JETS TECHNICS
INTERNATIONAL HOLDINGS LIMITED
(a company incorporated in Bermuda with limited liability)

Recycling Industry Creates
Environmentally-friendly Environment And
Preserves Natural Resources

Annual Report 2010

Contents

Corporate Information

BOARD OF DIRECTORS	:	So Tat Wing (Chairman and Managing Director) So Tat Cho (Executive Director) Ong Chor Wei (Non-executive Director) Seah Hou Kee (Independent Non-executive Director) Cheung King Kwok (Independent Non-executive Director)
JOINT COMPANY SECRETARIES	:	Chung Ka Kui Loh Mei Ling
ASSISTANT COMPANY SECRETARY	:	Ira Stuart Outerbridge III, FCIS
AUDIT COMMITTEE	:	Seah Hou Kee (Chairman) Cheung King Kwok Ong Chor Wei
NOMINATING COMMITTEE	:	Cheung King Kwok (Chairman) Seah Hou Kee So Tat Wing
REMUNERATION COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Seah Hou Kee
REGISTERED OFFICE	:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda Tel: 441 295 1422 Fax: 441 295 4720
PRINCIPAL PLACE OF BUSINESS	:	18th Floor, Saxon Tower 7 Cheung Shun Street Cheung Sha Wan Kowloon, Hong Kong Tel: (852) 2782 9088 Fax: (852) 2388 6627 / 2385 8433

Corporate Information

SINGAPORE SHARE TRANSFER AGENT	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01Singapore Land Tower Singapore 048623
BERMUDA SHARE REGISTRAR	:	Codan Services Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
AUDITORS	:	Baker Tilly Hong Kong Limited Certified Public Accountants 12th Floor, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong Director-in-charge: Mr. Chan Kwan Ho, Edmond (Since FY2009)
LEGAL ADVISER TO THE COMPANY AS TO BERMUDA LAW	:	Conyers Dill & Pearman 50 Raffles Place #18-04 Singapore Land Tower Singapore 048623
PRINCIPAL BANKERS	:	Shanghai Commercial Bank Shop No. G502, Tai Yue Avenue Tai Koo Shing Quarry Bay Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited ICBC Tower 122-126 Queen's Road Central Hong Kong

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the annual report of Jets Technics International Holdings Limited ("Jets") for the financial year ended 31 May, 2010 ("FY2010").

FINANCIAL OVERVIEW

In FY2010, Jets recorded higher revenue of HK$85.0 million, increasing by HK$6.69 million or 8.5% as compared with financial year ended 31 May, 2009 ("FY2009"). Our gross profit also increased by HK$9.89 million or 55.0% and gross profit margin increased by 9.8 percentage point from FY2009. The increase was mainly attributed to the effort of our management to secure only sales orders with acceptable profit margin and the substantial savings of product cost due to the closure of non-competitive manufacturing facilities in Hong Kong and the People's Republic of China and the outsourcing to the more cost-competitive original equipment manufacturers (OEM) contractors.

During the year under review, we continued implementing cost controls within our Group and our selling and distribution costs, administrative expenses and other operating expenses compared with the corresponding previous year had reduced by 7.7%, 2.5% and 64.2% respectively.

Our Group had achieved a profit turnaround in FY2010.

OUTLOOK

We expect the economic recovery to remain slow in FY2011. We will continue to exercise stringent control over expenses and overhead, to source materials with lower cost and to make use of more waste materials to be collected locally in order to increase the profit margin of our products.

Under Rule 1314 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), Jets has 24 months from the date on which it was placed on the watch-list to satisfy the removal criteria from the watch-list i.e. until 3 September 2010. As our Group has returned to profitability which is one of the two removal criteria, we wrote to the Singapore Exchange Securities Trading Limited (the "SGX-ST") and have obtained approval from the SGX-ST an extension of time till 2 September 2011 to meet the requirements under Rule 1314 of the Listing Manual.

APPRECIATION

I would like to extend my heartfelt appreciation to my Board members, management team and dedicated staff for their commitment and contributions to Jets. I would also like to thank our valued shareholders, customers, and business associates for their steadfast support in the past year.

So Tat Wing
Chairman and Managing Director
3 September 2010

Financial Highlights

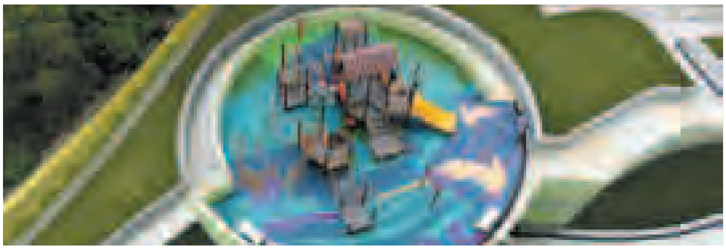
	2010 HK$'000	2009 HK$'000
Operating Results		
Revenue	84,999	78,308
Gross profit	27,867	17,982
Profit / (loss) before taxation	2,455	(14,984)
Profit / (loss) after taxation	2,441	(14,984)
Net profit / (loss) attributable to equity shareholders	2,441	(14,984)
Earnings / (loss) per share (HK cents)	0.99	(6.08)
Financial Position		
Total assets	47,850	50,670
Total debts	20,149	20,950
Shareholders' equity	2,943	497
Debt to equity ratio (times)	6.85	42.15
Cash Flows		
Net cash generated from / (used in) operating activities	3,205	(885)
Cash and cash equivalents		
- in the consolidated balance sheet	3,366	1,321
- in the consolidated cash flow statement	(824)	(2,435)

Financial And Operations Review

Overview

Jets Technics International Holdings Limited and its subsidiaries (together the "Group") are principally engaged in designing, producing and selling of environmentally-friendly recyclable products. The Group either sells its products directly to customers under its proprietary brands or manages entire construction projects from designing, producing, supplying to installation. Currently, the Group has a product development and design centre, which houses its team of in-house engineers and designers in Hong Kong.

The Group's product range may be categorised as follows:



Safety Surface:
These are safety surface mats used for lining the floors of playgrounds, indoor flooring and wall protection. These are made principally from recycled tires.

Sports Surface:
These are surfaces used for lining the floors of indoor and outdoor recreational facilities such as jogging tracks, gymnasiums, tennis courts, golf driving ranges, indoor games halls and changing rooms. These are made principally from recycled tires.

Garden Furniture:
These include benches, pergolas, covered walkways, shelters, fencing, bins, wood desk and bicycle racks. These are made principally from recycled plastic wood.

Playground Equipment:
These include slides, multi-play systems, merry-go-rounds and swings used in both indoor and outdoor playgrounds.

Other Recyclable Products:
These include products made from recycled plastic wood such as foot massage tiles.

Financial And Operations Review

Income Statement

Revenue

Turnover increased by approximately HK$6.69 million or 8.5%, from HK$78.31 million in FY2009 to HK$85 million in FY2010.

Revenue	2010		2009		Year-on-year
	HK$'000	%	HK$'000	%	% change
Safety surface	19,046	22.41	18,495	23.62	3.0
Sports surface	12,641	14.87	8,669	11.07	45.8
Playground equipment	11,521	13.55	9,585	12.24	20.2
Garden furniture	28,278	33.27	27,266	34.82	3.7
Other products and services	13,513	15.90	14,293	18.25	(5.5)
Total	84,999	100.00	78,308	100.00	8.5

This was mainly due to more projects with higher margin completed during the year as compared with the corresponding previous year as the management had made an effort to secure only sales orders with acceptable profit margins in FY2010.

Cost of Sales

Cost of sales decreased by approximately HK$3.19 million or 5.3% from HK$60.33 million in FY2009 to HK$57.13 million in FY2010. The decrease was mainly attributable to (i) the decrease in fixed overheads such as rental, water and electricity charges and staff cost as a result of the Group completing the outsourcing of its entire operations to OEM suppliers in second half of FY2009 and (ii) the decrease in depreciation expenses as certain property, plant and equipment were fully depreciated or written off. The decrease was partially offset by an increase in subcontracting fees and purchase of finished goods from OEM suppliers.

Gross profit

As a result of an increase in turnover and a decrease in cost of sales, gross profit increased by approximately HK$9.89 million or 55.0%, from HK$17.98 million in FY2009 to HK$27.87 million in FY2010 and gross profit margin increased from 23.0% in FY2009 to 32.8% in FY2010. The increase in both gross profit and gross profit margin was due to lower raw materials prices compared to previous corresponding year and reduction of fixed overheads as a result of outsourcing the manufacturing operations to OEM suppliers in second half of FY2009.

Other income

Other income decreased by approximately HK$0.47 million or 40.8% from HK$1.16 million in FY2009 to HK$0.69 million in FY2010 due mainly to the decrease in processing fee and machine rental received for importing pre-processed wasted tyres from an overseas market to Hong Kong for further processing and recycling. Such activities were terminated in FY2010.

Selling and distribution costs

Selling and distribution costs decreased by approximately HK$0.49 million or 7.7% from HK$6.39 million in FY2009 to HK$5.90 million in FY2010 due mainly to the decrease in promotion expenses.

The promotional expenses include advertising, trade shows, overseas traveling, entertainment, and other incidental expenses relating to promotional activities in Hong Kong and overseas.

Administrative expenses

Administrative expenses decreased by approximately HK$0.38 million or 2.5% from HK$15.40 million in FY2009 to HK$15.02 million in FY2010. The decrease was mainly attributed to the decrease in depreciation expenses of approximately HK$279,000 as certain property, plant and equipment were fully depreciated or written off, elimination of administration expenses incurred by the Tai Po plant in Hong Kong, which was closed down in last year and the effect of other cost cutting measures implemented by the Group during the year.

Other operating expenses

Other operating expenses decreased by approximately HK$7.39 million or 64.2% from HK$11.51 million in FY2009 to HK$4.12 million in FY2010. The higher figure in FY2009 was due mainly to the loss of approximately HK$3 million arising from the fire at the Group's Tai Po plant and rental and other costs of approximately HK$3.29 million incurred for the EcoPark. There were also decreases in staff cost, loss on disposals of property, plant and equipment and write-off of sundry receivables which was partially offset by the increase in provision of doubtful debts. The slightly higher provision of impairment loss on trade receivables than the corresponding previous year was mainly due to recoverability risks arising from disagreement over certain defects of projects with some customers.

Finance costs

Finance costs increased by approximately HK$235,000 or 28.3% from HK$0.83 million in FY2009 to HK$1.07 million in FY2010 due to high usage of trade financing facilities as well as slightly higher interest rates in FY2010.

Profit/(loss) before taxation

The Group recorded a profit before taxation of approximately HK$2.46 million in FY2010, as compared against a loss before taxation of approximately HK$14.98 million in FY2009. Besides the decrease in other operating expenses as explained above, the profit turnaround was mainly attributable to the effects of outsourcing the Group's manufacturing operations and implementation of stringent cost controls.

Income tax

No income tax provision was made in respect of Hong Kong profits tax for FY2010. The tax provision for FY2010 of HK$14,000 was in respect of the Macau subsidiary.

