亞洲聯網科技
有限公司

Asia Tele-Net and Technology Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0679)

CONTENTS

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)

AUDIT COMMITTEE

Ng Chi Kin David *(Committee Chairman)*
Cheung Kin Wai
Kwan Wang Wai Alan

REMUNERATION COMMITTEE

Kwan Wang Wai Alan *(Committee Chairman)*
Nam Kwok Lun
Ng Chi Kin David

NOMINATION COMMITTEE

Lam Kwok Hing *(Committee Chairman)*
Cheung Kin Wai
Ng Chi Kin David

COMPANY SECRETARY

Lui Choi Yiu Angela

AUTHORISED REPRESENTATIVES

Lam Kwok Hing
Nam Kwok Lun

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
Citibank, N.A

SHARE REGISTRARS AND TRANSFER OFFICES

PRINCIPAL REGISTRAR AND TRANSFER OFFICE:

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE:

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

CORPORATE WEBSITE

www.atnt.biz

LISTING INFORMATION

Listing on the Hong Kong Stock Exchange (Main Board)
Stock Short Name: Asia Tele-Net
Stock Code: 679
Board Lot: 10,000 shares

Chairman's Statement & Management Discussion and Analysis

Financial Results

During the six months ended 30 June 2013 ("the Period Under Review"), the Group recorded profit attributable to owners of the Company of about HK$740,000 compared to the loss attributable to owners of the Company of about HK$26,972,000 for the six months ended 30 June 2012 ("the Previous Period"). The improvement of Group's profit attributable to owners of the Company during the Period Under Review was primarily due to increase in revenue of approximately HK$35,495,000 from about HK$149,361,000 in the Previous Period to about HK$184,856,000 in the Period Under Review and increase of gross profit margin from approximately 20% in the Previous Period to approximately 31% in the Period Under Review. The performance of the Group is further reviewed and elaborated in the following sections.

The basic earnings per share for the Period Under Review was HK$0.17 cents compared to the basic loss per share of HK$6.32 cents for the Previous Period.

Business Review on Electroplating Equipment (Under the Trade Name of "PAL")

The revenue for the Period Under Review was about HK$184,856,000 or 24% more than the Previous Period. Higher revenue reported during the Period Under Review was mainly due to soft recovery of investment confidence which was streamed from the improved economies in Euro area and the continuous growth of smartphones sales.

In terms of business segment, about 97% of the revenue was generated from PCB sector (the Previous Period: approximately 86%), approximately 3% came from surface finishing sector (the Previous Period: approximately 13%) and no sales to solar cell sector (the Previous Period: approximately 1%). In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 40% machines in Korea, 27% in PRC, 11% in Thailand, 7% in Russia, 4% in Taiwan, 5% in Philippines and 6% in rest of the world.

We continue to control our operating costs. The inflation rates in China and Hong Kong for first half 2013 were 2.7%[1] and 4.1%[2] respectively. Our operating cost was increased by 1.4% during the Period Under Review. The operating cost was increased from approximately HK$53,977,000 during the Previous Period to approximately HK$54,738,000 during the Period Under Review. The improvement in production efficiency and sale of higher margin product mix have significantly increased the Group's gross profit margin from about 20% in Previous Period to 31% in the Period Under Review.

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

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

The PCB business is prone to economic uncertainties. The global economy has yet to shake off the fallout from the crisis of 2008-2009. Global growth dropped to almost 3% in 2012 which explained why our customers were extremely conservative in their equipment investments last year. IMF predicted that global growth is projected to remain subdued at slightly above 3% in 2013, the same as in 2012. This is driven to a large extent by appreciably weaker domestic demand and slower growth in several key emerging market economies. Fortunately, the reported shipment of smartphones was very encouraging. It reached 722 million units in 2012 and is forecast to grow by 27% to 918 million units in 2013 by IDC[3]. The increased selection from vendors and platforms will provide an array of choices and decisions for all mobile phone users and will further help to stimulate the demand. Thus, during the Period Under Review, the revenue in this business area increased to approximately HK$139,480,000 from approximately HK$107,306,000 in Previous Period. Out of this total revenue, nearly 42% were shipment made to Korea. This coincides with the wide spread knowledge that Samsung has overtaken from Apple as the dominant supplier in the smartphone market.

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1 Inflation rate in China is reported by the National Bureau of Statistics of China.

2 Inflation rate in Hong Kong is reported by Census and Statistics Department of Hong Kong.

3 **International Data Corporation (IDC)** is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets.

