INTERIM REPORT 2014

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

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

PRINCIPAL BANKERS

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

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

Results

During the six months ended 30 June 2014 ("the Period Under Review"), the Group recorded profit attributable to owners of the Company of approximately HK$1,261,000 compared to the profit attributable to owners of the Company of approximately HK$740,000 for the six months ended 30 June 2013 ("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$71,913,000 from approximately HK$184,856,000 in the Previous Period to approximately HK$256,769,000 in the Period Under Review and increase in bad debts recovered from approximately HK$625,000 in the Previous Period to approximately HK$1,510,000 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 HK0.30 cents compared to the basic earnings per share of HK0.17 cents for the Previous Period.

Financial Results

Revenue

The revenue for the Period Under Review was approximately HK$256,769,000 or 39% more than the Previous Period. Higher revenue reported during the Period Under Review was mainly due to soft recovery of investment confidence which was mainly streamed from Taiwanese manufacturers.

In terms of business segment, approximately 87% of the revenue was generated from PCB sector (the Previous Period: approximately 97%), approximately 12% came from surface finishing sector (the Previous Period: approximately 3%) and approximately 1% derived from solar cell sector (the Previous Period: nil). In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 68% machines in PRC, 10% in Taiwan, 5% in Russia, 4% in Thailand, 2% in Vietnam, 2% in Korea, 2% in Saudi Arabia and 7% in rest of the world.

Gross Profit

The price pressure from customers has significantly decreased the Group's gross profit margin from approximately 31% in the Previous Period to 20% in the Period Under Review.

Selling and Distribution Costs

The increase is proportional to the increase in sales.

Administrative expenses

The administrative expenses for the Period Under Review was 2.6% lower than the Previous Period. We continue to control our operating costs and were able to maintain fairly the same overhead level. The average inflation rates in PRC and Hong Kong for first half 2014 were 2.7%[1] and 4%[2] respectively.

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

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

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

We saw our customers' willingness to invest but on average very mild, nothing compared to that of several years ago. Investment mainly came from Taiwanese customers who set up plants in PRC. The Korean market was badly hurt, especially those depend on Samsung orders. As early as mid-last year, Samsung has decided to cut back on the production of its S4 smartphone, according to report in Korean trade journal ET news. Orders from European customers were slightly down.

During the Period Under Review, the revenue in this business area increased to HK$197,529,000 from HK$139,480,000 in Previous Period, representing 42% increase. Out of this total revenue, nearly 74% were shipment made to PRC.

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

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

The drop in gross profit was mainly due to the price pressure from customers. In last year, the growth in smartphone sales had positive contribution to our financial performance. But starting from last quarter of 2013, it was very obvious that the growth in smartphone was focus mainly on low- to mid-end smartphone. The competitive edge amongst most of our customers is to invest in our advanced equipment to design and built high-end smartphone. They were bounded to meet pressure and hence adopted a tougher pricing policy. In order to meet with the challenge, we have tightened our internal control in cost of goods sold to ensure that we completed the jobs within budget or even slightly improved.

Although IDC has just announced a positive report stating that quarter two of 2014 was the first time ever quarterly smartphone shipments have surpassed the 300 million unit mark, the growth trend has not changed. The smartphone market grew 23.1% year over year basis and was fuelled by ongoing demand for mobile computing and an abundance of low-cost smartphone.

Period	**Samsung**	**Apple**	**Huawei**	**Lenovo**	**LG**	**Others**
Q2 2014	24.9%	11.7%	6.7%	5.2%	4.8%	46.7%
Q2 2013	32.2%	13.0%	4.3%	4.7%	5.1%	40.7%
Q2 2012	32.2%	16.6%	4.1%	3.1%	3.7%	40.3%
Q2 2011	17.0%	18.8%	2.5%	0.2%	5.7%	55.8%

Source: IDC, 2014 Q2

Looking ahead, the second half will be as tough as first half. Based on orders on hands, while we can maintain a higher revenue level, our gross profit margin will not be as high as last year.

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 increased by 469% from approximately HK$4,800,000 in the Previous Period to approximately HK$27,335,000 for the Period Under Review.

Revenue from SF sector was mainly shifted to second half in both Period Under Review and Previous Period. Most of our SF customers are big multinational companies from US and European customers. Given the weak economic situation in the States and Europe, we have tried cautiously to branch into a new market. Two machines were sold to Saudi Arabia for the Period Under Review.