Balance Sheet

Non-current assets

As at 31 May 2010, non-current assets amounted to approximately HK$18.46 million, a decrease of HK$2.24 million compared to the corresponding previous year. The decrease was primarily attributable to depreciation of property, plant and equipment and amortisation of prepaid land lease payments during the year.

Current assets

As at 31 May 2010, current assets amounted to approximately HK$29.40 million, a decrease of HK$0.58 million compared to the corresponding previous year. This was due mainly to a decrease in inventories of HK$0.93 million and prepayments, deposits and other receivables of HK$1.28 million, offset by the increase in cash and bank balances by HK$2.10 million. The decrease in inventories was due to the improvements in inventory management under the production out-sourcing policy and less work-in-progress as more projects were completed towards the financial year end. The decrease in prepayments, deposits and other receivables was due mainly to the receipt in the current year of the insurance claim receivable in respect of the loss from the fire broke out at the Group's Tai Po plant in August 2008, which was taken up in the previous corresponding year.

Current liabilities

Current liabilities declined by HK$3.99 million to approximately HK$33.27 million as at 31 May 2010 from HK$37.26 million as at 31 May 2009. This was due to a decline in trade and bills payables of HK$1.35 million and accrued liabilities and other payables of HK$2.90 million. The decrease in trade and bills payables was in line with the decrease in cost of sales. The decrease in accrued liabilities and other payables was attributable mainly to the payment during the year of the claims from the Director of Environmental Protection in relation to the Eco-Park tenancy of approximately HK$2.18 million (please refer to the announcement published on the website of the Singapore Exchange Securities Trading Limited (the "SGX-ST") dated 19 June 2009).

Non-current liabilities

Non-current liabilities declined by HK$1.28 million to approximately HK$11.63 million as at 31 May 2010 from HK$12.91 million as at 31 May 2009 due to the partial repayment of long-term secured bank loans and borrowings.

Liquidity and Cash Flow

The Group's cash and bank balances increased by HK$2.10 million to approximately HK$3.37 million as at 31 May 2010 from HK$1.27 million as at 31 May 2009.

Total group's bank borrowings were approximately HK$25.75 million at 31 May 2010 (2009: HK$27.30 million).

The Group had generated cash from operating activities of approximately HK$3.21 million in FY2010 as compared to utilization of cash in operating activities of approximately HK$0.89 million in FY2009. The Group will continue to rely mainly on its internal resources to finance its operations.

Significant factors and trends that may affect the Group in the next 12 months

Despite the harsh operating environments, the Group has achieved a profit turnaround in FY2010 with improvements in sales, gross profit margins and cost controls. The swing to profitability for each of the six months' results beginning first half of FY2010 reflects concerted efforts made by the Group to restructure and streamline its operations in the past years. Management will continue to make efforts to improve performance in future.

Under Rule 1314 of the Listing Manual of SGX-ST (the "Listing Manual"), the Company has 24 months from the date on which it was placed on the watch-list to satisfy the removal criteria from the watch-list i.e. until 3 September 2010. As the Group has returned to profitability which is one of the two removal criteria, we shall write to the SGX-ST to seek an extension of the watch-list period to allow the Group more time to meet the requirements under Rule 1314 of the Listing Manual.

Board Of Directors

EXECUTIVE DIRECTORS

So Tat Wing, Chairman and Managing Director, a co-founder of the Group, was appointed to the Board on 17 February 2004. Mr. So assumes the chief executive officer's role and is primarily responsible for steering strategic corporate directions, overall management and research and development activities of the Group. Mr. So has more than 41 years of engineering-related experience of which 23 years were in the recycling industry, and has been instrumental in our Group's growth and development. Prior to joining the Group in 1988, he started Jets Construction Engineering Company where he was one of the partners and was responsible for steering the corporate directions, planning the business strategies and the overall management of the business from 1983 to 1988. From 1974 to 1983, he was a Technician with the Electrical and Mechanical Department of the Hong Kong Government where he was responsible for machinery maintenance and repair.

So Tat Cho, Executive Director, was appointed to the Board on 17 February 2004. Mr. So is responsible for the production, engineering and installation functions of the Group. He has more than 21 years of experience in the industry and has been instrumental in the Group's growth and development. Prior to joining our Group in 1990, he was one of the partners and the Manager of Jets Construction Engineering Company where he was responsible for production, engineering and installation functions of the business from 1986 to 1990. From 1984 to 1986, he was a Supervisor with First Transport Limited where he was responsible for operating a fleet of vehicles.

NON-EXECUTIVE DIRECTOR

Ong Chor Wei, Non-executive Director, was appointed to the Board on 18 May 2004. Mr. Ong is a director of various unlisted companies in Hong Kong and Singapore and has been a director of various listed companies in Hong Kong and Singapore. He is currently an executive director of Net Pacific Financial Holdings Limited (Previously known as K Plas Holdings Limited) and a non-executive director of Joyas International Holdings Limited, both companies listed on the Singapore Stock Exchange Securities Trading Limited. He is also a non-executive director of Man Wah Holdings Limited and an independent non-executive director of O-Net Communications (Group) Limited, both companies listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Ong has over 20 years of experience in finance and accounting. Mr. Ong holds a Bachelor of Laws degree from The London School of Economics and Political Science, University of London. He also holds a distance learning degree in Masters in Business Administration jointly awarded by The University of Wales and The University of Manchester. Mr. Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Seah Hou Kee, Independent Non-executive Director, was appointed to the Board on 18 May 2004. Mr. Seah is currently the director of HK Seah Public Accounting Corporation (formerly known as HK Seah & Co.). He was previously the Audit Director of The J.M. and Co. and the General Manager in charge of finance and administration in Sharp-Roxy Sales (Singapore) Pte Ltd ("Sharp-Roxy"), a member of Sharp Corporation, Japan. He was with Sharp-Roxy from 1986 to 2000. Prior to 1986, Mr. Seah held senior financial and accounting positions in Camco Asia Pte Ltd, Polariod Singapore Pte Ltd and an audit position with Arthur Andersen & Co. Mr. Seah has been a Director of Sincere Management Consultants Pte Ltd, a management consultancy company, since 1997, and Fulyan Pte Ltd, a property investment company, since 1994. He is a member of the Singapore Institute of Directors. Mr. Seah graduated with a Bachelor of Commerce in Accountancy (Honours) from Nanyang University and is a member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Cheung King Kwok, Independent Non-executive Director, was appointed to the Board on 18 May 2004. Mr. Cheung is presently the managing director of DJS Financial Management Pte Ltd where he provides corporate training and financial consultancy services. Mr. Cheung is currently also an independent non-executive director of Joyas International Holdings Limited, a company listed in Singapore. From 1991 to 2001, Mr. Cheung worked for The Grande Holdings Limited, a company listed in Hong Kong, starting out as a chief finance officer of a division where he was in charge of financial and treasury management, progressing to become its executive director in 1992 in charge of financial and treasury management, mergers, acquisitions, disposals, rehabilitation plans and rights issues from 1997 to 2000. He was appointed executive director of various listed subsidiaries in the group and was responsible for management, strategic planning and corporate restructuring. From 1984 to 1990, Mr. Cheung was an audit manager and senior audit manager of Coopers and Lybrand where he carried out audit, investigations and due diligence reviews. Mr. Cheung obtained a Bachelor of Commerce (Honours) from the University of Manitoba, Canada. He is a member of the Institute of Certified Public Accountants of Singapore and the Hong Kong Institute of Certified Public Accountants.

Save that So Tat Wing and So Tat Cho are brothers and are deemed to have an interest in the shares held by Jets Technics International Limited, the substantial shareholder of the Company, none of the Directors are related to each other or the substantial shareholders of the Company.

Executive Officers And Senior Staff

Executive Officers

So Chi Chun, John, joined the Group in December 2006 as the Director Assistant of Jets Technics Limited, the Group's major subsidiary. Mr. So was then promoted to Deputy Chief Executive Officer of Jets Technics Limited in September 2009 and is responsible to the Chief Executive Officer for the overall management and smooth running of all departments of Jets Technics Limited. Mr. So obtained a Bachelor of Science in Architecture degree from Barlett School of Architecture, University College London in 2004. Prior to joining the Group, he was a designer of Gravity Partnership Limited. Mr. So is the son of the Chairman and Managing Director, Mr. So Tat Wing.

Chung Ka Kui, Financial Controller, is responsible for the accounting and finance functions of the Group. Mr. Chung has more than 17 years of experience in auditing, accounting and finance. Prior to joining the Group in 2001, he was the Finance Manager of Worldwide Technology Development Ltd. where he was responsible for the accounting and finance functions of the company. From 1996 to 2001, he was the Finance Manager of Chen Hsong Holdings Limited where he was responsible for the finance and accounting functions of the group. From 1993 to 1996, he was the Senior Accountant II of Deloitte Touche Tohmatsu where he was responsible for auditing companies and flotation assignments. From 1991 to 1992, he was a Semi-Senior of Albert Chin, Chow Him & Co., CPA where he was responsible for auditing, taxation and due diligence assignments. From 1990 to 1991, he was a Junior Audit Clerk of K.H. Law Co., CPA where he was responsible for auditing, accounting and taxation. Mr. Chung has a Diploma in Business Administration from the Shue Yan College, Hong Kong and is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants.

Yu Sui Fan, Fanny, General Sales Manager, is responsible for overall public sector of sales functions of the Group's operations in Hong Kong. Prior to which, she was Marketing Manager of the Group. Prior to joining the Group in 2002, she was a Sales Executive of Wah Lam Building Material Ltd. from 2001 to 2002 and was responsible for the sales functions. From 1994 to 2001, she was a Customer Service Officer of Jets Technics Ltd. where she was responsible for customer service and co-ordination and operation of contracts. From 1989 to 1994, she was a Sales Administrative Officer of Shun Hing Electric Works and Engineering Co. Ltd. where she was involved in administrative works and shipping delivery. Ms. Yu holds a Diploma in Marketing from the Chartered Institute of Marketing.

Senior Staffs

Ho Pui Yee, Joey, General Sales Manager, is responsible for the overall private sector and some government sectors of sales functions of the Group's operations in Hong Kong. She joined the Group in August 2001 as a Sales Executive and was promoted to Senior Account Manager on 1 September 2004 and then to the current position on 1 April 2008. She has more than 13 years of experience in sales and marketing. Ms. Ho holds a degree in Business Administration from the Royal Melbourne Institute of Technology.

Yau Wai Tung, Jacky, Marketing Manager, is responsible for the overall sales function of China and overseas markets. Mr. Yau joined the Group in June 2007. Prior to which, he was an Assistant Sales Manager of a well known chemical additive company in Hong Kong. Mr. Yau has more than 10 years of experience in sales and marketing. Mr. Yau attained a degree of Commerce in Management and Marketing from the Curtin University of Technology. After graduation, he accomplished a Postgraduate Diploma in Integrated Marketing Communications from HKU SPACE.

Cheng Tat Ming, Senior Technical Engineer, is responsible to provide technical advices and guidance for the installation works and submission of tender. He joined the Group in November 1999 and has more than 20 years of experience in engineering. He is very experience in the Group's business and project management.