Despite the growth seen in first half, we remain cautious for the upcoming second half. The growth in Korean PCB market will be partially offset by the drop in Japanese market. The worldwide PCB sales in 2013 is forecasted to be same as 2012 by Dr. Nakahara of N.T. Information Ltd.

World PCB Forecast 2012-2014 (USD million)

Major Region	**2012**	**2013 (F)**	**2014(F)**
Americas	3,156	3,218	3,283
Germany	1,075	1,090	1,121
Other Europe	1,840	1,868	1,896
China	25,530	26,551	27,878
Japan*	8,624	6,300	6,450
Taiwan	7,995	8,155	8,277
S Korea	7,992	8,870	9,270
Thailand	1,298	1,356	1,417
Other Asia	2,287	2,400	2,510
World Total	59,797	59,808	62,102

* Japan's forecasted output from 2013 is based on YEN100/USD exchange rate.

Nevertheless, it is observed that more capacity is being added in China. Some makers in Taiwan are investing in Taiwan in addition to China. Several plants are under construction in South East Asian countries. Although no major production capacity is added in the western world, US and European production overseas are now larger than their domestic production. Based on our order book on hands, we expect to see 60% of 2013 revenue to be installed in China and all are foreign direct investment to China.

Looking ahead, the market continues to be driven by strong demand for complex sophisticated personal communications devices. We continue to invest in the business for long term and will maintain same level of R&D spending this year in order to meet the ever increased sophistication in the PCB design. Given the weaker end-markets, we do expect to face price pressure from customers.

Electroplating Equipment – Surface Finishing ("SF") Sector

This sector is traded through our subsidiary PAL Surface Treatment Systems Ltd ("PSTS").

The revenue of the SF sector has decreased by 70% from approximately HK$15,855,000 in the Previous Period to approximately HK$4,800,000 for the Period Under Review. We expect the sales to SF customers will pick up in the second half and will eventually be more or less the same as last year.

While our SF business is also prone to general economic conditions, it is particularly sensitive to the US and Euro zone economic performance. Euro area recorded a reduction of 0.6% in GDP in year 2012 and is expected to record another reduction of 0.6%[4] in GDP this year. German exports fell in most of the months this year suggesting that Europe's largest economy is struggling to regain traction. When everyone was worrying that Euro area is losing its fuel, the most recently released Flash Composite Purchasing Managers' Index (PMI) bounced to 51.7 from last month's 50.5. It was the highest reading since June 2011 and beat all predictions. The manufacturing output index, which feeds into the composite PMI, bounced to a 27-month high of 53.4 from 52.3. Both data from Germany showed the growth rate was the fastest in seven months and that business activity across the Euro zone has picked up in July at a faster pace than expected.

Majority of our order books on hand are from German customers who provide coating services in automobile, aerospacing and military industries. They are the leaders in their respective area. Given their strong balance sheet, they could still afford to invest overseas under a weak credit environment at home.

4 Figures were released by IMF in its WEO Update July 2013.

When turning to U.S., the index of U.S. leading indicators climbed in July by the most in three months, signaling improvements in housing and labor markets. A survey also indicated that activity in the US manufacturing sector grew at its fastest pace for five months in August. Regrettably, we don't see the corresponding investment by our US customers. The proposed tapering by Mr. Bernanke brought the speculation and worry that the current low interest rate business environment will end. We suspect the general belief of a likely increase in interest rate has pushed investors to take a second thought before they approve any investment plan.

Electroplating Equipment – Photo Voltaic ("PV" or "Solar") Sector

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

We made no sales to PV sector for the Period Under Review. Sales to PV sector in the Previous Period was approximately HK$1,100,000.

Although the oversupply and low price issues have been clouding the solar sector for some years, it still came as a shock when Suntech Power Holdings, the China-based maker of solar panels, announced its bankruptcy in March. Studies also revealed that top ten PV manufacturers have been losing considerable amounts of money in 2012. As such, it is understandable that no major capital investment was seen in 2013 except consolidation amongst the players.

