulated depreciation, the carrying value of the leasehold land and buildings would have been stated at approximately HK$39,239,000 (31.12.2009: HK$40,363,000 and 1.1.2009: HK$41,487,000).

	31.12.2010 HK'000	31.12.2009 HK'000	1.1.2009 HK'000
The Group's leasehold land and buildings comprise buildings on:			
Medium-term leasehold land in Hong Kong	**30,977**	31,763	32,549
Medium-term leasehold land in the PRC	**32,421**	32,153	33,633
	63,398	63,916	66,182

17. PREPAID LEASE PAYMENTS

	31.12.2010 HK'000	31.12.2009 HK'000	1.1.2009 HK'000
The Group's prepaid lease payments comprise:			
Medium-term leasehold and in the PRC	**8,824**	8,745	9,006
Analysed for reporting purposes as:			
Current asset	**289**	278	278
Non-current asset	**8,535**	8,467	8,728
	8,824	8,745	9,006

18. INTERESTS IN ASSOCIATES

	2010 **HK'000**	2009 HK'000
Cost of investment in associates		
Unlisted	**3,285**	3,285
Impairment loss made	**(1,709)**	(1,709)
	1,576	1,576
Share of post-acquisition losses	**(1,187)**	(645)
Share of currency translation reserve	**88**	2
Share of net assets	**477**	933

Details of the Group's principal associates as at 31st December, 2010 and 2009 are as follows:

Name of associate	**Form of business structure**	**Country of incorporation**	**Proportion of nominal value of issued capital held by the Group**		**Principal activities**
			2010	2009	
Asia Vigour (Holdings) Limited	Incorporated	British Virgin Islands	**49%**	49%	Investment holding
Process Automation (Sea) Pte Ltd	Incorporated	Singapore	**36%**	36%	Sale of electroplating machines and spare parts

18. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

	2010 **HK'000**	2009 HK'000
Total assets	**27,580**	17,627
Total liabilities	**(26,256)**	(15,035)
Net assets	**1,324**	2,592
Group's share of net assets of associates	**477**	933
Turnover	**22,443**	18,439
(Loss) profit for the year	**(2,156)**	1,768
Group's shares of results of associates for the year	**(542)**	397
Group's share of other comprehensive income of associates	**86**	2

During the year, the Group discontinued recognition of its share of losses of certain associates. The unrecognised share of losses of those associates, extracted from the relevant management accounts of associates, both for the year and cumulatively, are as follows:

	2010 **HK'000**	2009 HK'000
Unrecognised share of losses of associates for the year	**197**	76
Accumulated unrecognised share of losses of associates	**1,844**	1,647

19. AVAILABLE-FOR-SALE INVESTMENTS

	2010 HK'000	2009 HK'000
Equity securities:		
Unlisted shares		
– Cost	**805**	805
– Impairment loss made	**(710)**	(692)
	95	113

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Taiwan and British Virgin Islands. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. During the year ended 31st December, 2010, the directors of the Company determined that there was an additional impairment loss of HK$18,000 (2009: HK$182,000).

20. LOANS RECEIVABLE

The following is the maturity profile of loans receivable at the end of the reporting period:

	2010 HK'000	2009 HK'000
Repayable within 3 months	**2,421**	5,656
Repayable after 3 months but within 6 months	**211**	15
Repayable after 6 months but within 1 year	**97**	30
Total repayable within 1 year	**2,729**	5,701
Repayable after 1 year, but not exceeding 2 years	**3,170**	3,234
Total	**5,899**	8,935

The loans receivable are secured and interest-bearing. The range of effective interest rates, which are equal to contractual interest rates, on the Group's loans receivable is from Hong Kong prime rate minus 2% to Hong Kong prime rate plus 3% (2009: Hong Kong prime rate to Hong Kong prime rate plus 3%).

As at 31st December, 2010, loans receivable of HK$618,000 (2009: HK$649,000) were past due over three years (2009: over two years) but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group holds certain properties as collateral over these balances and the Directors consider that the fair value of the properties is adequate to cover the past due amounts. Accordingly, the Directors believe that no provision for impairment is required.