We had also turned away a few opportunities because we could not seek agreement from potential customers on amending their contract terms. Since we sell custom built equipment, while we are not afraid of introducing new designs or taking new challenge from customers but we would only accept terms which are fair and reasonable to both.

Having said that, we have just concluded a big plating on plastic project in Spain. It is an exciting project but challenging as well in terms of its required tight delivery.

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

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

Sales to PV sector in the Period Under Review was approximately HK$1,885,000. We made no sales to PV sector for the Previous Period.

For last few years, most of the investors will turn away from solar due to the wide spread problem of over-capacity issue. The price was going down and further down. But by all accounts, 2013 could be a watershed year. After a difficult period of industry consolidation, PV installations saw a record-year in 2013: at least 38.4 GW of newly-added capacity around the globe, and almost 11 GW in Europe and 4.75 GW in the States. Sometime this year, BrightSource Energy's $2.2 billion Ivanpah solar power station will become fully operational and begin feeding enough green electricity to California's two largest utilities to power 140,000 homes. This was one of the projects financed in part by $9 billion in federal stimulus funds President Obama directed toward green energy in 2009. Ivanpah solar station is located in the Mojave Desert, 45 miles south of Las Vegas. In the last three years, the economics have turned decidedly in favor of PV technology. A glut of PV panels, made mostly in PRC, has pushed their prices down 62 percent since Ivanpah's construction began in 2010, sinking from US$1.87 per watt to approximately US 71cents. This massive drop in cost will attract projects anywhere with high electricity prices and lots of sun.

The Group is also benefited from the recovery and have a couple of orders on hands for this year.

Outlook

Our business is prone to economic uncertainties. In a recently released World Economic Outlook Report by IMF, it was reported that "the global growth prediction for 2014 has been marked down by 0.3 percent to 3.4 percent, reflecting both the legacy of the weak first quarter …. and a less optimistic outlook for several emerging markets.". We expect to see our annual revenue slightly higher than last year but at a reduced gross profit. Overall, we felt this year is a more difficult year than last year but we are confident that by providing better technologies and through maintaining cost discipline, we shall grow again after the hiccup facing now.

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 2014, the Group has received RMB40 million from the Counter Party as deposit for relocation compensation.

The Project is currently under review by the Shenzhen Urban Renewal Office. At the moment, the deposit of RMB40 million was included in the current liabilities.

Financial Review

Capital Structure, Liquidity and Financial Resources

As at 30 June 2014, the Group had equity attributable to owners of the Company of approximately HK$279,673,000 (31 December 2013: HK$280,565,000). The gearing ratio was nil (31 December 2013: 0.2%). The gearing ratio as at 31 December 2013 is calculated by dividing the aggregate amount of bank borrowings of approximately HK$543,000 and other interest-bearing loans over the amount of equity attributable to the equity holders of the Company.

As at 30 June 2014, the Group had approximately HK$235,857,000 of cash on hand (31 December 2013: HK$240,653,000).

As at 30 June 2014, the Group pledged deposits of approximately HK$6,704,000 (31 December, 2013: HK$19,002,000) to banks to secure banking facilities of approximately HK$92,210,000 (31 December 2013: HK$92,210,000) to the Group. Out of the secured facilities available, the Group has utilized (i) approximately HK$5,704,000 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 2014 (31 December 2013: HK$18,002,000) and utilized (ii) bank borrowings of nil (31 December 2013: HK$543,000) 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.

Contingent Liabilities

As at 30 June 2014, the Company had guarantees of approximately HK$83,920,000 (31 December 2013: HK$83,920,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK$3,147,000 (31 December 2013: HK$25,457,000).

Employee and Remuneration Policies

As at 30 June 2014, the Group employs a total of 650 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 2014 (2013: 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, 29 August 2014

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares of the Company and its Associated Corporations

As at 30 June 2014, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code") are set out below:

Directors' Interests in Shares of the Company (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
Name of Director	**Personal interest**	**Corporate interest**	**Total**	**the Company**
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 2014.

Substantial Shareholders and Persons who have Interests or Short Positions which are Discloseable under the Securities and Futures Ordinance

As at 30 June 2014, the following persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept under Section 336 of the SFO.