From the positive side and from a longer term perspective, it is predicted that the use of plating process in PV is increasing[5] as it is proven that plating can improve the yield of solar cell. PV modules are guaranteed up to 25 years, with this number tending to increase as panels are perfected. Nonetheless, it can already be shown that many users replace their PV installations before the theoretical end of life in order to take advantage of higher yields due to new technological improvements found in more recent modules. What the industrial players waiting for are the trimming down of worldwide production capacity through successful

5 ITRPV's predicted share of different metallization technologies in the cell process showed that the importance of screen printing is dropping while plating is increasing.

consolidation, hence avoiding any further price-cut, and strong support from each government to stimulate the domestic demands in the countries they are operating in so that they can justify further investment in new equipment.

Outlook

We expect to see our sales to PCB segment in second half will be more or less the same as the first half while the sales to SF segment will pick up and will reach last year's level. The general improvement in the second half is made on the back of continuing macroeconomic improvement and hence a stronger global consumer confidence. Our financial position has remained strong and free cash flow improved against the Previous Period. The downward risk we see will be a quicker than expected pace of tapering in U.S. (and hence an upsurge of interest rates) or any unexpected slow down in China economy. When the 10 years U.S. treasury notes hovers around 3% and looks like to up-climb further, any major investment decision by our customer will need to get a double tick before going ahead. As a result, we remain cautiously optimistic and will continue to maintain price and cost discipline.

Property Development

Property Re-development Plan

Reference is made to the Company's announcement issued on 22 August 2011 with respect to the agreement ("Agreement") entered into by a wholly-owned subsidiary of the Company with an independent third party ("Counter Party") in relation to a re-development plan ("Re-development") of two parcels of industrial land located in Bao An District, Shenzhen, the PRC, of the Group ("Land") from industrial land into residential properties for resale. Progress made on the Re-development Plan in accordance with the Agreement is updated below:–

(1) The Project Company was established by the Counter Party in August 2011.

(2) The Group has entered into a re-development contract ("Re-development Contract") and relocation compensation agreement ("Relocation Compensation Agreement") with the Project Company in September 2011.

(3) The Project Company has applied for re-development of the Land since September 2011. As the approval involves several departments, the application is still under processed.

(4) As of 30 June 2013, the Group has received RMB40 million from the Counter Party as deposit for relocation compensation.

Financial Review

Capital Structure, Liquidity and Financial Resources

As at 30 June 2013, the Group had equity attributable to owners of the Company of approximately HK$270,133,000 (31 December 2012: HK$265,065,000). The gearing ratio was 1% (31 December 2012: nil). The gearing ratio is calculated by dividing the aggregate amount of bank borrowings of approximately HK$2,790,000 and other interest-bearing loans over the amount of equity attributable to the equity holders of the Company.

As at 30 June 2013, the Group had approximately HK$178,773,000 of cash on hand (31 December 2012: HK$160,698,000).

As at 30 June 2013, the Group pledged deposits of HK$5,069,000 (31 December 2012: HK$1,000,000) to banks to secure banking facilities of approximately HK$92,135,000 (31 December 2012: HK$75,290,000) to the Company. Out of the secured facilities available, the Group has utilized (i) approximately HK$4,069,000 as the issuance of bank's guarantee under which customers retain right to claim refund of purchase deposits received by the Group as at 30 June 2013 (31 December 2012: nil) and utilized (ii) bank borrowings of approximately HK$2,790,000 (31 December 2012: nil) in relation to discounted export bills negotiated during the relevant period.

Most of the bank borrowing is charged at inter-bank offer rate plus a spread 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, Canadian dollars, Euro and Renminbi. In view of the anticipated currency appreciation in Renminbi, there will be certain risk associated with the material cost and overhead cost for the factories in China. In view of the volatility in Euro and Canadian dollars, there may be exchange loss or gain to be arisen from outstanding receivable and payable.

Contingent Liabilities

As at 30 June 2013, the Company had guarantees of approximately HK$96,708,000 (31 December 2012: HK$77,208,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK$6,859,000 (31 December 2012: nil).

Employee and Remuneration Policies

As at 30 June 2013, the Group employs a total of 640 employees. Employees are remunerated based on performance, experience and industry practice. Performance related bonuses are granted on discretionary basis. Other employee benefits included fund, insurance and medical cover.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Appreciation

On behalf of the Board, I would like to thank all of our customers, shareholders, business associates and bankers for their trust and support to the Group. To all of our employees, I appreciate your hard work, dedication and commitment over the year.

