Taking control of the future

2006/2007 ANNUAL REPORT

computime SINCE 1974

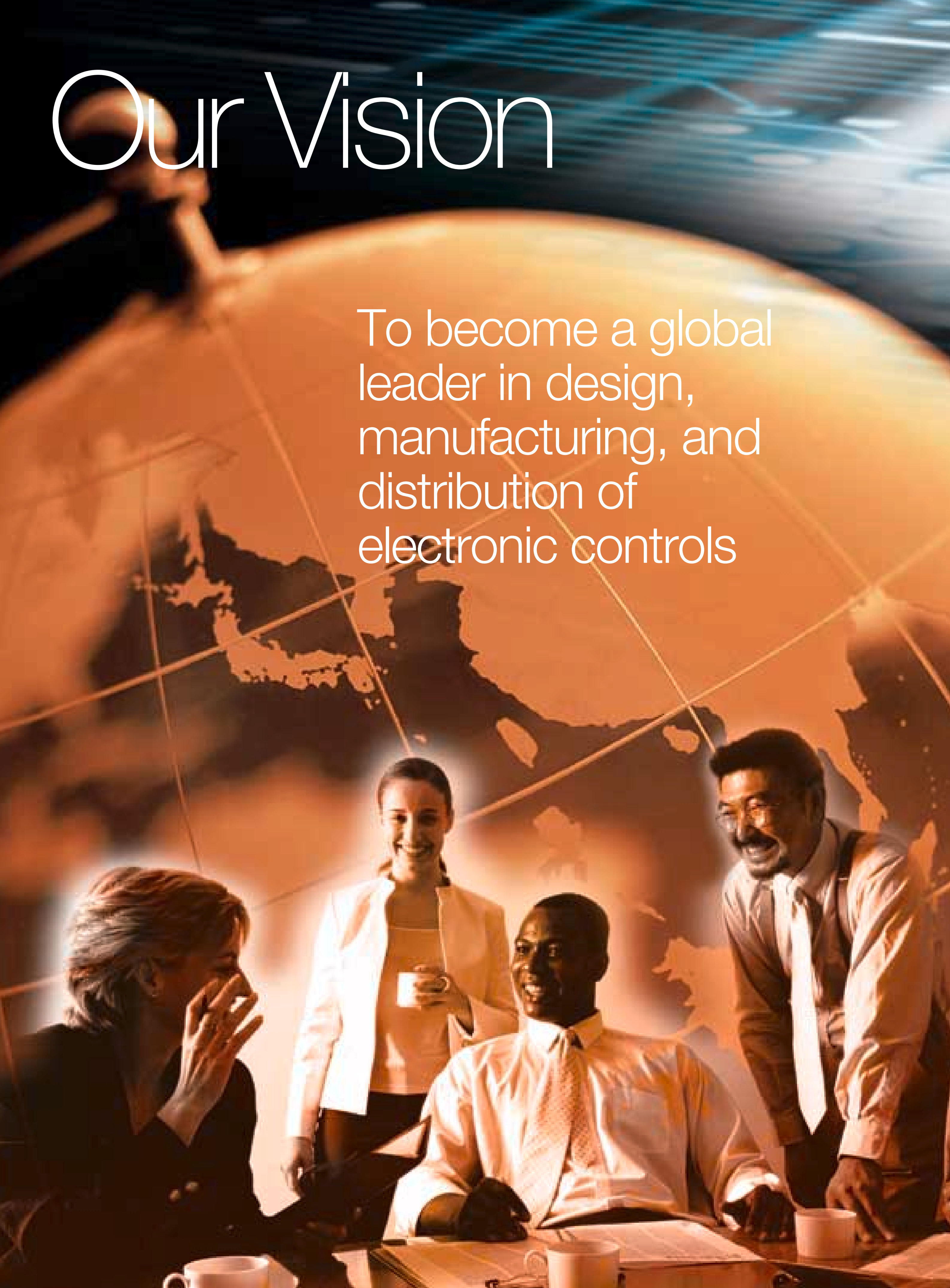
COMPUTIME GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

Our Vision

To become a global leader in design, manufacturing, and distribution of electronic controls



CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Auyang Ho *(Chairman)*
Mr. Auyang Pak Hong, Bernard
(Chief Executive Officer)
Ms. Choi Po Yee, Alice