Substantial Shareholders in Shares of the Company (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 2014, 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.

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.

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 2014, 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 A.2.1, 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 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 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 2014.

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 2014 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. 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 2014.

Directors’ rights to acquire shares of debentures

Apart from as disclosed under the heading “Directors’ and Chief Executives’ interests and short positions in shares, underlying shares of the Company and its Association Corporation” above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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 2014.

Events after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2014 and up to the date of this interim report.

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

The Interim Report 2014, 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.

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 36, which comprise the condensed consolidated statement of financial position as of 30 June 2014 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
29 August 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	Six months ended 30 June 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
Revenue	3	**256,769**	184,856
Cost of sales		**(203,549)**	(126,809)
Gross profit		**53,220**	58,047
Other income		**1,889**	1,765
Selling and distribution costs		**(10,209)**	(8,261)
Administrative expenses		**(45,270)**	(46,477)
Other gains or losses		**513**	(3,761)
Bad debts recovered		**1,510**	625
Share of results of associates		**108**	95
Finance costs		**(32)**	(20)
Profit before taxation		**1,729**	2,013
Taxation	4	**(28)**	(1,010)
Profit for the period	5	**1,701**	1,003
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations			
– subsidiaries		**(2,071)**	3,186
– associate		**(12)**	(81)

		Six months ended 30 June	
	NOTE	**2014**	2013
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive (expense) income for the period		**(2,083)**	3,105
Total comprehensive (expense) income for the period		**(382)**	4,108
Profit for the period attributable to:			
Owners of the Company		**1,261**	740
Non-controlling interests		**440**	263
		1,701	1,003
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(892)**	3,862
Non-controlling interests		**510**	246
		(382)	4,108
Earnings per share	7		
Basic		**HK0.30 cents**	HK0.17 cents

Condensed Consolidated Statement of Financial Position

At 30 JUNE 2014

	NOTES	30.6.2014 *HK$'000* (unaudited)	31.12.2013 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	8	**77,248**	81,064
Prepaid lease payments		**8,005**	8,237
Interests in associates		**3,910**	3,790
Loans receivable	9	**12**	706
		89,175	93,797
Current assets			
Inventories		**42,133**	41,053
Amounts due from customers for contract work		**59,366**	52,983
Loans receivable	9	**3,567**	3,042
Debtors, bills receivables and prepayments	10	**91,104**	104,644
Prepaid lease payments		**308**	311
Held-for-trading investments	11	**15,155**	17,347
Amounts due from associates		**1,335**	1,335
Taxation recoverable		**473**	6
Pledged bank deposits	12	**6,704**	19,002
Bank balances and cash		**229,153**	221,651
		449,298	461,374
Current liabilities			
Creditors, bills payables and accrued charges	13	**155,094**	192,296
Deposit received for re-development of the land	8	**50,400**	50,880
Warranty provision		**18,990**	16,307
Amounts due to customers for contract work		**24,265**	2,744
Amounts due to associates		**26**	26
Bank borrowings	14	**–**	543
Taxation payable		**–**	1,515
		248,775	264,311
Net current assets		**200,523**	197,063
Total assets less current liabilities		**289,698**	290,860

	NOTE	**30.6.2014**	31.12.2013
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Capital and reserves			
Share capital	15	**4,265**	4,265
Reserves		**275,408**	276,300
Equity attributable to owners of the Company		**279,673**	280,565
Non-controlling interests		**2,099**	1,589
Total equity		**281,772**	282,154
Non-current liabilities			
Warranty provision		**3,611**	4,391
Deferred taxation		**4,315**	4,315
		7,926	8,706
		289,698	290,860

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	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 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
At 1 January 2014 (audited)	**4,265**	**28,500**	**32,383**	**13,817**	**49,615**	**48,937**	**1,206**	**101,842**	**280,565**	**1,589**	**282,154**
Exchange difference arising on translation of foreign operations											
– subsidiaries	**–**	**–**	**–**	**–**	**(2,141)**	**–**	**–**	**–**	**(2,141)**	**70**	**(2,071)**
– associate	**–**	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**	**(12)**	**–**	**(12)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,261**	**1,261**	**440**	**1,701**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(2,153)**	**–**	**–**	**1,261**	**(892)**	**510**	**(382)**
At 30 June 2014 (unaudited)	**4,265**	**28,500**	**32,383**	**13,817**	**47,462**	**48,937**	**1,206**	**103,103**	**279,673**	**2,099**	**281,772**