By Order of the Board
Lam Kwok Hing
Chairman

Hong Kong, 26 August 2013

Other Information

Directors' Interests in Shares

As at 30 June 2013, the interests and short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange of Hong Kong Limited (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 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 Positions

Ordinary shares of HK$0.01 each of the Company

	Number of issued ordinary shares held			Percentage of the issued share capital of the Company
Name of Director	Personal interest	Corporate interest	Total	
Mr. Lam Kwok Hing	3,474,667	250,516,500 (Note)	253,991,167	59.56%
Mr. Nam Kwok Lun	–	201,995,834 (Note)	201,995,834	47.37%

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 Investments Limited ("Karfun") respectively. Medusa is a company wholly owned by Mr. Lam Kwok Hing. Karfun is substantially owned by J&A Investment Limited. The entire issue share capital of J&A Investment Ltd. is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

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 executives 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 30 June 2013.

Share Option Scheme

At the annual general meeting of the Company held on 13 June 2005, the shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme") and the termination of the old share option scheme (the "Old Scheme"). The Old Scheme was adopted by the Company on 1 January 2001 and remained in force for a period of ten years from the date of its adoption. Pursuant to the Old Scheme, the Company granted options on 30 August 2001 but all options have been lapsed before the termination of the Old Scheme and no option was outstanding under the Old Scheme.

The New Scheme is in line with the prevailing requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in relation to share option schemes. The Company had no share options in issue under the New Scheme during the period and up to date of this report.

Substantial Shareholders

As at 30 June 2013, the following persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company representing 5% or more of voting power at any general meeting of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
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 "Directors' Interests in Shares" above.

Save as disclosed above, as at 30 June 2013, 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 in the register under Section of 336 of SFO.

Corporate Governance

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "GC Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, with deviations from code provisions A.2.1 and A.4.2 of the GC Code in respect of the separate roles of chairman and chief executive officer, and rotation of directors.

Code Provision A.2.1

Under the code provision A.2.1, the role 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 Company does not have a separate Chairman and MD and Mr. Lam Kwok Hing currently holds both positions. 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.

Code Provision A.4.2

Under the code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Bye-laws of the Company, the Chairman or MD are not subject to retirement by rotation or taken into account on determining the number of directors to retire. This constitutes a deviation from code provision A.4.2 of the GC Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes, 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.

Audit Committee

The Audit Committee comprises three independent non-executive directors, Mr. Cheung Kin Wai, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2013.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") is composed of three directors, namely Messrs. Nam Kwok Lun, Kwan Wang Wai Alan and Ng Chi Kin David. The principal functions of the Remuneration Committee include determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts; making 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 policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the directors from time to time.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") is composed of three directors, namely Messrs. Lam Kwok Hing, Cheung Kin Wai and Ng Chi Kin David. The principal functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying and nominating qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise.

Review of Accounts

The Audit Committee has reviewed with the Company's management and external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the unaudited interim financial statements for the period under review. The external auditor has reviewed the interim financial information for the six months ended 30 June 2013 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Model Code for Securities Transaction by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during six months ended 30 June 2013.

Publication of Results on the Websites of the Stock Exchange and the Company

The Interim Report 2013, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange, has been published on the websites of the Stock Exchange and the Company.

Board of Directors

As at the date of this report, the executive directors of the Company are Messrs. Lam Kwok Hing and Nam Kwok Lun, and the independent non-executive directors are Messrs. Cheung Kin Wai, Kwan Wang Wai, Alan and Ng Chi Kin, David.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF

ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed 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 19 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTES	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Revenue	3	**184,856**	149,361
Cost of sales		**(126,809)**	(120,079)
Gross profit		**58,047**	29,282
Other income		**1,765**	2,692
Selling and distribution costs		**(8,261)**	(7,470)
Administrative expenses		**(46,477)**	(46,507)
Other gains or losses		**(3,761)**	(4,881)
Bad debts recovered		**625**	–
Share of results of associates		**95**	380
Finance costs		**(20)**	(135)
Profit (loss) before taxation		**2,013**	(26,639)
Taxation	4	**(1,010)**	(262)
Profit (loss) for the period	5	**1,003**	(26,901)

	NOTE	Six months ended 30 June **2013** ***HK$'000*** **(unaudited)**	 2012 *HK$'000* (unaudited)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations			
– subsidiaries		**3,186**	(359)
– associate		**(81)**	35
Reclassification of currency translation reserve upon dissolution of a subsidiary		**–**	370
Other comprehensive income for the period		**3,105**	46
Total comprehensive income (expense) for the period		**4,108**	(26,855)
Profit (loss) for the period attributable to:			
Owners of the Company		**740**	(26,972)
Non-controlling interests		**263**	71
		1,003	(26,901)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**3,862**	(26,923)
Non-controlling interests		**246**	68
		4,108	(26,855)
Earnings (loss) per share	7		
Basic		**HK0.17 cents**	HK(6.32) cents