21. INVENTORIES

	2010 HK'000	2009 HK'000
Raw materials	**55,851**	31,659

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22. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2010	2009
	HK'000	HK'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred	**386,190**	93,899
Recognised profits less recognised losses	**100,828**	21,649
	487,018	115,548
Progress billings	**(397,738)**	(101,808)
	89,280	13,740
Represented by:		
Due from customers included in current assets	**96,801**	22,941
Due to customers included in current liabilities	**(7,521)**	(9,201)
	89,280	13,740

At the end of the reporting period, there were no retention monies held by customers for contract work performed. At 31st December, 2010, advances received from customers for contract work amounted to HK$11,561,000 (2009: HK$1,164,000) which were included in creditors, bills payable and accrued charges.

23. DEBTORS, BILLS RECEIVABLES AND PREPAYMENTS

	2010	2009
	HK'000	HK'000
Trade debtors and bills receivables	**148,728**	82,651
Less: Allowance for bad and doubtful debts	**(27,976)**	(31,785)
	120,752	50,866
Other debtors and prepayments	**22,579**	17,697
	143,331	68,563

As at 31st December, 2010, the trade debtors balance included trade debts due from associates of HK$4,292,000 (2009: HK$5,142,000).

23. DEBTORS, BILLS RECEIVABLES AND PREPAYMENTS *(Continued)*

The following is an aged analysis of trade debtors and bills receivables net of allowance for bad and doubtful debts presented based on the invoice date at the end of the reporting period:

	2010 **HK'000**	2009 HK'000
1 – 60 days	**87,274**	37,039
61 – 120 days	**16,933**	5,249
121 – 180 days	**7,455**	4,994
Over 180 days	**9,090**	3,584
	120,752	50,866

The Group allows a general credit period of one month to its trade customers except construction contracts where the Group allows stage payments. Each construction contract will normally involve two to six stage payments, namely deposit payment, shipment payment, arrival payment, installation completion payment, chemical testing payment and acceptance payment. It will take at least one year from the time the electroplating machine is shipped before a construction contract will reach the acceptance stage. In most of the cases, invoice is due on presentation and credit will only be offered to customers in accordance with their financial credit abilities and established payment records.

As at 31st December, 2010, trade debtors of HK$34,717,000 (2009: HK$20,602,000) were past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. Bills receivables of HK$33,325,000 (2009: nil) were discounted for bank borrowings with full recourse. The average age of these trade receivables is 89 days (2009: 103 days) as at 31st December, 2010.

Aging of trade debtors which are past due but not impaired at the end of the reporting period:

	2010 **HK'000**	2009 HK'000
1 – 60 days	**17,231**	7,916
61 – 120 days	**5,353**	2,792
121 – 180 days	**9,939**	2,679
Over 180 days	**2,194**	7,215
	34,717	20,602

23. DEBTORS, BILLS RECEIVABLES AND PREPAYMENTS *(Continued)*

Movement in the allowance for bad and doubtful debts

	2010 HK'000	2009 HK'000
Balance at beginning of the year	**31,785**	33,357
Impairment losses recognised on trade debtors	**1,331**	2,668
Bad debts recovered	**(4,117)**	(4,071)
Written off as against trade debtors	**(1,023)**	(169)
Balance at end of the year	**27,976**	31,785

Included in the allowance for doubtful debts of HK$27,976,000 (2009: HK$31,785,000) are individually impaired trade debtors, which were in severe financial difficulties. The Group has provided fully for these debts.

In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the statement of financial position date. The trade debtors past due but not impaired for were either subsequently settled or with no historical default of payments by the respective customers. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

During the year ended 31st December, 2010, the Directors of the Company determined that there was impairment loss of HK$945,000 (2009: HK$6,607,000) for other debtors in which the Directors considered the amount is uncollectible.

The Group has received HK$162,000 (2009: HK$120,000) as interest from overdue trade debtors.

The trade debtors that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	NTD HK$'000	GBP HK$'000	USD HK$'000	EUR HK$'000	PESO HK$'000
As at 31st December, 2010	**206**	**373**	**119,437**	**8,550**	**103**
As at 31st December, 2009	–	209	37,191	12,551	–

24. HELD-FOR-TRADING INVESTMENTS

	2010 HK'000	2009 HK'000
Equity securities listed in Hong Kong	**28,840**	36,823

25. AMOUNTS DUE FROM AND TO ASSOCIATES

	2010 HK'000	2009 HK'000
Amounts due from associates		
Interest-bearing at Hong Kong prime rate plus 2% per annum	**4,778**	3,641
Less: allowance for bad and doubtful debts	**(3,906)**	(2,920)
	872	721
Non-interest bearing	**82**	75
	954	796

The above balances are unsecured and repayable on demand.