Wong Yiu Kong, Samuel, Production Planning Manager, is responsible for coordination with the Group's OEM suppliers in the PRC and production scheduling. He joined the Group in June 2007 as Production Planning Assistant and was promoted to the current position on June 2008. Prior to joining the Group, he was the PMC Engineer in Production Department of Compass Technology Company Limited.

Wu Ka Yi, Irene, Credit Controller, is responsible to manage accounts receivables for the Group. Miss Wu has more than 10 years of experience in credit management and she is very familiar with the Group's operations and business. She joined the Group in June 1997 and was recently promoted to the position of Credit Controller in May 2010.

Save as disclosed above, none of the Executive Officers and Senior Staff are related to each other or the substantial shareholders of the Company.

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 May 2010.

The Company

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 9 February 2004.

The shares of the Company were listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 June 2004.

Principal activities

The principal activity of the Company is investment holding. The principal activities and particulars of the subsidiaries are set out in note 12 to the financial statements.

Results and dividends

Details of the results of the Group for the year ended 31 May 2010 and the state of affairs of the Company and of the Group at 31 May 2010 are set out in the financial statements on pages 18 to 59.

During the year, no interim dividend was declared and paid, and the directors of the Company do not recommend any payment of final dividend this year.

Directors

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

Executive directors:

So Tat Wing (Chairman and Managing Director)
So Tat Cho

Non-executive director:

Ong Chor Wei

Independent non-executive directors:

Cheung King Kwok
Seah Hou Kee

In accordance with Bye-law 86 of the Company, Mr. Cheung King Kwok and Mr. Seah Hou Kee will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year, nor at any time during the financial year, was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest, direct or deemed, in the share capital of the Company and related corporations, except as follows:

	Shares registered in the names of directors		Other shareholdings in which directors are deemed to have an interest	
	As at 1 June 2009	As at 31 May 2010	As at 1 June 2009	As at 31 May 2010
The Company				
So Tat Wing	-	-	171,408,612	171,408,612[1]
So Tat Cho	-	-	171,408,612	171,408,612[1]
Jets Technics International Limited				
(ordinary shares of US$1.00 each)				
So Tat Wing	15,000	15,000[1]	-	-
So Tat Cho	15,000	15,000[1]	-	-

[1] As at the date of this report, Jets Technics International Limited holds 171,408,612 shares in the Company. The Company's directors, namely Mr. So Tat Wing and Mr. So Tat Cho and the Company's ex-director, namely Mr. So Tat Chiu, each holds 30% of the issued and paid-up share capital in Jets Technics International Limited. Accordingly, each of them is deemed to be interested in the 171,408,612 shares in the Company held by Jets Technics International Limited.

Save as disclosed above, there was no change in the above-mentioned interests between 31 May 2010 and 21 June 2010.

Except as disclosed in this report, no director who held office at the end of the financial year had interests, direct or deemed, in shares, convertible securities, share options, warrants or debentures of the Company, or of any related corporations, either at the beginning of the financial year (or date of appointment if later) or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, no director has received or became entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share option scheme

(a) Options to take up unissued shares

The Company operates a share option scheme known as the Jets Technics Share Option Scheme (the "Scheme") which was approved by the shareholders of the Company pursuant to resolutions passed on 18 May 2004. The Scheme complies with the relevant rules as set out in Chapter 8 of the SGX-ST Listing Manual. The purpose of the Scheme is to provide employees of the Group and of associated companies with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Pursuant to the Scheme, the employees who are also the directors, the controlling shareholders or their associates of the Group and of the associated companies are not eligible to participate the Scheme.

The Scheme is administrated by the Remuneration Committee, which comprises the following three directors:

Cheung King Kwok (Chairman)
Ong Chor Wei
Seah Hou Kee

The number of options to be offered to an employee is determined at the discretion of the Remuneration Committee which took into account criteria such as rank, performance, years of service and potential for future development of employee.

The exercise price of the options shall be fixed at (a) a price (the "Market Price") equal to the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options; or (b) a price which is set at a discount to the Market Price provided that the maximum discount shall be 20% of the Market Price as at the date of the grant of the options. Under no circumstances shall the exercise price be less than the nominal value of a share.

Options granted with the exercise price set at the Market Price may be exercised in full or in part after the first anniversary of the date of grant. If the options are granted with an exercise price set at a discount to the Market Price, the options may be exercised in full or in part after the second anniversary of the date of grant. The life span of options granted is 10 years from the date of grant.

Options granted must be taken up within 15 days of the date of grant, upon payment of a nominal consideration of S$1 per grant.

The Scheme is to operate for a maximum of 10 years commencing on the date on which the Scheme was adopted and could be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(b) Unissued shares under option and options exercised

The number of shares available under the Scheme shall not exceed 15% of the issued share capital of the Company on the date preceding the date of relevant grant. The number of outstanding share options under the Scheme is as follows:

	Number of options to be subscribed for ordinary share of the Company						
Date of grant	Balance at 1.6.2009	Granted	Exercised	Cancelled/ Lapsed	Balance at 31.5.2010	Exercise price per share	Exercisable period
9.10.2006	1,050,000	-	-	-	1,050,000	S$0.04	9.10.2007 to 9.10.2016

Share option scheme (continued)

Particulars of the options granted in 2006 under the Scheme were set out in the Report of the Directors for the financial year ended 31 May 2007.

No options were granted during the financial year.

No options have been granted at a discount.

Holders of the above share options have no right to participate in any share issue of any other company. No employee or employee of related corporations has received 5% or more of the total options available under the Scheme.

There are no options granted to any of the Company's directors, controlling shareholders or their associates (as defined in the SGX-ST Listing Manual).

Audit Committee

The nature and extent of the functions performed by the Audit Committee are described in the Annual Report under "Corporate Governance Report".

The Audit Committee has recommended to the Board the re-appointment of Baker Tilly Hong Kong Limited, Certified Public Accountants (Prasticing), Hong Kong, as the Company's external auditors at the forthcoming annual general meeting.

Auditors

Baker Tilly Hong Kong Limited will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....	....
So Tat Wing	So Tat Cho
Chairman and Managing Director	Executive Director

3 September 2010

Statement by the Directors

We, So Tat Wing and So Tat Cho, being two of the directors of Jets Technics International Holdings Limited, do hereby state that, in the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company together with the notes thereto, as set out on pages 18 to 59, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2010, and of the results, changes in equity and cash flows of the Group, and the changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay off its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue on 3 September 2010.

ON BEHALF OF THE BOARD

....
So Tat Wing
Chairman and Managing Director

....
So Tat Cho
Executive Director

3 September 2010

Independent Auditor's Report

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
12/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

To the shareholders of
Jets Technics International Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Jets Technics International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 59, which comprise the consolidated and company balance sheets as at 31 May 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 May 2010 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to note 2(b) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The Group had consolidated net current liabilities of HK$3,879,000 as at 31 May 2010. This condition indicates the existence of uncertainty which may cast doubt about the Group's ability to continue as a going concern.

BAKER TILLY HONG KONG LIMITED
Certified Public Accountants

Hong Kong, 3 September 2010

Chan Kwan Ho, Edmond
Practising Certificate number P02092

Consolidated Income Statement

Year ended 31 May 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	4	84,999	78,308
Cost of sales		(57,132)	(60,326)
Gross profit		27,867	17,982
Other income	5	689	1,164
Selling and distribution costs		(5,898)	(6,389)
Administrative expenses		(15,017)	(15,401)
Other operating expenses		(4,121)	(11,510)
Profit/(loss) from operations		3,520	(14,154)
Finance costs	6(a)	(1,065)	(830)
Profit/(loss) before taxation	6	2,455	(14,984)
Income tax	7	(14)	-
Profit/(loss) for the year and attributable to equity shareholders of the Company		2,441	(14,984)
Earnings/(loss) per share, HK cents	8	0.99	(6.08)

The notes on pages 24 to 59 form part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 May 2010

	2010 HK$'000	2009 HK$'000
Profit/(loss) for the year	2,441	(14,984)
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	-	(313)
Total comprehensive income/(loss) for the year and attributable to equity shareholders of the Company	2,441	(15,297)

The notes on pages 24 to 59 form part of these financial statements.

Consolidated Balance Sheet

At 31 May 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	10	5,228	7,115
Prepaid land lease payments	11	13,228	13,583
		18,456	20,698
Current assets			
Inventories	13	4,901	5,833
Prepaid land lease payments	11	355	355
Trade and other receivables	14	20,772	22,463
Cash and cash equivalents	15	3,366	1,321
		29,394	29,972
Current liabilities			
Trade and other payables	16	24,748	29,213
Bank loans and overdraft, secured	17	8,515	8,041
Current taxation	18(a)	10	10
		33,273	37,264
Net current liabilities		(3,879)	(7,292)
Total assets less current liabilities		14,577	13,406
Non-current liabilities			
Bank loans, secured	17	11,634	12,909
NET ASSETS		**2,943**	**497**
CAPITAL AND RESERVES	19		
Share capital		54,200	54,200
Reserves		(51,257)	(53,703)
TOTAL EQUITY		**2,943**	**497**

The notes on pages 24 to 59 form part of these financial statements.

Balance Sheet

At 31 May 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Investments in subsidiaries	12	72	72
Current assets			
Prepayments and deposits	14	76	158
Amounts due from subsidiaries	12	673	639
Cash and cash equivalents	15	8	8
		757	805
Current liabilities			
Trade and other payables	16	409	672
Net current assets		348	133
NET ASSETS		**420**	**205**
CAPITAL AND RESERVES	19		
Share capital		54,200	54,200
Reserves		(53,780)	(53,995)
TOTAL EQUITY		**420**	**205**

The notes on pages 24 to 59 form part of these financial statements.

Statement of Changes in Equity

Year ended 31 May 2010

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
The Group						
At 1 June 2008	54,200	24,611	128	1,714	(64,854)	15,799
Equity-settled share-based transactions	-	-	(5)	-	-	(5)
Total comprehensive loss for the year	-	-	-	(313)	(14,984)	(15,297)
At 31 May 2009	54,200	24,611#	123#	1,401#	(79,838)#	497
At 1 June 2009	54,200	24,611	123	1,401	(79,838)	497
Equity-settled share-based transactions	-	-	5	-	-	5
Total comprehensive income for the year	-	-	-	-	2,441	2,441
At 31 May 2010	54,200	24,611#	128#	1,401#	(77,397)#	2,943

\# These reserve accounts comprise the consolidated reserves in debit balance of HK$51,257,000 (2009: HK$53,703,000) in the consolidated balance sheet.

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
The Company						
At 1 June 2008	54,200	24,611	128	15,282	(78,095)	16,126
Equity-settled share-based transactions	-	-	(5)	-	-	(5)
Total comprehensive loss for the year	-	-	-	-	(15,916)	(15,916)
At 31 May 2009	54,200	24,611#	123#	15,282#	(94,011)#	205
At 1 June 2009	54,200	24,611	123	15,282	(94,011)	205
Equity-settled share-based transactions	-	-	5	-	-	5
Total comprehensive income for the year	-	-	-	-	210	210
At 31 May 2010	54,200	24,611#	128#	15,282#	(93,801)#	420

\# These reserve accounts comprise the reserves in debit balance of HK$53,780,000 (2009: HK$53,995,000) in the Company's balance sheet.