Condensed Consolidated Statement of Financial Position

At 30 JUNE 2013

	NOTES	30.6.2013 *HK$'000* (unaudited)	31.12.2012 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	8	**84,277**	89,841
Prepaid lease payments		**8,320**	8,360
Interests in associates		**2,499**	2,485
Loans receivable	9	**4,439**	4,552
		99,535	105,238
Current assets			
Inventories		**41,253**	39,572
Amounts due from customers for contract work		**38,195**	38,952
Loans receivable	9	**2,510**	2,760
Debtors, bills receivables and prepayments	10	**103,538**	109,350
Prepaid lease payments		**308**	304
Held-for-trading investments	11	**15,932**	15,107
Amounts due from associates		**1,442**	1,333
Taxation recoverable		**1,098**	1,081
Pledged bank deposits	12	**5,069**	1,000
Bank balances and cash		**173,704**	159,698
		383,049	369,157
Current liabilities			
Creditors, bills payables and accrued charges	13	**122,871**	129,820
Deposit received for re-development of the land	8	**50,440**	49,760
Warranty provision		**11,866**	10,753
Amounts due to customers for contract work		**14,425**	7,335
Amounts due to associates		**26**	26
Bank borrowings	14	**2,790**	–
Taxation payable		**1,003**	667
		203,421	198,361
Net current assets		**179,628**	170,796
Total assets less current liabilities		**279,163**	276,034

	NOTE	**30.6.2013**	31.12.2012
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Capital and reserves			
Share capital	15	**4,265**	4,265
Reserves		**265,868**	260,800
Equity attributable to owners of the Company		**270,133**	265,065
Non-controlling interests		**1,676**	2,930
Total equity		**271,809**	267,995
Non-current liabilities			
Warranty provision		**3,039**	3,724
Deferred taxation		**4,315**	4,315
		7,354	8,039
		279,163	276,034

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Attributable to owners of the Company										
	Share capital	Share premium	Property revaluation reserve	Legal reserves	Currency translation reserve	Contributed surplus	Capital contribution	Retained profits	Sub-total	Attributable to non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012 (audited)	4,265	28,500	32,383	11,450	39,102	48,937	–	117,172	281,809	4,110	285,919
Exchange difference arising on translation of foreign operations											
– subsidiaries	–	–	–	–	(356)	–	–	–	(356)	(3)	(359)
– associate	–	–	–	–	35	–	–	–	35	–	35
Reclassification upon dissolution of a subsidiary	–	–	–	–	370	–	–	–	370	–	370
(Loss) profit for the period	–	–	–	–	–	–	–	(26,972)	(26,972)	71	(26,901)
Total comprehensive income (expense) for the period	–	–	–	–	49	–	–	(26,972)	(26,923)	68	(26,855)
Reclassification upon dissolution of a subsidiary	–	–	–	(1,396)	–	–	–	1,396	–	–	–
Dissolution of a subsidiary	–	–	–	–	–	–	–	–	–	(86)	(86)
Dividend paid by a subsidiary to its non-controlling interest	–	–	–	–	–	–	–	–	–	(1,500)	(1,500)
At 30 June 2012 (unaudited)	4,265	28,500	32,383	10,054	39,151	48,937	–	91,596	254,886	2,592	257,478
At 1 January 2013 (audited)	**4,265**	**28,500**	**32,383**	**10,054**	**43,928**	**48,937**	**-**	**96,998**	**265,065**	**2,930**	**267,995**
Exchange difference arising on translation of foreign operations											
– subsidiaries	**-**	**-**	**-**	**-**	**3,203**	**-**	**-**	**-**	**3,203**	**(17)**	**3,186**
– associate	**-**	**-**	**-**	**-**	**(81)**	**-**	**-**	**-**	**(81)**	**-**	**(81)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**740**	**740**	**263**	**1,003**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**3,122**	**-**	**-**	**740**	**3,862**	**246**	**4,108**
Deemed contribution from a shareholder (note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**1,206**	**-**	**1,206**	**-**	**1,206**
Dividend paid by a subsidiary to its non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,500)**	**(1,500)**
At 30 June 2013 (unaudited)	**4,265**	**28,500**	**32,383**	**10,054**	**47,050**	**48,937**	**1,206**	**97,738**	**270,133**	**1,676**	**271,809**