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	Six months ended 30 June **2,014** **HK$'000** **(unaudited)**	2,013 HK$'000 (unaudited)
Net cash (used in) from operating activities		**(4,971)**	12,262
Net cash from investing activities:			
Purchase of property, plant and equipment		**(359)**	(307)
Placement of pledged bank deposits		**(12,616)**	(4,069)
Withdrawal of pledged bank deposits		**24,914**	–
Disposal of a subsidiary	16	**–**	3,600
Other investing cash flows		**1,109**	1,250
		13,048	474
Net cash (used in) from financing activities:			
Net (decrease) increase on bank borrowings		**(543)**	2,790
Dividend paid by a subsidiary to its non-controlling interests		**–**	(1,500)
Other financing cash flows		**(32)**	(20)
		(575)	1,270
Net increase in cash and cash equivalents		**7,502**	14,006
Cash and cash equivalents at the beginning of the period		**221,651**	159,698
Cash and cash equivalents at the end of the period		**229,153**	173,704
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**229,153**	173,704

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2014

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, which 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in the 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 2014 and 2013 analysed by principal activity is as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Construction contracts in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery	**226,749**	156,995
Sale of spare parts of electroplating machinery	**11,087**	12,051
Provision of services – repairs and maintenance	**18,933**	15,810
	256,769	184,856

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 to profit before taxation is as follows:

	Electroplating equipment Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Segment revenue	**256,769**	184,856
Segment profit	**8,171**	6,773
Intra-group management fee charged to operating segment	**2,816**	2,559
Other income	**1,218**	1,612
Central corporate expenses	**(9,398)**	(8,888)
Other gains or losses	**(1,186)**	(138)
Share of results of associates	**108**	95
Profit before taxation	**1,729**	2,013

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment Information *(Continued)*

Segment profit 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, 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 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	
	2014	2013
	HK$'000	*HK$'000*
Taxation comprises:		
Current tax – overseas taxation charge for the period	**(28)**	(1,010)

No provision for Hong Kong Profits Tax is made for the six months ended 30 June 2014 and 2013 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 FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
(Reversal of) allowance for slow moving inventories (included in cost of sales)	**(27)**	436
Depreciation of property, plant and equipment	**3,906**	4,222
Release of prepaid lease payments	**154**	154
Included in other income		
Interest income from loans receivable	**(95)**	(168)
Interest income from bank deposits	**(1,109)**	(1,359)
Interest income from an associate	**–**	(89)
Included in other gains or loss		
Loss on disposal of property, plant and equipment	**33**	19
Net exchange (gain) loss	**(1,199)**	3,648
Net change in fair value of held-for-trading investments	**615**	93

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 PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the period attributable to owners of the Company of HK$1,261,000 (six months ended 30 June 2013: HK$740,000) and the number of ordinary shares of 426,463,400 (six months ended 30 June 2013: 426,463,400) in issue.

No diluted earnings 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 2014 to 30 June 2014, the Group spent approximately HK$359,000 (six months ended 30 June 2013: approximately HK$307,000) 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 ("Land") from industrial land into residential properties for resale. The details of the Agreement are set out in the Company's circular dated 19 September 2011. 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$64 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.

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.

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

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 2014 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.

The Project Company has obtained the approvals from the Longhua Sub-district Office (龍華街道辦) and the Bao An District Old Town Reconstruction Office (寶安區舊改辦) for the Re-development. However, due to the subsequent change in the government structure, the Longhua New District was established on 30 December 2011, which led to a change in the approval jurisdiction for the Re-development. The Redevelopment approval jurisdiction was transferred from the Bao An District Management Bureau (寶安區管理局) to the Longhua Management Bureau (龍華管理局) under the Urban Planning, Land and Resources Commission. Subsequent to this change, the Longhua Management Bureau has gradually established its personnel and completed its work preparations and officially opened for provision of services on 29 October 2012. During their establishment period, the Project Company concurrently contacted the new and the original management bureaus in order to achieve faster progress in obtaining the approval and finally managed to strive for inclusion of the Re-development in the first batch of applications, amongst others, to be considered in approval meetings in 2013 and eventually obtained the approval from the Longhua New District Management Bureau. As at 30 June 2014, the Re-development has been submitted to the Shenzhen Urban Renewal Office (深圳市更新辦) for approval.