The notes on pages 24 to 59 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 May 2010

	Note	2010 HK$'000	2009 HK$'000
Operating activities			
Profit/(loss) before taxation		2,455	(14,984)
Adjustments for:			
- Interest income	5	-	(8)
- Depreciation	6(d)	2,238	3,247
- Amortisation of prepaid land lease payments	6(d)	355	356
- Impairment loss on trade receivables	6(d)	1,333	700
- Reversal of impairment loss on trade receivables	6(d)	(82)	(337)
- Net loss due to fire	6(d)	-	2,994
- Write-off of sundry receivables	6(d)	104	378
- Loss on disposal/write-off of property, plant and equipment	6(d)	8	152
- Equity-settled share-based transactions	6(b)	5	(5)
- Interest expenses	6(a)	1,065	830
- Effect of foreign exchange rate changes		-	(7)
Operating profit/(loss) before changes in working capital		7,481	(6,684)
Decrease in inventories		932	9,594
Decrease in trade and other receivables		336	425
Decrease in trade and other payables		(4,465)	(3,390)
Cash generated from/(used in) operations		4,284	(55)
Interest paid		(1,065)	(830)
Income tax paid		(14)	-
Net cash generated from/(used in) operating activities		3,205	(885)
Investing activities			
Payment for purchase of property, plant and equipment		(360)	(206)
Proceeds from disposal of property, plant and equipment		1	673
Interest received		-	8
Net cash (used in)/ generated from investing activities		(359)	475
Financing activities			
Proceeds from new bank loans		3,000	3,000
Repayment of bank loans		(4,283)	(4,293)
Decrease in pledged deposit		48	952
Net cash used in financing activities		(1,235)	(341)
Net increase/(decrease) in cash and cash equivalents		1,611	(751)
Cash and cash equivalents at beginning of the year		(2,435)	(1,371)
Effect of foreign exchange rate changes		-	(313)
Cash and cash equivalents at end of the year	15	(824)	(2,435)

The notes on pages 24 to 59 form part of these financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 9 February 2004. The Company's shares were listed on the SGX-ST on 30 June 2004. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at 18th Floor, Saxon Tower, 7 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is a subsidiary of Jets Technics International Limited ("Jets International"), a company incorporated in the British Virgin Islands ("BVI"), which is considered by the directors to be the Company's immediate and ultimate holding company at the balance sheet date.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 12.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for the year ended 31 May 2010 comprise the Company and its subsidiaries (together referred as the "Group").

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 28).

(b) Basis of preparation of the financial statements

The financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The Group had consolidated net current liabilities of HK$3,879,000 (2009: HK$7,292,000) as at 31 May 2010. This condition indicates the existence of uncertainty which may cast doubt about the Group's ability to continue as a going concern. The management will continue to take relevant measures in the year ending 31 May 2011 to control the cash flow of the Group, such as closely monitoring the collection from the debtors as well as actively collecting outstanding trade receivables, strict controlling operating costs, extending and/or maintaining the existing short-term bank loans with various financial institutions, and negotiation with banks for higher level of banking facilities. Based on the cash flow projection of the Group for the year ending 31 May 2011, the management believes that the Group will have sufficient working capital to finance its operations in the next twelve months from the balance sheet date. Consequently, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(f)(ii)).

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (see note 2(f)(ii)).

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows:

Buildings	50 years or over the lease terms, whichever is shorter
Leasehold improvements	5 years or over the lease terms, whichever is shorter
Plant and machinery	4 years
Furniture, fixtures and equipment	4 years
Motor vehicles	4 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where the land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of other assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term of 50 years. Impairment losses are recognised in accordance with accounting policy set out in note 2(f)(ii).

(f) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised.

For trade and other receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of assets (continued)

(i) Impairment of receivables (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid land lease payments; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(f)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(n)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(l) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(i) Short term employee benefits and contributions to defined contribution retirement plans. (continued)

The Group operates a mandatory provident fund scheme in Hong Kong. Contributions to mandatory provident fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(m) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    - the same taxable entity; or

    - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(n)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Company under the guarantee, and (ii) the amount of that claim on the Company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue from the sale of playground equipment, safety surface, sports surface, garden furniture and other recyclable products is recognised when the installation work is completed and the customer has accepted the goods, together with the risks and rewards of ownership of such goods, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Processing fee income

Processing fee income is recognised when services are rendered.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(p) Product development costs

Product development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transactions dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximately the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(s) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties (continued)

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGE IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, Operating segments
- IAS 1 (revised 2007), Presentation of financial statements
- IAS 23 (revised 2007), Borrowing costs
- Improvements to IFRSs (2008)
- Amendments to IFRS 7, Financial instruments: Disclosures - improving disclosures about financial instruments
- Amendments to IAS 27, Consolidated and separate financial statements – costs of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to IAS 2, Share-based payment – vesting conditions and cancellations

Except for IAS 1 (revised 2007) as described below, the adoption of these new and revised IFRSs has no significant impact on the Group's financial statements.

3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

4. TURNOVER

The principal activities of the Group are designing and selling of environmentally-friendly recyclable products.

Turnover represents the invoiced value of goods sold to customers, net of discounts, returns, value-added tax and sales tax. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010 HK$'000	2009 HK$'000
Sale of safety surface	19,046	18,495
Sale of sports surface	12,641	8,669
Sale of playground equipment	11,521	9,585
Sale of garden furniture	28,278	27,266
Sale of other recyclable products	13,513	14,293
	84,999	78,308

5. OTHER INCOME

	2010 HK$'000	2009 HK$'000
Interest income	-	8
Processing fee income	-	333
Rental receivable under operating lease (note 25(b))	336	308
Sundry income	353	515
	689	1,164

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

		2010 HK$'000	2009 HK$'000
(a)	**Finance costs**		
	Interest on bank loans and overdraft	1,065	830
(b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	23,806	27,616
	Contributions to defined contribution retirement plans	872	1,118
	Equity-settled share-based payment expenses	5	(5)
		24,683	28,729
(c)	**Directors' remuneration**		
	Fees	435	430
	Other emoluments	1,561	1,680
		1,996	2,110

		2010 HK$'000	2009 HK$'000
(d)	**Other items**		
	Amortisation of prepaid land lease payments	355	356
	Auditor's remuneration	450	480
	Cost of inventories#	57,132	63,706
	Depreciation	2,238	3,247
	Impairment loss on trade receivables	1,333	700
	Loss on disposal/write-off of property, plant and equipment	8	152
	Minimum lease payments under operating leases in respect of land and buildings	2,191	2,972
	Net foreign exchange loss/(gain)	23	(32)
	Net loss due to fire *	-	2,994
	Product development costs	2,289	1,359
	Reversal of impairment loss on trade receivables	(82)	(337)
	Write-off of sundry receivables	104	378

Cost of inventories includes HK$10,891,000 (2009: HK$14,011,000) relating to staff costs, depreciation expense and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

* A fire broke out at the Group's production plant in August 2008. Net loss due to fire comprises the write-off of property, plant and equipment of HK$1,425,000 and inventories of HK$3,830,000 (note 13(b)), net of estimated insurance compensation and proceeds from sale of scrap materials totalling HK$2,261,000.

7. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2010 HK$'000	2009 HK$'000
Current tax – Macau Complementary Tax		
Under-provision in respect of prior year	14	-

No provision for Hong Kong Profits Tax has been made as the companies in the Group either sustained tax losses or did not have assessable profits subject to Hong Kong Profits Tax during the years ended 31 May 2010 and 2009. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) Reconciliation between income tax and profit/(loss) before taxation at applicable tax rates:

	2010 HK$'000	2009 HK$'000
Profit/(loss) before taxation	2,455	(14,984)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	365	(2,428)
Tax effect of non-deductible expenses	267	487
Tax effect of non-taxable income	(217)	(223)
Tax effect of temporary differences not recognised	296	(228)
Tax effect of unused tax losses not recognised	88	2,426
Tax effect of previous years' tax losses utilised in current year	(799)	(34)
Under-provision in respect of prior year	14	-
Actual tax expense	14	-

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders of the Company of HK$2,441,000 (2009 loss: HK$14,984,000) and the weighted average of 246,364,000 (2009: 246,364,000) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share has been presented for the years ended 31 May 2010 and 2009 since the effect of the Company's outstanding share options as at 31 May 2010 and 2009 is anti-dilutive.

9. SEGMENT REPORTING

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 June 2009. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (IAS 14, Segment reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The adoption of IFRS 8 has not resulted in re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14.

The Group's principal activities comprise the following main reporting segments:

(i) the safety surface segment engages in the manufacturing and trading of safety surfaces;
(ii) the sports surface segment engages in the manufacturing and trading of sports surfaces;
(iii) the playground equipment segment engages in the manufacturing and trading of playground equipment;
(iv) the garden furniture segment engages in the manufacturing and trading of garden furniture; and
(v) the others segment comprises the Group's manufacturing and trading of other recyclable products and the provision of related services.

(a) Segment revenues, results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

Year ended 31 May 2010

	Safety surface HK$'000	Sports surface HK$'000	Playground equipment HK$'000	Garden furniture HK$'000	Others HK$'000	Consolidated HK$'000
Revenue from external customers	19,046	12,641	11,521	28,278	13,513	84,999
Segment results	5,084	2,537	1,423	7,848	3,827	20,719
Interest and other unallocated operating income						689
Unallocated operating expenses						(17,888)
Profit from operations						3,520
Finance costs						(1,065)
Profit before taxation						2,455
Income tax						(14)
Profit for the year						2,441
Depreciation and amortisation						
- Segment depreciation and amortisation	378	378	378	756	1	1,891
- Unallocated depreciation						702
						2,593

9. SEGMENT REPORTING (CONTINUED)

(a) Segment revenues, results, assets and liabilities (continued)

	Safety surface HK$'000	Sports surface HK$'000	Playground equipment HK$'000	Garden furniture HK$'000	Others HK$'000	Consolidated HK$'000
Impairment of trade receivables	299	198	181	443	212	1,333
Write-back of impairment of trade receivables	(19)	(12)	(11)	(27)	(13)	(82)
Segment assets	5,842	4,210	3,904	6,806	3,229	23,991
Unallocated assets						23,859
Total assets						47,850
Segment liabilities	3,610	2,344	1,828	6,986	2,094	16,862
Unallocated liabilities						28,045
Total liabilities						44,907
Capital expenditure						
- Segment capital expenditure	7	21	7	70	-	105
- Unallocated capital expenditure						255
						360

Year ended 31 May 2009

	Safety surface HK$'000	Sports surface HK$'000	Playground equipment HK$'000	Garden furniture HK$'000	Others HK$'000	Consolidated HK$'000
Revenue from external customers	18,495	8,669	9,585	27,266	14,293	78,308
Segment results	3,968	85	(649)	4,341	3,485	11,230
Interest and other unallocated operating income						1,164
Unallocated operating expenses						(26,548)
Loss from operations						(14,154)
Finance costs						(830)
Loss before taxation						(14,984)
Income tax						-
Loss for the year						(14,984)

9. SEGMENT REPORTING (CONTINUED)

(a) Segment revenues, results, assets and liabilities (continued)

	Safety surface HK$'000	Sports surface HK$'000	Playground equipment HK$'000	Garden furniture HK$'000	Others HK$'000	Consolidated HK$'000
Depreciation and amortisation						
- Segment depreciation and amortisation	527	517	518	1,044	15	2,621
- Unallocated depreciation						982
						3,603
Impairment of trade receivables	165	77	86	243	129	700
Write-back of impairment of trade receivables	(80)	(37)	(41)	(117)	(62)	(337)
Segment assets	5,865	4,272	4,074	8,777	3,955	26,943
Unallocated assets						23,727
Total assets						50,670
Segment liabilities	5,788	3,075	998	2,385	2,095	14,341
Unallocated liabilities						35,832
Total liabilities						50,173
Capital expenditure						
- Segment capital expenditure	-	25	-	171	-	196
- Unallocated capital expenditure						10
						206

(b) Geographical information

Turnover by geographical area of principal markets determined on the basis of destination of delivery of products:

	2010 HK$'000	2009 HK$'000
Hong Kong	78,110	70,114
Macau	4,456	3,867
The People's Republic of China	774	1,608
Japan	169	349
Singapore	1,372	1,400
Others	118	970
	84,999	78,308

Based on the physical location of the asset, over 90% of the non-current assets is located in Hong Kong.