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTE	Six months ended 30 June 2013 HK$'000 (unaudited)	 2012 HK$'000 (unaudited)
Net cash from (used in) operating activities		**12,262**	(30,987)
Net cash from (used in) investing activities:			
Purchase of property, plant and equipment		**(307)**	(1,730)
Placement of pledged bank deposits		**(4,069)**	(26,219)
Withdrawal of pledged bank deposits		**–**	8,215
Disposal of a subsidiary	16	**3,600**	–
Other investing cash flows		**1,250**	1,390
		474	(18,344)
Net cash from financing activities:			
Net increase on bank borrowings		**2,790**	4,631
Dividend paid by a subsidiary to its non-controlling interests		**(1,500)**	(1,500)
Other financing cash flows		**(20)**	(135)
		1,270	2,996
Net increase (decrease) in cash and cash equivalents		**14,006**	(46,335)
Cash and cash equivalents at the beginning of the period		**159,698**	151,573
Cash and cash equivalents at the end of the period		**173,704**	105,238
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**173,704**	105,238

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the current interim period.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

New and Revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures* together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* regarding the transitional guidance. HKAS 27 (as revised in 2011) *Consolidated and Separate Financial Statements* is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 10 *Consolidated Financial Statements*

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and separate financial statements* that deal with consolidated financial statements and HK(SIC) – INT 12 *Consolidation – special purpose entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company reviewed and assessed the Group's investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded that there was no impact to the Group's condensed consolidated financial statements for the adoption of HKFRS 10.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 *Fair Value Measurement (Continued)*

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Other than additional disclosures of fair value information as set out in note 11, the application of HKFRS 13 has had no material impact on the reported amount in these condensed consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group's revenue from electroplating machinery business for the six months ended 30 June 2013 and 2012 analysed by principal activity is as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Construction contracts in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery	**156,995**	123,690
Sale of spare parts of electroplating machinery	**12,051**	11,112
Provision of services – repairs and maintenance	**15,810**	14,559
	184,856	149,361

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment Information

The Group has one operating segment being the electroplating equipment segment which contributes the entire revenue of the Group. Reconciliation of the operating segment profit (loss) to profit (loss) before taxation is as follows:

	Electroplating equipment	
	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Segment revenue	**184,856**	149,361
Segment profit (loss)	**6,773**	(16,485)
Intra-group management fee charged to operating segment	**2,559**	2,571
Other income	**1,612**	2,234
Central corporate expenses	**(8,888)**	(9,493)
Other gains or losses	**(138)**	(5,846)
Share of results of associates	**95**	380
Profit (loss) before taxation	**2,013**	(26,639)

Segment profit (loss) represents the gross profit of the electroplating equipment segment and other income and expenses directly attributable to the segment activity (including intra-group management fee) but excluding interest income from loans receivable, unallocated interest income, dividend income and sundry income, unallocated net exchange gain or loss, central corporate expenses including auditor's remuneration and director's emoluments, net change in fair value of held-for-trading investments, loss on disposal of available for-sale investments, gain on disposal of a subsidiary and share of results of associates. This is the measure reported to the chief operating decision maker in order to assess segment performance.

There has been no material change in the total segment assets and total segment liabilities from the amounts disclosed in the last annual financial statements of the electroplating equipment segment. Accordingly, no such information has been disclosed.

4. TAXATION

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Taxation comprises:		
Current tax		
Overseas taxation		
Charge for the period	**(1,010)**	(262)

No provision for Hong Kong Profits Tax is made for the six months ended 30 June 2013 and 2012 as there is no assessable profit for the period.

Taxation arising in other jurisdictions (including the People's Republic of China (excluding Hong Kong) ("PRC") enterprise income tax) is calculated at the rates prevailing in the relevant jurisdictions.

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Profit (loss) for the period has been arrived at after charging (crediting):		
Allowance for slow moving inventories (included in cost of sales)	**436**	2,001
Depreciation of property, plant and equipment	**4,222**	4,618
Release of prepaid lease payments	**154**	149
Included in other income		
Interest income from loans receivable	**(168)**	(319)
Interest income from an associate	**(89)**	(89)
Interest income from bank deposits	**(1,359)**	(1,500)
Included in other gains or loss		
Loss on disposal of property, plant and equipment	**19**	3
Net exchange loss (gain)	**3,648**	(1,225)
Net change in fair value of held-for-trading investments	**93**	6,265
Gain on disposal of a subsidiary	**–**	(227)

6. DIVIDEND

No dividends were paid, declared or proposed during either period. The directors do not recommend the payment of an interim dividend.