Non-executive Directors

Mr. Wong Ying Ho, Kennedy
Mr. Kam Chi Chiu, Anthony
Mr. Patel, Arvind Amratlal

Independent non-executive Directors

Mr. Luk Koon Hoo
Mr. Siewert, Patrick Thomas
Mr. Feniger, Steven Julien

AUTHORISED REPRESENTATIVES

Mr. Auyang Pak Hong, Bernard
Ms. Choi Po Yee, Alice

AUDIT COMMITTEE

Mr. Luk Koon Hoo *(Chairman)*
Mr. Siewert, Patrick Thomas
Mr. Feniger, Steven Julien
Mr. Kam Chi Chiu, Anthony
Mr. Patel, Arvind Amratlal

REMUNERATION COMMITTEE

Mr. Auyang Ho *(Chairman)*
Ms. Choi Po Yee, Alice
Mr. Luk Koon Hoo
Mr. Siewert, Patrick Thomas
Mr. Feniger, Steven Julien

NOMINATION COMMITTEE

Mr. Auyang Pak Hong, Bernard *(Chairman)*
Mr. Luk Koon Hoo
Mr. Siewert, Patrick Thomas

QUALIFIED ACCOUNTANT

Ms. Choi Po Yee, Alice

COMPANY SECRETARY

Ms. Soon Yuk Tai

STOCK CODE

320

REGISTERED OFFICE

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

17th Floor, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong
Tel : (852) 2260 0300
Fax : (852) 2260 0499

WEBSITE

www.computime.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House,
68, Fort Street,
P.O. Box 705,
Grand Cayman KY1-1107,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

AUDITORS

Ernst & Young

LEGAL ADVISOR

Richards Butler

COMPLIANCE ADVISOR

DBS Asia Capital Limited

PUBLIC RELATIONS CONSULTANT

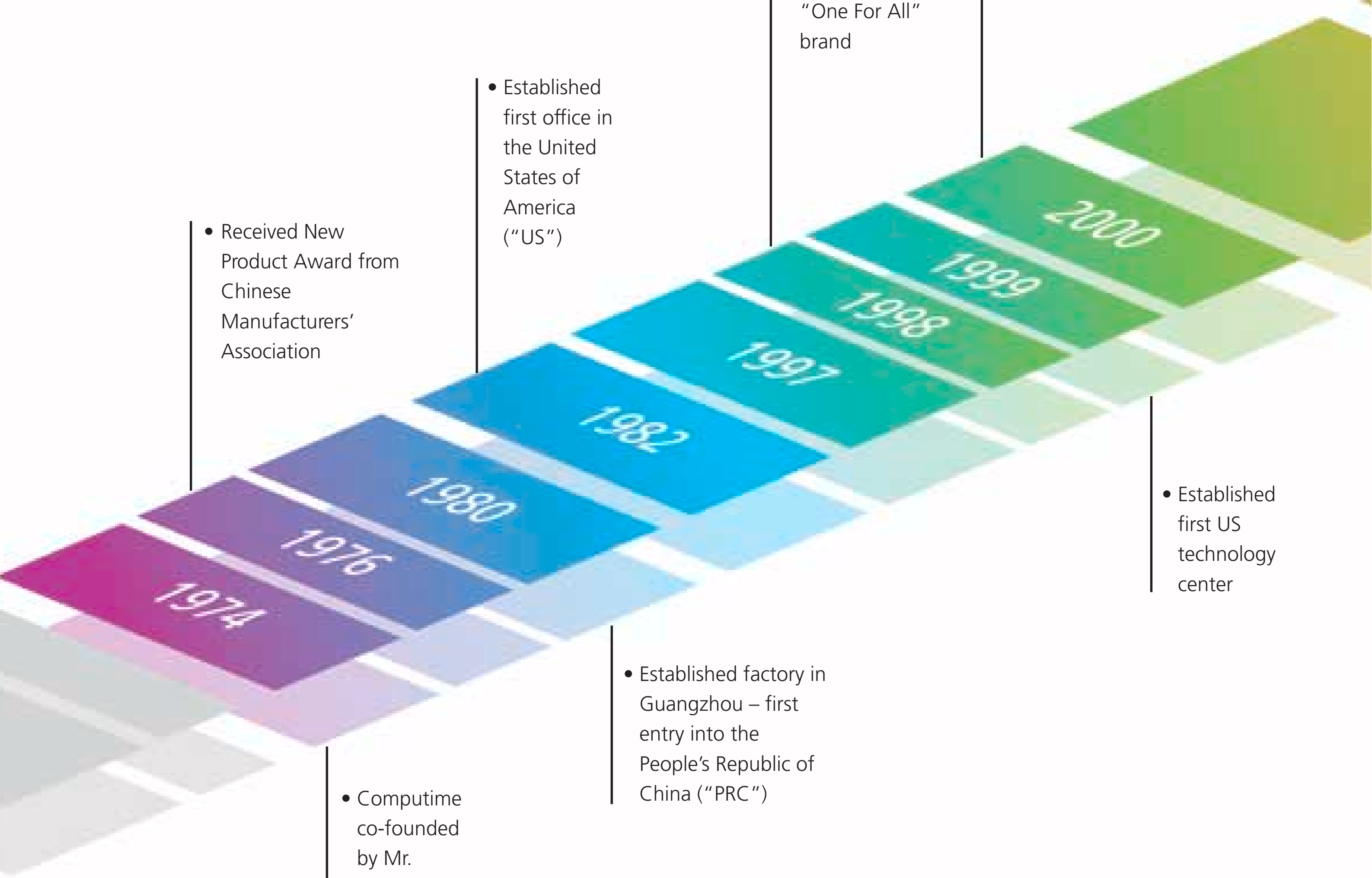
Strategic Financial Relations Limited
Unit A, 29th Floor, Admiralty Centre I,
18 Harcourt Road, Hong Kong
www.sprg.com.hk