9. SEGMENT REPORTING (CONTINUED)

(c) Major customers

The revenue from individual customer contributed less than 10% of the total revenue of the Group for the year ended 31 May 2010 and 2009.

10. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'0000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:						
At 1 June 2008	4,249	6,807	21,317	8,746	3,615	44,734
Exchange adjustments	-	-	12	-	2	14
Additions	-	-	196	10	-	206
Disposals	-	(6,100)	(8,112)	(23)	(558)	(14,793)
At 31 May 2009	4,249	707	13,413	8,733	3,059	30,161
At 1 June 2009	4,249	707	13,413	8,733	3,059	30,161
Additions	-	35	70	255	-	360
Disposals	-	-	-	(17)	-	(17)
At 31 May 2010	4,249	742	13,483	8,971	3,059	30,504
Accumulated depreciation:						
At 1 June 2008	831	6,525	13,757	8,024	3,198	32,335
Exchange adjustments	-	-	6	-	1	7
Charge for the year	85	223	2,316	394	229	3,247
Written back on disposals/write-offs	-	(6,100)	(6,014)	(20)	(409)	(12,543)
At 31 May 2009	916	648	10,065	8,398	3,019	23,046
At 1 June 2009	916	648	10,065	8,398	3,019	23,046
Charge for the year	85	47	1,835	234	37	2,238
Written back on disposal	-	-	-	(8)	-	(8)
At 31 May 2010	1,001	695	11,900	8,624	3,056	25,276
Carrying value:						
At 31 May 2010	3,248	47	1,583	347	3	5,228
At 31 May 2009	3,333	59	3,348	335	40	7,115

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Buildings, situated in Hong Kong and held under medium term leases, are pledged to secure general banking facilities granted to the Group (see note 21).

The aggregated market value of the Group's interests in the buildings and the prepaid land lease payments (note 11) as at 31 May 2010 is HK$39,300,000 (2009: HK$34,300,000) which was assessed by reference to sales evidence of similar properties in the vicinity as available on the market. The valuations were carried out by an independent firm of surveyors, A A Property Services Ltd, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued.

During the year ended 31 May 2010, one of the buildings was provided as rent-free accommodation to an executive director of the Company (see note 25(a)) and the other provided to a related party for rental income (see note 25(b)).

11. PREPAID LAND LEASE PAYMENTS

	The Group	
	2010 HK$'000	2009 HK$'000
Carrying amount at 1 June	13,938	14,294
Amortisation recognised during the year	(355)	(356)
Carrying amount at 31 May	13,583	13,938
Current portion	(355)	(355)
Non-current portion	13,228	13,583

The leasehold land, situated in Hong Kong and held under medium term leases, is pledged to secure general banking facilities granted to the Group (see note 21).

12. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	48,072	48,072
Less: Impairment loss	(48,000)	(48,000)
	72	72
Amounts due from subsidiaries	48,673	36,639
Less: Impairment loss	(48,000)	(36,000)
	673	639

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following list contains the particulars of all the subsidiaries. The class of shares held is ordinary.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Asia Legend International Limited	BVI	1 share of United States dollar ("US$") 1 each	-	100%	Dormant
Classic Master Limited	BVI	2,000 shares of US$1 each	100%	-	Investment holding
CML Engineering and Management Services (Macau) Limited	Macau	Authorised and paid-up capital of Macau Pataca ("MOP") 300,000	-	100%	Construction projects and provision of engineering and management consultancy services
Guangzhou Jets Recycled Products Co., Ltd.	PRC	Registered and paid-up capital of HK$8,000,000	-	100%	In the process of dissolution
Jets Consultants Limited	Hong Kong	2 shares of HK$1 each	-	100%	Installation of playground equipment, safety surface, sports surface and garden furniture
Jets Technics Limited	Hong Kong	300,000 shares of HK$1 each	-	100%	Trading of playground equipment, safety surface, sports surface, garden furniture and other recyclable products
Jets Technology & Laboratory Limited	Hong Kong	2 shares of HK$1 each	-	100%	Dormant

All subsidiaries were audited by Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for statutory or consolidation purposes.

13. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	The Group	
	2010 HK$'000	2009 HK$'000
Raw materials	192	374
Work in progress	4,709	5,459
	4,901	5,833

(b) An analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2010 HK$'000	2009 HK$'000
Carrying amount of inventories sold	57,132	60,666
Write-off due to fire (note 6(d))	-	3,380
Reversal of write-down of inventories	-	(340)
	57,132	63,706

The reversal of inventory write-down made in the prior year arose due to the sale of the relevant inventories during 2009.

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Trade receivables	21,493	20,651	-	-
Less: Allowance for doubtful debts (note 14(a))	(4,238)	(2,987)	-	-
	17,255	17,664	-	-
Other receivables	370	2,540	-	-
Prepayments and deposits	3,147	2,259	76	158
	20,772	22,463	76	158

All of the Group's trade and other receivables, apart from rental and other deposits totalling HK$2,743,000 (2009: HK$1,835,000), are expected to be recovered or recognised as expenses within one year.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

All of the Company's prepayments and deposits are expected to be recognised as expenses within one year.

(a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(f)(i)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
At 1 June	2,987	3,163
Impairment loss recognised	1,333	700
Reversal of impairment loss	(82)	(337)
Uncollectible amounts written off	-	(539)
At 31 May	4,238	2,987

At 31 May 2010, the Group's trade receivables of HK$5,537,000 (2009: HK$4,888,000) were individually determined to be impaired. The individually impaired receivables related to disputes in receivables and/or customers that were in financial difficulties and/or have defaulted on payments. Management assessed that only a portion of these receivables is expected to be recovered and, consequently, specific allowances for doubtful debts of HK$4,238,000 (2009: HK$2,987,000) were recognised. The Group does not hold any collateral over these balances.

(b) Trade receivables that are not impaired

Trade receivables are due within 30 days from the date of billing. Further details on the Group's credit policy are set out in note 22(a).

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
Neither past due nor impaired	8,846	7,653
Less than 1 month past due	2,430	3,084
1 to 3 months past due	1,730	1,105
More than 3 months but less than 12 months past due	1,327	2,856
Over 12 months past due	1,623	1,065
	7,110	8,110
	15,956	15,763

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Trade receivables that are not impaired (continued)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recovered. The Group does not hold any collateral over these balances.

15. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Deposit with banks	-	48	-	-
Cash at bank and in hand	3,366	1,273	8	8
Cash and cash equivalents in the balance sheet	3,366	1,321	8	8
Fixed deposit held as security for general banking facilities	-	(48)		
Bank overdraft (notes 17 and 21)	(4,190)	(3,708)		
Cash and cash equivalents in the consolidated cash flow statement	(824)	(2,435)		

16. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Trade payables	5,559	6,157	154	275
Bills payable, secured	5,601	6,351	-	-
Other payables and accrued charges	7,886	10,788	255	397
Deposits received from customers	5,702	5,917	-	-
	24,748	29,213	409	672

All of the trade and other payables are expected to be settled or recognised as an income within one year or are repayable on demand.

17. BANK LOANS AND OVERDRAFT

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
Bank loans, secured (note 21)	15,959	17,242
Bank overdraft, secured (notes 15 and 21)	4,190	3,708
	20,149	20,950

Bank loans and overdraft were repayable as follows:

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
Within 1 year or on demand	8,515	8,041
After 1 year but within 2 years	1,363	1,366
After 2 years but within 5 years	3,529	3,935
After 5 years	6,742	7,608
	11,634	12,909
	20,149	20,950

18. INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
Balance of Hong Kong Profits Tax provision relating to prior years	10	10

(b) Deferred taxation

The Group has not recognised deferred tax assets in respect of the following items:

	The Group	
	2010	**2009**
	HK$'000	**HK$'000**
Depreciation allowance in excess of the related depreciation	(1,065)	(2,834)
Tax losses	82,844	87,264
	81,779	84,430

18. INCOME TAX IN THE BALANCE SHEET (CONTINUED)

(b) Deferred taxation (continued)

The Group has tax losses arising in Hong Kong of HK$82,844,000 (2009: HK$87,264,000). The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arise. No deferred tax assets/liabilities have been recognised for the Group in respect of the temporary differences and the tax losses because of uncertainty over availability of future taxable profits against which the Group can utilise the benefits in the relevant tax jurisdiction and entity.

No deferred taxation has been recognised by the Company as it does not have any temporary differences.

19. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's and Company's equity is set out in the statement of changes in equity.

(b) Dividends

The directors of the Company do not recommend the payment of a dividend for the year ended 31 May 2010 (2009: HK$Nil).

(c) Share capital

	2010		2009	
	Number of shares	HK$'000	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.22 each	3,636,363,636	800,000	3,636,363,636	800,000
Ordinary shares, issued and fully paid:	246,364,000	54,200	246,364,000	54,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda and the Bye-laws of the Company.

(ii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policies adopted for share-based payments in note 2(l)(ii).

19. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(q).

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the aggregate shareholders' funds of the subsidiaries at the date on which the Company became the holding company of the Group and the nominal amount of the share capital of the Company issued under a group reorganisation.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company may not declares or pays a dividend or makes a distribution out of contributed surplus if:

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

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

(e) Distributability of reserves

At 31 May 2010, no reserves were available for distribution to equity shareholders of the Company (2009: HK$Nil).