The amounts due to associates are unsecured, interest-free and repayable on demand.

26. PLEDGED BANK DEPOSITS AND BANK BALANCES

Bank balances carry interest at market rates ranging from 0.001% to 0.1% per annum (2009: 0.001% to 0.2% per annum). The pledged deposits carry fixed interest rate of 0.1% per annum (2009: 0.15% per annum). The pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group, and will be released upon the settlement of the relevant bank borrowings or upon expiry of the relevant banking facilities. Included in the bank balances and cash of the Group is amount denominated in RMB of HK$14,439,000 (2009: HK$3,833,000), which are not freely convertible into other currencies.

The bank balances and pledged deposits that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	USD	AUD	GBP	EUR	NTD
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December, 2010	**17,987**	**267**	**491**	**596**	**66,002**
As at 31st December, 2009	4,462	277	1,485	10,630	61,285

27. CREDITORS, BILLS PAYABLES AND ACCRUED CHARGES

	2010	2009
	HK'000	HK'000
Trade creditors	**115,327**	50,507
Bills payables	**10,821**	–
Accrued staff costs	**14,932**	9,536
Commission payables to sales agents	**18,113**	10,381
Other accrued charges	**31,004**	13,080
Advances received from customers for contract work	**11,561**	1,164
	201,758	84,668

27. CREDITORS, BILLS PAYABLES AND ACCRUED CHARGES *(Continued)*

The following is an aged analysis of trade creditors and bills payables as at the end of the reporting period which is based on the invoice dates of the amounts due:

	2010	2009
	HK'000	HK'000
0 – 60 days	**96,119**	28,431
61 – 120 days	**24,153**	3,231
121 – 180 days	**3,357**	5,932
Over 180 days	**2,519**	12,913
	126,148	50,507

The average credit period on purchase of goods is 60 – 120 days.

The trade creditors and bills payables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	USD	**GBP**	**EUR**	**NTD**	**JPY**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December, 2010	**46,020**	**1,210**	**12,926**	**1,152**	**4,012**
As at 31st December, 2009	28,702	62	2,390	1,637	–

28. WARRANTY PROVISIONS

	2010 HK'000	2009 HK'000
At 1st January	**9,362**	14,120
Additional provision in the year	**7,282**	2,114
Utilisation of provision	**(7,332)**	(6,872)
At 31st December	**9,312**	9,362
Analysed for reporting purposes as:		
Current	**6,405**	8,350
Non-current	**2,907**	1,012
	9,312	9,362

The warranty provision represents management's best estimation of the Group's liability under 1-2 year warranty granted on electroplating products, based on prior experience and industry averages for defective products.

29. BANK BORROWINGS

	2010 HK'000	2009 HK'000
Trust receipt loans	**5,047**	–
Other bank loans	**33,325**	–
	38,372	–

Other bank loans represent the loans from discounting of bills receivable with full recourse.

The Group's bank borrowings are secured borrowings and carrying interest at market rate.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are approximately from 2.78% to 4.55% (2009: not applicable) per annum.

The bank borrowings are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	USD HK'000	EUR HK'000
As at 31 December, 2010	34,162	1,484
As at 31 December, 2009	–	–

30. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Amounts payable under finance leases:				
Within one year	**–**	246	**–**	227
Less: Future finance charges	**–**	(19)	**–**	–
Present value of lease obligations	**–**	227	**–**	227
Less: Amount due for settlement within one year (shown under current liabilities)			**–**	(227)
Amount due for settlement after one year			**–**	–

It is the Group's policy to lease certain of its plant and equipment under finance leases. The lease term was 3 years. For the year ended 31st December, 2009, the effective borrowing rates ranged from 2.7% to 2.85% per annum. Interest rate is fixed at the contract date. All leases were on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

31. SHARE CAPITAL

	Number of shares	Amount HK$'000
Shares of HK$0.01 each		
Authorised:		
At 1st January, 2009, 31st December, 2009 and 31st December, 2010	20,000,000,000	200,000
Issued and fully paid:		
At 1st January, 2009, 31st December, 2009 and 31st December, 2010	426,463,400	4,265