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

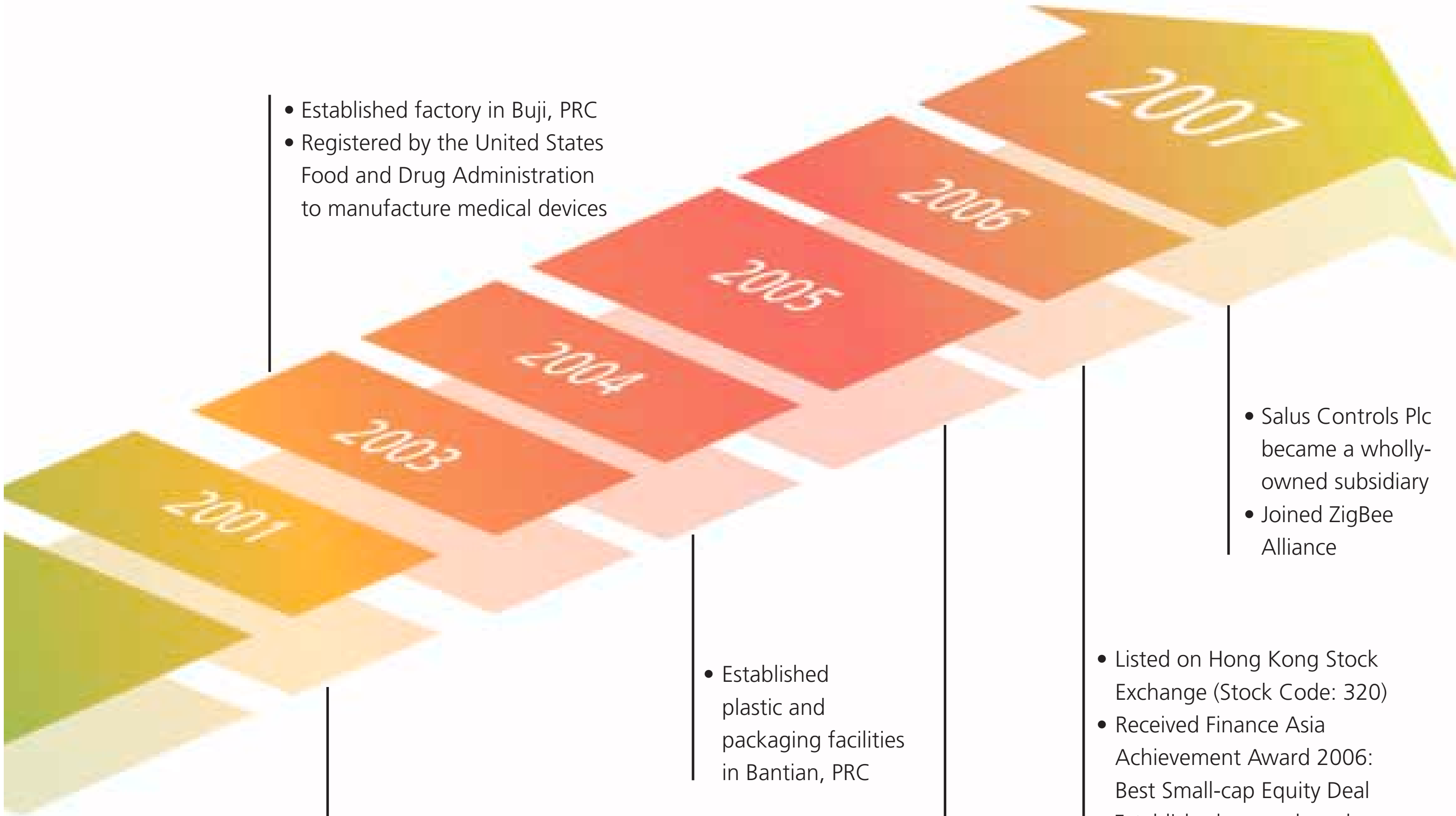
GROUP PROFILE AND MILESTONE

Founded in 1974, Computime is a global technology and manufacturing company that provides innovative automation and control solutions to its customers in the industrial, commercial and consumer markets. Computime designs, manufactures and distributes products and systems with an objective to make people's lives safer, more productive and comfortable. With "CUSTOMER FIRST" philosophy driving its corporate culture, Computime is dedicated to providing its customers with consistently high level of service and innovative solutions in product engineering, cost, reliability and on-time delivery.



- Computime co-founded by Mr. Auyang Ho, Chairman
- Received New Product Award from Chinese Manufacturers' Association
- Established first office in the United States of America ("US")
- Established factory in Guangzhou – first entry into the People's Republic of China ("PRC")
- Obtained exclusive license for "One For All" brand
- Established offices in Europe and Japan
- Established first US technology center

- Established factory in Buji, PRC
- Registered by the United States Food and Drug Administration to manufacture medical devices



- Salus Controls Plc became a wholly-owned subsidiary
- Joined ZigBee Alliance

- Established plastic and packaging facilities in Bantian, PRC

- Listed on Hong Kong Stock Exchange (Stock Code: 320)
- Received Finance Asia Achievement Award 2006: Best Small-cap Equity Deal
- Established research and development center in Nanshan, PRC
- Salus Controls GmbH became a wholly-owned subsidiary