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the Group's profit for the period attributable to owners of the Company of HK$740,000 (six months ended 30 June 2012: loss of HK$26,972,000) and the number of ordinary shares of 426,463,400 (six months ended 30 June 2012: 426,463,400) in issue.

No diluted earnings (loss) per share have been presented as there were no potential ordinary shares in issue during both periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the period from 1 January 2013 to 30 June 2013, the Group spent approximately HK$307,000 (six months ended 30 June 2012: approximately HK$1,730,000) on acquisition of property, plant and equipment.

On 7 August 2011, a wholly-owned subsidiary of the Company entered into an agreement (the "Agreement") with an independent third party ("Counter Party") in relation to a re-development plan ("Re-development") of two parcels of industrial land located in Bao An District, Shenzhen, the PRC, of the Group ("Land") from industrial land into residential properties for resale. Pursuant to the Agreement, the Group has agreed to vacate from the Land and demolish the existing buildings and structures built or erected on the Land at its own costs and the Counter Party has agreed to re-develop the Land into residential properties and compensate the Group by paying a relocation compensation of RMB50 million (approximately HK$61 million) to the Group and transferring title of 41,000 sq.m. residential properties to the Group upon completion of the Re-development. According to the Agreement, the Counter Party is responsible for the Re-development (including but not limited to application to relevant responsible bodies of the PRC government, payment of additional land premium if any, provision of all required fund, design and construction of re-developed properties, sales of the re-developed properties, as well as obtaining a "sale of land use rights contract" (土地使用權出讓合同書) from the relevant responsible bodies of the PRC government) and set up a project company ("Project Company") for the purpose of Re-development. The Project Company was established by the Counter Party in August 2011.

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

The Group has entered into a re-development contract ("Re-development Contract") and relocation compensation agreement ("Relocation Compensation Agreement") with the Project Company in September 2011. Under the Re-development Contract, the Group shall apply for re-development of the Land under the "Shenzhen city town re-development formulated plan" (深圳市城市更新單元規劃制定計劃) and the Project Company shall have completed the application for town re-development and the Re-development shall have been listed as a "Town re-development formulated plan of the State" (政府城市更新規劃制定計劃) ("Completion of Registration") by the earlier of (i) two years after the signing of the Re-development Contract; or (ii) 26 months of the date of the Agreement.

Under the Relocation Compensation Agreement, the Group shall have completed all the demolition work on the Land and deliver the Land to the Project Company within six months upon receiving (i) the full payment of relocation compensation of RMB50 million (The Group has received RMB40 million as deposit up to 30 June 2013 and the balancing amount of RMB10 million shall be paid to the Group within 30 days upon Completion of Registration) and (ii) written notice from the Counter Party.

Pursuant to the Agreement, if either the Group or the Counter Party fails to perform or observe the terms set forth under the Agreement, the non-defaulting party may, depending on the nature of the breach, terminate the Agreement, forfeit or return the deposit received by the Group or pay for liquidated damages (as the case may be) as stipulated under the Agreement. If the approval of the Re-development by the relevant responsible bodies of the PRC government cannot be obtained which is not due to the default of the Group or the Counter Party (including the Project Company), both the Group or the Counter Party can terminate the Agreement and return the assets (including the deposit received by the Group) transferred under the Agreement.

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

The carrying amount of the Land and existing buildings built or erected on the Land was approximately HK$53,052,000 as at 30 June 2013 (31 December 2012: approximately HK$53,345,000). As at the end of the reporting period, the Group received the relocation deposit of RMB40 million (approximately HK$50 million) (31 December 2012: RMB40 million (approximately HK$50 million)) pursuant to the Agreement. As at the date of the report, the Re-development is subjected to the approval by the relevant responsible bodies of the PRC government and the Group is working with the Project Company in applying the re-development of the Land. The Land and existing buildings are used by the Group for production purpose. In the opinion of the directors of the Company, as the approval involves several committees and departments of the PRC government, the final approval for the Re-development may or may not be obtained. Hence, the deposit received amounted to RMB40 million is included in current liability and there is no other significant financial impact on the Group at this stage. The details of the Agreement are set out in the Company's circular dated 19 September 2011.