32. DEFERRED TAXATION

The following is the deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1st January, 2009	1,241	3,076	4,317
Credit to profit or loss for the year (note 10)	(2)	–	(2)
At 31st December, 2009 and At 31st December, 2010	1,239	3,076	4,315

At 31st December, 2010, the Group had estimated unused tax losses of HK$267,442,000 (2009: HK$295,859,000) and other deductible temporary differences of HK$21,344,000 (2009: HK$17,709,000) available for offset against future profits. No deferred tax asset has been recognised due to the uncertainty of future profits streams. The tax losses may be carried forward indefinitely.

32. DEFERRED TAXATION *(Continued)*

Starting from 1st January, 2008, the tax law of the PRC requires withholding tax upon the distribution of undistributed retained profits earned by the PRC subsidiaries to the overseas shareholders. Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits after 1st January, 2008 amounting to approximately HK$24,051,000 (2009: HK$11,542,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of a subsidiary, ESIC Control Limited.

The net assets of the subsidiary at the date of disposal were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Debtors, bills receivables and prepayments	4,450
Bank balances and cash	121
Creditors, bills payables and accrued charges	(4,548)
	23
SATISFIED BY	
Consideration - other debtors	23
Cash outflow arising on disposal	
Bank balances and cash disposed of	(121)

The subsidiary disposed of during the year did not have material effect on the Group's revenue, profit before taxation and cash flow.

34. SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13th June, 2005, the Company adopted a share option scheme (the "Scheme") which became effective on 13th June, 2005.

The purpose of the Scheme is to enable the Company to grant option to the eligible participants as incentives and rewards for their contribution to the Company or its subsidiaries.

The subscription price for a share in respect of any particular option granted under the Scheme (which shall be payable upon exercise of the option) shall be such prices as the directors in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other option scheme(s) of the Company must not exceed 10% of the shares in issue, i.e. 42,646,340 shares, on the date of approval and adoption of the Scheme by the shareholders.

The total number of shares issued and which may fall to be issued upon exercise of options granted under the Scheme and any other option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

The Scheme shall be valid and effective for a period of 10 years commencing from the date of its adoption.

No share options has been granted or exercised under the Scheme since its adoption.

35. MAJOR NON-CASH TRANSACTION

During the year ended 31st December, 2009, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of lease of HK$647,000.

36. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010	2009
	HK'000	HK'000
Within one year	**937**	640
In the second to fifth years inclusive	**1,233**	260
	2,170	900

Operating lease payments represent rentals payable by the Group for its factory premises and staff quarters in the PRC. Leases are negotiated for five years and rentals are fixed for the leased period.

37. CAPITAL COMMITMENTS

	2010	2009
	HK'000	HK'000
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	**–**	9,770
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,939**	–

38. PLEDGE OF ASSETS

As at 31st December, 2010, the Group pledged bank deposits of HK$7,187,000 (2009: HK$2,174,000) to secure general banking facilities granted to the Group. As at 31st December, 2010, apart from the bank borrowings as described in note 29, the Group utilised approximately HK$6,187,000 (2009: HK$1,174,000) as the issuance of bank's guarantee for (1) customers retain right to claim refund of machine acceptance payment and purchase deposits received by the Group, and (2) as shipping guarantee to the suppliers of the Group.

39. RETIREMENT BENEFITS SCHEMES

Since 1st December, 2000, the Group has operated pension schemes under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income with a maximum monthly contribution of HK$1,000 per person. The contributions are charged to profit or loss as incurred.

The relevant PRC subsidiaries are required to make contributions to the state-managed schemes in the PRC based on a certain percentage of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to these retired staff.

In addition, a subsidiary in Hong Kong operates funded defined benefits pension scheme (the "ORSO Scheme") for all its qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

The most recent actuarial valuation of plan assets and liabilities of the ORSO Scheme was carried out at 31st December, 2010 by qualified staff of HSBC Life (International) Limited, who are members of the Society of Actuaries of the United States of America. The present value of the defined benefit obligation under ORSO Scheme and the related current service cost were measured using the projected unit credit method. The main actuarial assumptions used were as follows:

	2010	2009
Discount rate	**3.00% per annum**	2.60% per annum
Expected return on ORSO Scheme assets	**5.50% per annum**	5.00% per annum
Expected salary increase rate	**3.25% per annum**	3.25% per annum

The actuarial valuation showed that the market value of ORSO Scheme assets was HK$1,287,000 (2009: HK$1,880,000) and that the actuarial value of these assets represented 105% (2009: 92%) of the benefits that had accrued to members.