(f) Capital management

The Group's primarily objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme known as the Jets Technics Share Option Scheme (the "Scheme") which was approved by the shareholders of the Company pursuant to resolutions passed on 18 May 2004. The Scheme complies with the relevant rules as set out in Chapter 8 of the SGX-ST Listing Manual. The purpose of the Scheme is to provide employees of the Group and of associated companies with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Pursuant to the Scheme, the employees who are also the directors, controlling shareholders or their associates of the Group and of associated companies are not eligible to participate in the Scheme.

20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

The Scheme is administrated by the Remuneration Committee. The number of options to be offered to an employee is determined at the discretion of the Remuneration Committee which took into account criteria such as rank, performance, years of service and potential for future development of the employee. The total number of shares over which options may be granted may not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

The exercise price of the options shall be fixed at (a) a price (the "Market Price") equal to the average of last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options; or (b) a price which is set at a discount to the Market Price provided that the maximum discount shall be 20% on the Market Price as at the date of grant of the options. Under no circumstances shall the exercise price be less than the nominal value of a share.

Options granted with the exercise price set at the Marker Price may be exercised in full or in part after the first anniversary of the date of grant. If the options are granted with an exercise price set at a discount to the Market Price, the options may be exercised in full or in part after the second anniversary of the date of grant. The life span of options granted is 10 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company.

The Scheme is to operate for a maximum of 10 years commencing on the date on which the Scheme was adopted and could be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(a) The terms and conditions of the grant that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
- on 9 October 2006	1,050,000	- Up to 33.33% on or after the first anniversary of the date of grant - Up to 66.67% on or after the second anniversary of the date of grant - 100% on or after the third anniversary of the date of grant	10 years
Total share options	1,050,000		

20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) The number and exercise price of share options are as follows:

	2010		2009	
	Exercise price Singapore dollar ("S$")	**Number of options '000**	**Exercise price S$**	**Number of options '000**
Outstanding at the beginning of the year	0.04	1,050	0.04	1,290
Forfeited during the year	0.04	-	0.04	(240)
Outstanding at the end of the year	0.04	1,050	0.04	1,050
Exercisable at the end of the year	0.04	1,050	0.04	700

No options were exercised during the year ended 31 May 2010 (2009: Nil).

The options outstanding at 31 May 2010 had an exercise price of S$0.04 (2009: S$0.04) and a remaining contractual life of 6.4 years (2009: 7.4 years).

(c) Fair value of share options and assumptions

The fair value of services in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Binomial option pricing model. The inputs into the model were as follows:

Fair value of share options and assumptions	**Granted in 2006**
Fair value at measurement date	S$0.025
Share price	S$0.045
Exercise price	S$0.040
Expected volatility	92%
Option life	10 years
Expected dividends	4%
Risk-fee interest rate (based on Singapore Treasury Bond)	3.12%

The expected volatility was determined by using the annualised historical volatility of the Company's share price over the previous two years. The expected option life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations. Expected dividends are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

21. BANKING FACILITIES

As at 31 May 2010, the Group had general banking facilities of HK$31 million which are secured by legal charges over all of the Group's land and buildings (notes 10 and 11) and corporate guarantees of the Company. The banking facilities include letters of credit, trust receipt, bills payable, trade loans, trade guarantee, revolving letters of guarantee, and overdrafts. The amount utilised by the Group as at 31 May 2010 under the above facilities was approximately HK$29.9 million (2009: HK$32.2 million).

22. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

The credit risk on cash and cash equivalents is limited because the counterparties are financial institutions with sound credit ratings.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group had a certain concentration of credit risk as 18% (2009: 16%) and 45% (2009: 47%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 14.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities which are based on the contractual undiscounted cash flows (including interest payments, computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

(i) The Group

	2010					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	24,748	(24,748)	(24,748)	-	-	-
Bank overdraft	4,190	(4,190)	(4,190)	-	-	-
Bank loans	15,959	(19,186)	(4,727)	(1,717)	(4,361)	(8,381)
	44,897	(48,124)	(33,665)	(1,717)	(4,361)	(8,381)

	2009					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	29,213	(29,213)	(29,213)	-	-	-
Bank overdraft	3,708	(3,708)	(3,708)	-	-	-
Bank loans	17,242	(19,590)	(4,658)	(1,648)	(4,583)	(8,701)
	50,163	(52,511)	(37,579)	(1,648)	(4,583)	(8,701)

(ii) The Company

	2010			2009		
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
Trade and other payables	409	(409)	(409)	672	(672)	(672)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, bank loans and overdraft. Instruments bearing interest at variable rates expose the Group to cash flow interest rate risk. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (being interest-bearing financial liabilities less bank deposits) at the balance sheet date.

	2010		2009	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Variable rate bank deposits	0.0034%	2,977	0.34%	1,205
Variable rate borrowings:				
Bank overdraft	4.45%	(4,190)	5.52%	(3,708)
Bank loans	2.77%	(15,959)	2.57%	(17,242)
		(20,149)		(20,950)
Total net borrowings		(17,172)		(19,745)

The Company has no material exposure to interest rate risk as it has no significant interest-bearing financial instruments.

(ii) Sensitivity analysis

At 31 May 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax by approximately HK$138,000 (2009: increase the loss after tax by approximately HK$344,000). Other components of equity would not be affected (2009: HK$Nil) by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2009.

(d) Currency risk

(i) Forecast transactions

There is currently no hedging policy adopted by the Group with respect to its foreign exchange exposure. The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is United States dollars.

For United States dollar, since Hong Kong dollar is pegged to United States dollar, the Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be insignificant for transactions denominated in United States dollar which are entered into by entities with a functional currency of Hong Kong dollar.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

All the Group's borrowings are denominated in Hong Kong dollars. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

(iii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2010							
	Reminbi '000	**Singapore dollars '000**	**Macau Pataca '000**	**United States dollars '000**	**British Pounds '000**	**Euro '000**	**Japanese Yen '000**	**Indonesian Rupiah '000**
Trade and other receivables	-	4	1	7	-	-	-	-
Cash and cash equivalents	1	3	4	1	1	3	43	880
Trade and other payables	(3,377)	(27)	-	(126)	-	-	-	-
Overall net exposure	(3,376)	(20)	5	(118)	1	3	43	880

	2009							
	Reminbi '000	Singapore dollars '000	Macau Pataca '000	United States dollars '000	British Pounds '000	Euro '000	Japanese Yen '000	Indonesian Rupiah '000
Trade and other receivables	1	4	-	17	-	-	-	-
Cash and cash equivalents	-	4	3	4	1	3	43	-
Trade and other payables	(3,361)	(33)	-	(482)	-	-	-	-
Overall net exposure	(3,360)	(25)	3	(461)	1	3	43	-

The Company has no material exposure to currency risk as most income and expenses are denominated in Hong Kong dollars.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(iv) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

	2010		2009	
	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and accumulated losses HK$'000	Increase/ (decrease) in foreign exchange rate	Effect on loss after tax and accumulated losses HK$'000
Hong Kong dollars	0.7%	-	0.9%	5
	(0.7%)	-	(0.9%)	(5)
Renminbi	0.6%	(19)	0.9%	39
	(0.6%)	19	(0.9%)	(39)
Singapore dollars	3.4%	(3)	7.4%	8
	(3.4%)	3	(7.4%)	(8)
United States dollars	0.4%	(3)	0.5%	15
	(0.4%)	3	(0.5%)	(15)
British Pounds	8%	1	19.5%	(3)
	(8%)	(1)	(19.5%)	3
Euro	10.5%	2	11.0%	(3)
	(10.5%)	(2)	(11.0%)	3

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2009.

22. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

All other financial instruments are carried at amounts not materially different from their fair values as at 31 May 2010 and 2009.

23. OPERATING LEASE COMMITMENTS

At 31 May 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2010 HK$'000	2009 HK$'000
Within 1 year	1,469	2,253
After 1 year but within 5 years	27	1,278
	1,496	3,531

The Group is the lessee in respect of certain properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

The Company does not have any operating lease commitments.

24. CONTINGENT LIABILITIES

(a) Disputes with the landlord of EcoPark

In May 2007, the Group entered into a tenancy agreement to lease a piece of land at the EcoPark in Tuen Mun Area 38, New Territories, Hong Kong for the operations of repossessing, recovery and recycling waste tyres. However, the Group, due to infrastructure-related technical problems, has never started any operations on the leased land. The landlord purported to terminate the tenancy in March 2008 on the grounds that the Group breached the tenancy agreement. Subsequently, amounts of HK$2.6 million were drawn down by the landlord under a letter of guarantee for the claims against the Group in respect of the rental loss and expenses arising from the termination of the tenancy agreement. These claims were recognised as expenses in the financial statements for the years ended 31 May 2008 and 2009.

The management noted that in March 2009 the landlord had leased out the said piece of land to another party at a rent not less than the amount of rental payable under the tenancy agreement with the Group and that no further claims against the Group were submitted by the landlord during the year ended 31 May 2010 and up to date of approval of these financial statements. In view of these, rentals in respect of the period from June 2009 to the expiry of the tenancy amounting to HK$19,200,000 have not been provided for in the financial statements.

In May 2010, the landlord accepted the Group's proposal as to mediation with a view to resolving the disputes between the landlord and the Group. At date of approval of these financial statements, the mediator has yet to be appointed.

24. CONTINGENT LIABILITIES (CONTINUED)

(b) Financial guarantees issued

At 31 May 2010, the Company has issued corporate guarantees approximately amounting to HK$34 million (2009: HK$34 million) to banks in respect of banking facilities granted to a subsidiary (see note 21).

The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with IAS 39, Financial Instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

As at the balance sheet date, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued is the facilities drawn down by the subsidiary of HK$29.9 million (2009: HK$32.2 million), including a letter of guarantee in favour of the Government of the Hong Kong Special Administrative Region to the extent of HK$5 million (2009: HK$5 million), of which HK$2.6 million (2009: HK$0.4 million) was utilised as at balance sheet date, in respect of the tenancy agreement as mentioned in note 24(a).

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6(c) and the senior management, is as follows:

	2010 HK$'000	2009 HK$'000
Short-term employee benefits	7,292	7,147
Contributions to defined contribution retirement plans	168	180
	7,460	7,327

Total remuneration is included in "Staff Costs" (see note 6(b)).

The remuneration shown above does not include the estimated monetary rentable value of HK$840,000 (2009: HK$780,000) of the Group's leasehold properties provided rent-free to an executive director of the Company during the year.

(b) Other related party transactions

During the year ended 31 May 2010, the Group entered into the following material related party transactions:

	Note	2010 HK$'000	2009 HK$'000
Consultancy fee paid to a related party	(i)	456	453
Rental income from a related party (note 5(b))	(ii)	336	308

Note:
(i) Consultancy fee was paid to a shareholder of the ultimate holding company for the provision of professional advice on construction projects and was charged at a fixed monthly fee in accordance with the consultancy agreement.
(ii) One of the Group's leasehold properties was provided as accommodation to the related party as described in note (i) above and rental income of HK$336,000 (2009: HK$308,000) was received from this related party.

25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other related party transactions (continued)

Balances with related parties are disclosed in the balance sheets and in note 12.

26. COMPARATIVE FIGURES

As a result of the application of IAS 1 (revised 2007), Presentation of financial statements, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010. Further details of these developments are disclosed in note 3.

27. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Going concern assumption in the preparation of the financial statements

Details of assumptions adopted by the directors of the Company for adopting the going concern basis in preparing the financial statements for the year ended 31 May 2010 are set out in note 2(b).

(b) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment and investments in subsidiaries, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the operating results in the year and in future years.

27. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MAY 2010

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 May 2010 and which have not been adopted in these financial statements.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

		Effective for accounting periods beginning on or after
IFRS 3 (Revised)	Business combinations	1 July 2009
IAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
Improvements to IFRSs (2009)	Improvements to IFRSs (Including amendments to IFRS 2, 8, IAS 1, 7 and 18)	1 July 2009 or 1 January 2010
Improvements to IFRS (2010)	Improvements to IFRSs (Including amendments to IFRS 1, 3, 7, IAS 1 and 27)	1 July 2010 or 1 January 2011
IAS 24	Related party disclosures	1 January 2011

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 May 2010 were approved and authorised for issue in accordance with a resolution of the directors on 3 September 2010.

The Board of Directors (the "**Board**") of Jets Technics International Holdings Limited recognizes the importance of good corporate governance in ensuring greater transparency, protecting the interests of the shareholders of the Company (the "**Shareholders**") as well as strengthening investors' confidence in its management and financial reporting. The Board is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (together the "**Group**") based on which its operations, businesses and strategies are directed and controlled.

This Report describes the Company's corporate governance processes and activities with specific reference to the Singapore Code of Corporate Governance 2005 (the "**Code**").

1. Board of Directors

1.1 The Board's conduct of its affairs

The primary role of the Board is to protect and enhance Shareholder value. Whereas the Board is collectively responsible for the success of the Company, it works with the management of the Company (the "**Management**") towards achieving this end. Matters which are specifically reserved for the Board's decision are those involving interested person transactions, material acquisitions and disposal of assets, corporate and financial restructuring, share issuances, dividends and other returns to Shareholders.

The Board conducts regular scheduled meetings. Additional meetings may be convened when circumstance require. The Company's Bye-Laws provide for meetings to be held via telephone and video conferencing. The Board is supported by the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**").

Newly appointed Directors are issued with a formal letter by the Company Secretary setting out the director's duties and advising them of their disclosure obligations under the SGX-ST Listing Manual ("Listing Manual") and the Companies Act 1981 of Bermuda. Management also conducts orientation programs for new Directors to familiarize them with the business activities of the Group, its strategic direction and corporate governance practices.

During the financial year in review, the attendance of the Directors at Board meetings and committee meetings, as well as the frequency of such meetings, is as follows:

	Board		**Nominating Committee**		**Remuneration Committee**		**Audit Committee**	
Name of Director	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Executive Directors								
So Tat Wing[1]	3	3	1	1	2	1	2	1
So Tat Cho	3	3	1	N/A	2	N/A	2	N/A
Non-executive Director								
Ong Chor Wei[2 3]	3	3	1	1	2	2	2	2
Independent Non-executive Directors								
Seah Hou Kee[1 2 3]	3	3	1	1	2	2	2	2
Cheung King Kwok [1 2 3]	3	3	1	1	2	2	2	2

Notes:
1 Members of Nomination committee
2 Members at Remuneration Committee
3 Members of Audit Committee

All the Directors are updated regularly on changes in Company policies, Board processes, corporate governance and best practices.

1.2 Board Composition and Balance

The NC reviews the size and composition of the Board and ensures, among other things, that the Board has an appropriate balance of independent Directors and that the size of the Board is conducive to effective discussions and decision-making. As at the date of this report, the Board comprises five Directors, two of whom are Executive Directors, one of whom is Non-executive Director and the remaining two are Independent Non-executive Directors. The NC reviews the independence of each Director on an annual basis and adopts the Code's definition of what constitutes an independent non-executive director in its review, In particular, it considers a Director as independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interest of the Company.

As a Group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, law, business and management strategic planning and customer service.

The Non-executive Director helps to develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

1.3 Role of Chairman and Chief Executive Officer

Our Group's Chairman, Mr. So Tat Wing is also our Managing Director. Mr. So, as a co-founder, has played an instrumental role in developing the business of our Group. He has considerable industry experience and has also provided our Group with strong leadership and vision. Notwithstanding the dual role of Mr. So Tat Wing as Chairman and Chief Executive Officer, there is a strong element of independence of the Board and all the Directors including Independent and Non-executive Directors have demonstrated high commitment in their roles as directors to ensure a good balance of power and authority.

1.4 Board Membership

We believe that Board renewal must be an ongoing process, to ensure good governance and to maintain relevance to the business and changing needs of the Company. The Company's Bye-Laws require each Director to retire at least once every three (3) years and subject themselves to re-election by Shareholders at every AGM.

The NC reviews and assesses candidates for directorships before making recommendations to the Board. As at the date of this report, the NC comprises one Executive Director, namely Mr. So Tat Wing and two Independent Non-executive Directors, namely Mr. Cheung King Kwok and Mr. Seah Hou Kee. The NC Chairman, Mr. Cheung King Kwok, is not a substantial shareholder and is not directly associated with a substantial shareholder of the Company. Our NC will be responsible for (a) the selection and appointment of new Directors and re-nomination of our Directors having regard to the Director's contribution and performance, (b) determining annually whether or not a Director is independent and (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

In recommending new directors to the Board, the NC takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability. Further, the NC takes into consideration a variety of factors such as attendance, preparedness, participation and candor in evaluating a Director's contribution and performance for the purpose of re- nomination.

The NC determines annually if a Director is independent. The NC has the discretion to determine that a Director is non-independent even if he does not fall under the circumstances set forth in paragraph 1.2 above and the Code. The NC is also charged with the responsibility of deciding whether a Director, particularly when he/she has multiple board representations, is able to carry out his/her duties as a director of the Company.

1.5 Board Performance

The Board will on an annual basis implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

The performance criteria for the Board evaluation are based on financial and non-financial indicators such as an evaluation of size and composition of the Board, the Board's access to information, Board processes, strategy and planning, risk management, accountability, Board performance in relation to discharging its principal functions, communication with senior management, standards of conduct of the Directors and the Company's share performance over a five-year period.

In terms of evaluation of individual Directors, they are assessed on their ability to contribute effectively as well as the level of their commitment to the role (including commitment of time for Board and committee meetings, and any other duties).

The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members be appointed to the Board or seeks the resignation of Directors, in consultation with the NC. Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any distributions of the NC in respect of the assessment of his performance or re-nomination as Director.

1.6 Access to Information

The Board is supplied with relevant information and comprehensive analysis by Management pertaining to matters to be brought before the Board for discussion and decision. Management also ensures that the Board receives regular reports on the Group's financial performance and operations. The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to all corporate secretarial and compliance matters and also attends all Board meetings. To assist Board members in fulfilling their responsibilities, procedures have been put in place for Directors to seek independent professional advice, where appropriate, at the expense of the Company.

2. Remuneration Matters

2.1 Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises two Independent Non-executive Directors, namely Mr. Cheung King Kwok and Mr. Seah Hou Kee and one Non-executive Director, namely Mr. Ong Chor Wei. The Chairman of the RC is Mr. Cheung King Kwok. The RC will be responsible for recommending to our Board a framework of remuneration far the Directors and key executives, setting up remuneration policies and determining specific remuneration packages for each Director and key executive based on their performance and also reviewing the remuneration thereof. The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual Directors. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes and benefits in kind shall be covered by the RC.

The RC meets at least once every financial year. Each member of the RC will abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

2.2 Level and Mix of Remuneration

The level of remuneration is structured such that it links rewards to corporate and individual performance. The RC ensures the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully. The performance related elements of remuneration are designed so as to align the interests of Executive Directors with those of Shareholders. These elements include (1) fixed component (i.e. basic salary); (2) variable component (i.e. performance bonus); (3) benefits provided consistent with market practices including medical benefits, car allowance, club benefits and housing subsidy. In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies.

The remuneration of Non-executive Directors is linked to their level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors.

The RC reviews the compensation commitments for early termination under the service contracts with our Executive Directors.

Details of the Company's Employee Share Option Scheme is provided in the Directors' Report.

2.3 Disclosure on Remuneration

Remuneration of Directors

Remuneration paid to our Directors for the financial year ended 31 May 2010 is as follows:

Remuneration band and Name of Director	Base/fixed salary	Variable or performance related income/bonus	Director's fee	Other benefits
Below S$250,000				
Executive Directors				
So Tat Wing[1]	87%	-	-	13%[2]
So Tat Cho[1]	72%	-	-	28%
Non-executive Director				
Ong Chor Wei	-	-	100%	-
Independent Non-executive Directors				
Seah Hou Kee	-	-	100%	-
Cheung King Kwok	-	-	100%	-

Notes:
1 Mr. So Tat Cho is the brother of Mr. So Tat Wing.
2 Mr. So Tat Wing is provided with free accommodation on properties held by the Group.

Remuneration of Key Employees

Remuneration paid to our key employees (who are not Directors of the Company) for the financial ended year 31 May 2010 is as follows:

Remuneration band and Name of the Key Employees	Base / fixed salary	Variable or performance related income/bonus	Other benefits
Below S$250,000			
Executive officer			
So Chi Chun	100%	-	-
Chung Ka Kui	100%	-	-
Yu Sui Fan	51%	49%	-
Other Key Employee			
Ho Pui Yee	46%	54%	-
Yau Wai Tung	100%	-	-

Save for Mr. So Tat Wing and Mr. So Tat Cho who are brothers and Mr. So Chi Chun is the son of the Chairman and Managing Director, Mr. So Tat Wing, there are no employees in the Group who are immediate family members of our Directors.

3. Accountability and Audit

3.1 Accountability

The Board has overall responsibility to provide a balance and understandable assessment of the company's performance, position and prospects in respect of the Company's reports and financial statements and other price sensitive information to regulators and shareholders.

3.2 Audit Committee

Our Executive Directors will continue to manage the operations of our Company and its subsidiaries, and the AC will provide the necessary checks and balances as set out below. The AC comprises two Independent Non-executive Directors, namely Mr. Seah Hou Kee and Mr. Cheung King Kwok and the Non-executive Director, namely Mr. Ong Chor Wei. The Chairman of the AC is Mr. Seah Hou Kee.

The AC will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit. The responsibilities of the AC include:

(a) review with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letter to Management and the Management's response;

(b) review the interim and annual financial statements and balance sheet and profit and loss accounts before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) ensure co-ordination between the external auditors and our Management and review the assistance given by our Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our Management where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement at any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;

(e) make recommendations to our Board on the appointment, re-appointment and removal of the external auditor(s) and approving the remuneration and terms of engagement of the external auditor;

(f) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors, review the nature and extent of non-audit services, where applicable;

(g) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to our financial performance;

(h) review interested person transactions, as defined in the Listing Manual of the SGX-ST;

(i) review the Group's compliance with such functions and duties as may be required under the relevant statutes of the Listing Manual, and by such amendments made thereto from time to time;

(j) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and

(k) review the adequacy of our internal financial controls, operational and compliance controls, and risk management policies and systems established by our Management.