- Received Hong Kong Industry Award Grand Prize for Quality

- Established North America headquarters in Chicago, US

FINANCIAL SNAPSHOT

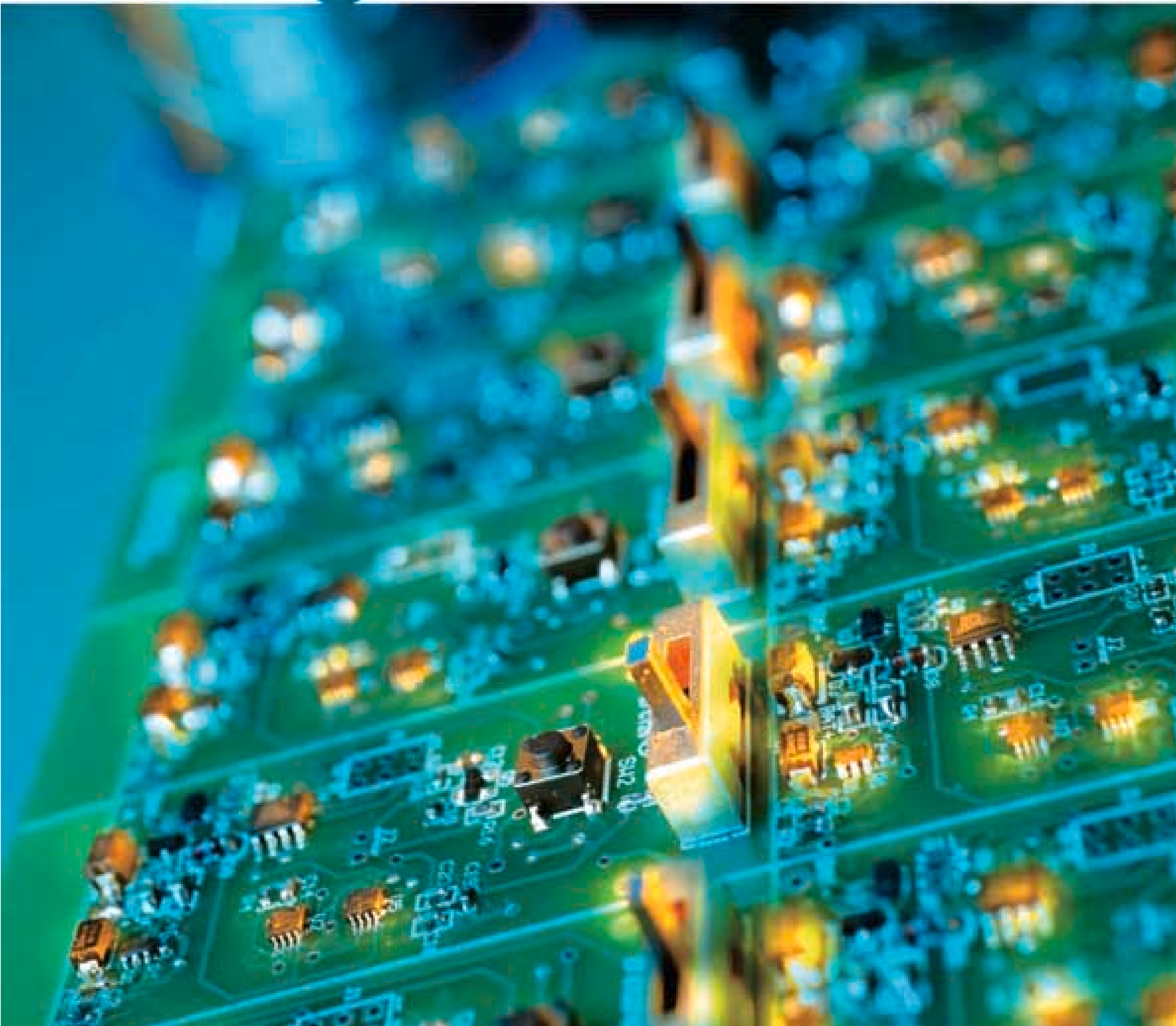
	For the year ended 31 March	
	2007	2006
Financial Information (HK$'000)		
Revenue	**2,003,003**	1,908,475
Profit attributable to equity holders of the Company	**153,185**	140,127
Equity attributable to equity holders of the Company	**861,167**	300,337
Cash and cash equivalents	**539,206**	187,973
Financial Data Per Share (HK cents)		
Basis earnings per share attributable to equity holders of the Company	**21.6**	23.4
Total dividend per share (post-listing)	**5.6**	N/A
Financial Ratios		
Return on equity attributable to equity holders of the Company (Note1)	**26.4%**	54.9%
Current ratio	**2.0**	1.2
Net gearing ratio (Note 2)	**Net Cash**	19.6%

Notes

1 Return on equity attributable to equity holders of the Company is calculated by dividing profit attributable to equity holders of the Company over average equity attributable to equity holders of the Company.

2 Net gearing ratio is calculated by dividing total interest-bearing bank and other borrowings less cash and cash equivalents over equity attributable to equity holders of the Company.

Sophisticated technology, superior product design



CHAIRMAN'S STATEMENT

Your Global Control Specialist

Auyang Ho
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the results of Computime Group Limited and its subsidiaries ("the Group") in our first annual report since our listing on The Stock Exchange of Hong Kong Limited on 9 October 2006.

During the year under review, turnover and profit attributable to equity holders increased 5.0% to HK$2,003,003,000 and 9.3% to HK$153,185,000 respectively. Earnings before interest expenses, tax, depreciation and amortisation was HK$239,702,000, which represented a 10.5% rise over the same period last year.

The Board of Directors recommended the payment of a final dividend of HK3.8 cents per share, including the interim dividend of HK1.8 cents per share already paid, the total dividend for the year since our listing is HK5.6 cents per share.

The year under review was a period of transition for the Group, and we continued our business strategies of expanding the Europe and Asia markets, growing our brand business and acquiring more higher profit margin businesses. All three divisions (building and home controls, appliance controls and commercial and industrial controls) performed satisfactorily. The Group was able to maintain a stable net profit margin under effective cost control measures taken by the management.