39. RETIREMENT BENEFITS SCHEMES *(Continued)*

Amount recognised in respect of the ORSO Scheme is as follows:

	2010 HK'000	2009 HK'000
Current service cost	**69**	106
Interest cost	**43**	26
Expected return on plan assets	**(77)**	(88)
Administrative cost and group life premium deducted from contribution	**2**	2
Expense recognised in profit or loss	**37**	46

The charge for the year has been included in staff costs in profit or loss.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of the ORSO Scheme is as follows:

	2010 HK'000	2009 HK'000
Present value of funded defined benefit obligations	**1,225**	2,043
Fair value of plan assets	**(1,287)**	(1,880)
Net (asset) liability arising from defined benefit obligation	**(62)**	163

39. RETIREMENT BENEFITS SCHEMES *(Continued)*

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2010 HK'000	2009 HK'000
At 1st January	**2,043**	2,277
Current service cost	**69**	106
Interest cost	**43**	26
Actuarial gain on obligation due to change in assumptions	**(66)**	(361)
Benefits paid	**(744)**	–
Actuarial gain on obligation due to experience adjustment	**(120)**	(5)
At 31st December	**1,225**	2,043

Movements in the fair value of the plan assets in the current year were as follows:

	2010 HK'000	2009 HK'000
At 1st January	**1,880**	1,566
Expected return on plan assets	**77**	88
Actuarial gains	**23**	171
Contributions from the employer	**51**	55
Benefits paid	**(744)**	–
At 31st December	**1,287**	1,880

39. RETIREMENT BENEFITS SCHEMES *(Continued)*

The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, is as follows:

	Expected return		**Fair value of plan assets**	
	2010	2009	**2010**	2009
	%	%	**HK$'000**	HK$'000
Equity instruments	**2.47**	1.85	**579**	696
Debt instruments	**2.70**	2.61	**631**	983
Cash	**0.33**	0.54	**77**	201
Weighted average expected return	**5.50**	5.00	**1,287**	1,880

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The actual return on plan assets was HK$100,000 (2009: HK$259,000).

The plan assets do not include ordinary shares of the Company or any property occupied by the Company.

The history of experience adjustments is as follows:

	2010	2009
	HK'000	HK'000
Experience adjustment on plan assets	**120**	5

The Group expects to make a contribution of HK$30,000 (2009: HK$54,000) to the defined benefit plans during the next financial year.

The Group recognised actuarial gain amounted to HK$209,000 for the year ended 31st December, 2010 (2009: HK$537,000) directly in retained profits. The cumulative amount of actuarial loss recognised directly in other comprehensive income amounted to HK$300,000 (2009: HK$509,000) as at 31st December, 2010.

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40. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries as at 31st December, 2010 and 2009 are as follows:

Name of subsidiary	Place/country of incorporation/ registration	Issued and fully paid up ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2010	2009	
			%	%	
ATNT Global Investments Company Limited	Hong Kong	HK$2	100	100	Securities trading
ATNT Group Management Limited	Hong Kong	HK$2	100	100	Management services
Beijing Golden PAL Plating Equipment Company Limited (Sino-foreign equity joint venture)	PRC	US$1,291,500	52	52	Design, manufacture and sale of electroplating machines and other automated equipment
台灣亞洲自動化設備股份有限公司	Taiwan	TWD10,000,000	100	–	Design, manufacture and sale of electroplating machines and other automated equipment
ESIC Technology Limited (formerly known as AVP Equipment Limited)	Hong Kong	HK$2	100	100	Manufacture and sale of energy saving home automation products
Fairway Int'l Limited	British Virgin Islands*	US$1	100	100	Investment holding
Golden Rainbow Investments Limited	British Virgin Islands*	US$1	100	100	Property investment
Happy Win Resources Limited	British Virgin Islands*	US$1	100#	100#	Investment holding
Longfaith Holdings Limited	British Virgin Islands*	US$1	100	100	Investment holding