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

The Project Company originally made efforts and strive to complete the registration before the deadline. However, the policy changed again. The urban planning, land and resources authorities of Shenzhen City and Longhua New District, through urban renewal work meetings, have clarified that the "Re-development Rolling Update and General Equilibrium Policy" (項目滾動更新和總量平衡政策) will be implemented for all urban renewal projects in the Longhua New District and that on the basis of whether a land grant contract has been entered into, new projects for the "reconstruction of industrial buildings into commercial or residential buildings" are no longer allowed to be included in the renewal plan if a sale of land use rights contract is not entered into for projects under the scheme so as to effectively increase the rate of the implementation of urban renewal projects. These factors resulted in a delay in Completion of Registration for the Re-development during the procedure of obtaining approval from the Shenzhen Urban Renewal Office.

In view of the fact that Re-development application was not completed within the agreed time due to force majeure for the reason of the policy change, on 25 October 2013, the Group and Counter Party entered into a supplement agreement to extend the completion of the tasks associated with the Agreement for 12 months. The details of the supplement agreement are set out in the Company's announcement dated 25 October 2013.

The carrying amount of the Land and existing buildings built or erected on the Land was approximately HK$51,138,000 as at 30 June 2014 (31 December 2013: approximately HK$52,485,000). As at the end of the reporting period, the Group received the relocation deposit of RMB40 million (approximately HK$50 million) (31 December 2013: RMB40 million (approximately HK$51 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 by the relevant responsible bodies of the PRC government 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.

9. LOANS RECEIVABLE

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

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Repayable within 3 months	**3,459**	2,142
Repayable after 3 months but within 6 months	**36**	42
Repayable after 6 months but within 1 year	**72**	858
Total repayable within 1 year	**3,567**	3,042
Repayable after 1 year, but not exceeding 2 years	**12**	706
Total	**3,579**	3,748

10. DEBTORS, BILLS RECEIVABLES AND PREPAYMENTS

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Trade debtors and bills receivables	**77,984**	85,141
Other debtors and prepayments	**13,120**	19,503
	91,104	104,644

As at 30 June 2014, the trade debtors balance included trade debts due from associates of approximately HK$9,923,000 (31 December 2013: approximately HK$7,057,000).

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.

10. 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:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
0 – 60 days	**65,342**	72,795
61 – 120 days	**4,932**	7,651
121 – 180 days	**4,352**	566
Over 180 days	**3,358**	4,129
	77,984	85,141

11. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 30 June 2014 and 31 December 2013 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$12,616,000 (six months ended 30 June 2013: approximately HK$4,069,000) to secure banking facilities granted to the Group.

13. CREDITORS, BILLS PAYABLES AND ACCRUED CHARGES

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Trade creditors	**95,998**	111,288
Bills payables	**2,598**	6,268
Accrued staff costs	**16,283**	17,476
Commission payables to sales agents	**16,033**	25,232
Other accrued charges	**21,510**	31,594
Advances received from customers for contract work	**2,604**	370
Retirement benefit obligations	**68**	68
	155,094	192,296

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:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
0 – 60 days	**54,507**	60,672
61 – 120 days	**24,598**	32,792
121 – 180 days	**11,311**	16,081
Over 180 days	**8,180**	8,011
	98,596	117,556

14. BANK BORROWINGS

During the current interim period, the Group has net decrease on bank borrowings of approximately HK$543,000 (six months ended 30 June 2013: net increase of approximately HK$2,790,000) 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 2013, 2014 and at 30 June 2014	20,000,000	200,000
Issued and fully paid:		
At 1 January 2013, 2014 and at 30 June 2014	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 prior 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		Interest income		Warranty expense	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	2,762	3,779	**–**	89	**–**	69

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$10,000 (six months ended 30 June 2013: approximately HK$12,000) 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$7,627,000 (six months ended 30 June 2013: approximately HK$7,192,000). The amount included approximately HK$75,000 (six months ended 30 June 2013: approximately HK$68,000) as performance related incentive payments.