Apart from the responsibilities listed above, the AC has explicit authority to investigate any matters within its terms of reference and has full access to and cooperation from the Management, in addition to its direct access to the external auditors. If required, the AC has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal or other professional advice and services. The AC also met up with the external auditors without any executive of the Company being present at least once on an annual basis and as and when necessary during the year.

The AC has reviewed the annual financial statements of the Company and the Group for the financial year ended 31 May 2010 as well as the auditors' reports thereon and interested person transactions of the Group in the said financial year.

There is no non-audit service provided by the external auditors to the Company and the Group in the financial year ended 31 May 2010 and no non-audit fee has been paid to the auditors during the financial year.

Each member of our AC shall abstain from voting on any resolutions in respect of matters in which he is or may be interested.

3.3 Internal Controls

The AC reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management (collectively "internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

3.4 Internal Audit

The Company does not have in place an independent internal audit function as the Board is of the view that the appointment is not imminent under current circumstances, taking into account the current corporate structure and scope of the Group's operations.

The Group's external auditors, Baker Tilly Hong Kong Limited, Certified Public Accountants (Prasticing), Hong Kong, contribute an independent perspective on relevant internal controls arising from their audit and report findings to the AC.

4. Communication with Shareholders

4.1 Communication with Shareholders

The Company believes in engaging in regular, effective and fair communication with Shareholders and is committed to conveying pertinent information to Shareholders on a timely basis. The Company takes care to ensure that information that is made publicly available on a timely basis. Disclosure of information is made through announcements to the SGX-ST, the Company's annual reports, circulars for Special General Meetings and press releases.

4.2 Greater Shareholder Participation

The Company believes in encouraging Shareholder participation at general meetings. The Company's Bye-Laws allow a Shareholder entitled to attend and vote to appoint a proxy who need not be a shareholder of the Company to attend and vote at the meetings. Separate resolutions are proposed on each substantially separate issue at general meetings.

The chairpersons of the Board and committees are present and available to address questions at general meetings.

5. Dealings in Securities

The Company has adopted an internal code in relation to dealings in the Company's securities pursuant to Rule 1207(18) of the Listing Manual ("Internal Code") that is applicable to the Company and all of its officers.

The Internal Code prohibits the officers from dealing in the Company's shares on short-term considerations. It also disallows the Company and its officers from dealing in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of the results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

6. Risk Management

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identity areas of significant business risks as well as appropriate measure to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

7. Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interests, direct or deemed, of the Managing Director or any Directorsor controlling Shareholders (as defined in the SGX-ST Listing Manual), either still subsisting at the end of the financial year ended 31 May 2010.

8. Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are carried out at arms' length and on normal commercial terms and will not be prejudicial to the interests of the Company, its subsidiaries and its minority Shareholders. The AC will review and approve all interested person transactions as defined by the SGX-ST Listing Manual.

Name of interested person and description of transaction		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
		FY2010	FY2009	FY2010	FY2009
Interested person	Description	HK$'000	HIK$'000	HK$'000	HK$'000
So Tat Chiu (note)	Consultancy fee	456	453	-	-
	Rental income	(336)	(308)	-	-

Note:
Mr. So Tat Chiu ("Mr. So") is a brother of Mr. So Tat Wing, the Chairman and Managing Director of the Company and Mr. So Tat Cho, the Executive Director of the Company. Mr. So holds 30% of the issued and paid-up share capital in Jets Technics International Limited, the substantial shareholder of the Company and he is also an ex-director of the Company.

In FY2010 and FY2009, the Group's banking facilities are secured by corporate guarantees executed by the Company as detailed in note 21 to the Financial Statements of this Annual Report.

Shareholding Statistics

As at 24 August 2010

Authorised share capital	–	HK$800,000,000
Issued and fully paid-up capital	–	HK$54,200,080
Issued and fully paid-up shares excluding treasury shares	–	246,364,000
Class of shares	–	Ordinary shares of HK$0.22 each
Voting rights	–	1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 24 August 2010, 30.42% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	6	0.50	1,310	0.00
1,000 - 10,000	715	59.53	2,597,000	1.05
10,001 - 1,000,000	467	38.89	44,636,078	18.12
1,000,001 and above	13	1.08	199,129,612	80.83
Total	**1,201**	**100.00**	**246,364,000**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Jets Technics International Limited	171,408,612	69.58
2	Tan Mun Hoe or Tan Tiong Hoe	4,410,000	1.79
3	Palani A/L Mutusami	3,464,000	1.41
4	UOB Kay Hian Pte Ltd	3,319,000	1.35
5	Nomura Singapore Limited	2,962,000	1.20
6	Citibank Nominees Singapore Pte Ltd	2,679,000	1.09
7	Ng Gek Fung	2,304,000	0.94
8	Phillip Securities Pte Ltd	2,229,000	0.90
9	Tan Keng Soon	1,500,000	0.61
10	Johanes Ng	1,295,000	0.53
11	Lim Beak Leang	1,276,000	0.52
12	Choy Seng Fatt (Cai Chengfa)	1,200,000	0.49
13	Yong Aching	1,083,000	0.44
14	Tan Hock Hee	803,000	0.33
15	Low Koon Seah	800,000	0.32
16	OCBC Securities Private Ltd	789,000	0.32
17	Tay Hwa Lang	600,000	0.24
18	Lim & Tan Securities Pte Ltd	532,000	0.22
19	Chin Hin Investments Pte Ltd	500,000	0.20
20	Leong Poh Yin	480,000	0.19
	Total	**203,633,612**	**82.67**

Shareholding Statistics

As at 24 August 2010

	No. of Shares			
	Direct Interests	%	Deemed Interests	%
Jets Technics International Limited[1]	171,408,612	69.58	–	–
So Tat Wing	–	–	171,408,612	69.58
So Tat Chiu	–	–	171,408,612	69.58
So Tat Cho	–	–	171,408,612	69.58

Note:-

1 Jets Technics International Limited is a corporation incorporated in the British Virgin Islands, whose shares are held by our Directors Mr. So Tat Wing (30%) and Mr. So Tat Cho (30%) and our ex-Directors Mr. So Tat Chiu (30%) and Ms. Wong Ying Lee (10%). As such, Mr. So Tat Wing, Mr. So Tat Cho and Mr. So Tat Chiu are deemed to have an interest in the shares held by Jets Technics International Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of JETS TECHNICS INTERNATIONAL HOLDINGS LIMITED (the "Company") will be held at Connection 1, Level 3, Amara Singapore Hotel, 165 Tanjong Pagar Road, Singapore 088539 on Wednesday, 29 September 2010 at 9.30 a.m. for the following purposes: –

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 May 2010 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**

2. To approve Directors' fees of HK$435,000 for the financial year ended 31 May 2010 (2009: HK$430,000). **Resolution 2**

3. To re-elect Mr. Cheung King Kwok retiring pursuant to Bye-Law 86 of the Bye-Laws of the Company.

   Mr. Cheung King Kwok, will upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). He will also remain as Chairman of the Nominating Committee and Remuneration Committee. **Resolution 3**

4. To re-elect Mr. Seah Hou Kee retiring pursuant to Bye-Law 86 of the Bye-Laws of the Company.

   Mr. Seah Hou Kee, will upon re-election as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as a member of the Nominating Committee and Remuneration Committee. **Resolution 4**

5. To re-appoint Baker Tilly Hong Kong Limited as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions: –

7. **Authority to grant options and issue shares under the Jets Technics Share Option Scheme**

   "**THAT** approval be and is hereby given to the Directors to offer and grant options under the Jets Technics Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent. (15%) of the total issued share capital of the Company excluding treasury shares from time to time." **Resolution 6**

8. **Share Issue Mandate**

   "**THAT** pursuant to the listing rules of the SGX-ST, authority be and is hereby given to the Directors to:

   (i) issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or

   (iii) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution):

(A) by way of renounceable rights issues on a pro rata basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 percent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Shares Issues") shall not exceed 50 percent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 percent, of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below);

(2) the Renounceable Rights Issues and Other Shares Issues shall not, in aggregate, exceed 100 percent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below);

(3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or shares options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(5) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **Resolution 7**

9. **Placement Of Shares Under The Share Issue Mandate of Not More Than 20% Discount**

"**THAT** notwithstanding Rule 811 of the Listing Manual, the Directors of the Company be and are hereby authorised to issue shares and/or Instruments other than on a pro-rata basis pursuant to the aforesaid general mandate at a discount not exceeding twenty percent (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares and/or Instruments is executed, provided that:–

(a) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(b) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **Resolution 8**

By Order of the Board

Chung Ka Kui
Loh Mei Ling
Joint Company Secretaries
Singapore, 14 September 2010

Notes:–

1. To allow persons whose names are listed in the Depository Registry (individually a "Depositor" and collectively the "Depositors") maintained by CDP to attend the Annual General Meeting ("AGM"), arrangements will be made for CDP to automatically issue a proxy form appointing each of the Depositors and, in relation to each of the Depositors, in respect of such number of shares of the Company set out opposite their respective names in the Depository Registry as at 27 September 2010 (the "Cut-Off Date"), as its proxy/proxies to attend and vote at the AGM. Accordingly an individual Depositor who wishes to attend and vote in person at the AGM can do so without having to submit the proxy form issued to Depositors ("Depositor Proxy Form") together with the Notice of the AGM.

2. If an individual Depositor wishes to appoint person(s) other than himself to attend and vote at the AGM in his stead, the Depositor should complete and submit the Depository Proxy Form in accordance with the instructions printed thereon. A Depositor who is a corporation and who wishes to attend the AGM must submit the Depositor Proxy Form for the appointment of person(s) to attend and vote at the AGM on its behalf.

3. If a Shareholder, who is not a Depositor, is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete and submit the proxy form dispatched to Shareholders who are not Depositors ("Shareholder Proxy Form") in accordance with the instructions printed thereon.

4. To be valid and effective, the Depositor Proxy Form and/or the Shareholder Proxy Form must be deposited at the office of the Singapore Share Registrar & Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof.

5. The Ordinary Resolution 6, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Scheme.

6. Resolution 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments; up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Shares Issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share option or vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

   The authority for undertaking 100% Renounceable Rights Issues proposed pursuant to the SGX-ST's news release of 19 February 2009 which introduced further measures to accelerate and facilitate the fund raising efforts of listed issuers will be in effect until 31 December 2010 or such later date as may be determined by the SGX-ST.

7. Resolution 8 is to authorise the Directors to issue new shares to subscribers or placees at a discount of not more than 20% to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed.

   The maximum pricing discount of 20% proposed pursuant to the SGX-ST's news release of 19 February 2009 which introduced further measures to accelerate and facilitate the fund raising efforts of listed issuers will be in effect until 31 December 2010 or such later date as may be determined by the SGX-ST.

Recycling Industry Creates
Environmentally-friendly Environment And
Preserves Natural Resources

30th ANNIVERSARY

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Jets Technics International Holdings Limited

(a company incorporated in Bermuda with limited liability)

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