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40. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ registration	Issued and fully paid up ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2010 %	2009 %	Principal activities
Palcon International Limited	British Virgin Islands*	US$100	60	60	Investment holding
PAL Automated Equipment Limited (formerly known as Hong Kong Happy Treasure Limited)	Hong Kong	HK$2	100	100	Sale of electroplating machines
PAL Control Sdn. Bhd	Malaysia	MYR2	60	60	Software development
PAL Europe Limited	Hong Kong	HK$2	100	100	Sale of electroplating machines
PAL Finance Limited	Hong Kong	HK$2	100	100	Money lending
PAL Properties Investment Limited	British Virgin Islands*	US$1	100	100	Investment holding
PAL SEA Limited	British Virgin Islands*	US$100	100	100	Investment holding
PAL (Sea) Sdn. Bhd.	Malaysia	MYR300,000	60	60	Sale of electroplating machines
PAL Service Sdn. Bhd.	Malaysia	MYR50,002	60	60	Sale of electroplating machines and spare parts
PAL Reel to Reel Technology Company Limited	Hong Kong	HK$10,000	100	85	Sale of electroplating machines
PAL Surface Treatment Systems Limited	Hong Kong	HK$10,000	100	100	Sale of electroplating machines and spare parts

40. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ registration	Issued and fully paid up ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2010 %	2009 %	Principal activities
Process Automation (BVI) Limited	British Virgin Islands*	HK$110,000	100#	100#	Investment holding
Process Automation (China) Limited (Wholly foreign-owned enterprise ("WFOE"))	PRC	HK$8,500,000	100	100	Design, manufacture and sale of electroplating machines
Process Automation (Europe) Limited	The United Kingdom	GBP1	100	100	Sale of electroplating machines
Process Automation International Limited ("PAIL")	Hong Kong	HK$2 (note)	100	100	Design, manufacture and sale of electroplating machines
Process Automation (Shenzhen) Limited ("WFOE")	PRC	HK$18,000,000	100	100	Design, manufacture and sale of electroplating machines
Rich Town Properties Limited	British Virgin Islands*	US$2	100	100	Property investment

* The subsidiaries operate in Hong Kong. The remaining subsidiaries operate in their places of incorporation.

\# The proportion of nominal value of issued share capital directly held by the Company. The proportion of nominal value of issued capital/registered capital of the remaining subsidiaries indirectly held by the Company.

Note: At 31st December, 2010, PAIL had outstanding 11,000,000 non-voting deferred shares of HK$1 each which were held by Process Automation (BVI) Limited. The deferred shares carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of PAIL and practically carry no rights to participate in any distribution on winding up.

40. PRINCIPAL SUBSIDIARIES *(Continued)*

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

41. RELATED PARTY TRANSACTION

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

	Trade sales		Trade purchases		Interest income		Commission expense	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Associates	**6,636**	5,392	**216**	179	**82**	104	**1,236**	390

The remuneration of directors and other members of key management of the Group during the year is as follows:

	2010	2009
	HK'000	HK'000
Salaries and other short-term employee benefits	**13,857**	14,374
Retirement benefits costs	**129**	144
	13,986	14,518

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trend.

Financial Summary

RESULTS

	Year ended 31st December,				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Revenue	630,970	520,511	481,497	195,359	**601,362**
Profit (loss) for the year attributable to					
Owners of the Company	20,079	15,233	22,447	(54,277)	**31,078**
Non-controlling interest	(272)	73	1,186	(2,026)	**29**
	19,807	15,306	23,633	(56,303)	**31,107**

ASSETS AND LIABILITIES

	At 31st December,				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Total assets	585,247	583,121	525,646	383,742	**578,244**
Total liabilities	(311,022)	(282,779)	(193,034)	(108,034)	**(261,594)**
	274,225	300,342	332,612	275,708	**316,650**
Equity attributable to owners of the Company	268,155	293,595	324,637	271,385	**312,119**
Non-controlling interests	6,070	6,747	7,975	4,323	**4,531**
	274,225	300,342	332,612	275,708	**316,650**

Note: The Group's revenue for the three years ended 31st December, 2008 are restated as a consequence of the adoption of HKAS 1 (Revised 2007).