9. LOANS RECEIVABLE

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

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Repayable within 3 months	**2,240**	2,490
Repayable after 3 months but within 6 months	**90**	90
Repayable after 6 months but within 1 year	**180**	180
Total repayable within 1 year	**2,510**	2,760
Repayable after 1 year, but not exceeding 2 years	**4,439**	4,552
Total	**6,949**	7,312

10. DEBTORS, BILLS RECEIVABLES AND PREPAYMENTS

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Trade debtors and bills receivables	**90,890**	97,456
Other debtors and prepayments	**12,648**	11,894
	103,538	109,350

As at 30 June 2013, the trade debtors balance included trade debts due from associates of approximately HK$6,569,000 (31 December 2012: approximately HK$8,101,000).

The Group allows a general credit period of one to two months to its trade customers except construction contracts where the Group allows staged 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.

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:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
0 – 60 days	**76,138**	90,534
61 – 120 days	**8,023**	2,036
121 – 180 days	**702**	640
Over 180 days	**6,027**	4,246
	90,890	97,456

11. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 30 June 2013 and 31 December 2012 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid prices available on the Stock Exchange. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

12. PLEDGED BANK DEPOSITS

During the current interim period, the Group made the placement of pledged bank deposits of approximately HK$4,069,000 (six months ended 30 June 2012: approximately HK$26,219,000) to secure banking facilities granted to the Group.

13. CREDITORS, BILLS PAYABLES AND ACCRUED CHARGES

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Trade creditors	**55,947**	58,494
Bills payables	**3,814**	544
Accrued staff costs	**13,541**	14,990
Commission payables to sales agents	**19,555**	16,837
Other accrued charges	**20,116**	32,098
Advances received from customers for contract work	**9,830**	6,789
Retirement benefit obligations	**68**	68
	122,871	129,820

13. 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 based on the invoice dates of the amount due:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
0 – 60 days	**14,791**	16,681
61 – 120 days	**14,425**	21,026
121 – 180 days	**15,371**	12,315
Over 180 days	**15,174**	9,016
	59,761	59,038

14. BANK BORROWINGS

During the current interim period, the Group has net increase on bank borrowings of approximately HK$2,790,000 (six months ended 30 June 2012: approximately HK$4,631,000) for its trade financing activities.

15. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Shares of HK$0.01 each		
Authorised		
At 1 January 2012, 2013 and at 30 June 2013	20,000,000	200,000
Issued and fully paid:		
At 1 January 2012, 2013 and at 30 June 2013	426,463	4,265

16. DISPOSAL OF A SUBSIDIARY

On 11 January 2013, the Group disposed of (1) its entire interest of a subsidiary, Golden Rainbow Investments Limited ("Golden Rainbow") and (2) the shareholder's loan due by Golden Rainbow, to Mr. Nam Kwok Lun, an executive director who has an indirect interest in the Company, at a total cash consideration of HK$3,600,000. The transaction constitutes a connected transaction for the Company under the Listing Rules. The net assets of Golden Rainbow at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	2,394
Gain on disposal (recognised as a deemed contribution by a shareholder)	1,206
Total consideration	3,600
Satisfied by:	
Cash	3,600
Cash inflow arising on disposal:	
Cash consideration received	3,600

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

17. RELATED PARTY TRANSACTION

Apart from the transaction as described in note 16, during the current interim period, the Group entered into the following transactions with associates:

	Trade sales and service rendered		Trade purchases		Interest income		Warranty expense	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	3,779	7,917	**–**	203	**89**	89	**69**	6

Details of the outstanding balances with associates are set out in the condensed consolidated statement of financial position and note 10.

During the current interim period, the Group paid commission expense and other securities dealing expense from securities dealing of approximately HK$12,000 (six months ended 30 June 2012: approximately HK$19,000) to Karl-Thomson Securities Company Limited, which is a wholly owned subsidiary of Hoifu Energy Group Limited ("Hoifu"). Mr. Lam Kwok Hing, an executive director and a substantial shareholder of the Company, and Mr. Nam Kwok Lun, an executive director of the Company who has an indirect interest in the Company, are directors of Hoifu.

The remuneration of key management during the period was approximately HK$7,192,000 (six months ended 30 June 2012: approximately HK$8,112,000). The amount included approximately HK$68,000 (six months ended 30 June 2012: approximately HK$200,000) as performance related incentive payments.