MEETING OUR TARGETS

During the year under review, the overall market of the United States of America (the "US") is weak and some of our US customers, in response to such situation, delayed their orders or requested longer lead times, which in turn had an effect on our business. In spite of this, we were still able to achieve growth in sales levels.

The US will continue to be our biggest and most important market, while we have been planning to diversify our geographical distribution into other markets such as Europe and Asia. During the year under review, we successfully increased our sales in Europe and Asia by over 80% with our business strategy of expanding into other markets.

We also recognised the importance of developing our own brand. In order to capture opportunities in the booming building and home control industry, we completed the acquisition of the minority interest in Salus Controls Plc in April 2007, a company specialising in control programmers, programmable thermostats, writing centers and cylinder thermostats. The "Salus" brand has already achieved satisfactory results with sales specifically in the United Kingdom ("UK"), double the year before. This business is still in the early stages of development and we are confident to leverage on our early success in the UK in other European markets.

LOOKING AHEAD

Since our founding in 1974, the Group has gained an excellent reputation as a leading supplier of advanced electronic controls.

Our goals are to continue providing control technologies, products and building brands for the global energy saving and management markets, while expanding our market share in current markets and entering new ones. As part of our business strategy, we will persist to target customers that offer higher profit margins and will take steps to further reduce our operating and administrative costs.

Building on our state-of-the-art technology platform to meet the needs of our customers will remain a priority for the Group. There are 9 patents pending for application and we continue to develop our own intellectual property in cooperation with our technology partners. We will also focus on wireless technologies either through our own research and development efforts or with companies that we identify as possible merger candidates.

In this regard, the Group will look for suitable merger and acquisition opportunities, particularly those that involve technology companies or design houses that would further strengthen our design capabilities or help us diversify our customer base and geographical distribution.

A WORD OF THANKS

Our first year as a listed company has been an eventful one. Although the results we have achieved during this year have been satisfactory, we expect even better returns in the years ahead based on our strategy of focusing on high volume customers and diversifying into new markets and product lines.

What we have achieved so far would not have been possible without the support and dedication of our staff, customers, investors and my fellow board members. I owe them all a deep debt of gratitude and pledge that I will continue to work diligently to create increasingly greater value for our shareholders in the years ahead.

Auyang Ho
Chairman

16 July 2007

CEO CHATROOM

Our Values

Lean

Can Do

Innovation

Teamwork

Integrity

Total Customer Satisfaction

Auyang Pak Hong, Bernard
Chief Executive Officer

QUESTION 1:

What is the Group's strategy towards merger and acquisition ("M&A") plans? Are there specific criteria when selecting targets for acquisition?

ANSWER:

We regularly evaluate the opportunities in acquiring companies and assets to enhance our business by taking three criteria into consideration. These include market and customer synergy, expertise in control technology and brand leverage. We aim to do these by acquiring other controls technologies which could enhance our existing in-house engineering, processing or manufacturing expertise. We seek to acquire proprietary technologies companies that are relevant to our business, either through the purchase of such technologies or the purchase of companies that hold the right to use such technologies. We expect the acquisitions would increase our capacity, improve the efficiency, enter new product markets, broaden our product offerings and distribution channels, establish new or strengthen customer relationships, or enable us to acquire new technological expertise.

Our recent M&A project was the acquisition of the remaining shares of Salus Controls GmbH and Salus Controls Plc in November 2006 and April 2007 respectively to increase our shareholding to 100%. With the well established foothold of "Salus" in the United Kingdom, this move helps to boost our ability to capture business opportunities in the booming building and home control industry in the existing market as well as other new markets. We target to extend our geographical coverage to Germany and explore the business opportunities in 12 new European markets.

QUESTION 2:

How much importance does research and development ("R&D") play in the Group's future growth?

ANSWER:

We put a lot of emphasis on R&D to sustain and strengthen our capability in the industry. We aim to provide technology and product solutions that are Environmental-friendly, Energy Efficient and Easy to Use ("3Es"). They benefit our customers, helping them manage and take better control of their future. A control is an intelligent product - you can imagine the brain that senses and combines all the inputs and generates the required outputs and function. Its key application is to improve efficiency of energy use, which in turn to improve human life.

We have R&D centres in the United States of America, Hong Kong and Mainland China, targeting to spend approximately 2% of total turnover each year. Our technology strategy is led by our Technology Advisory Committee (the "Committee") comprises members from academics and industry leaders. The Committee continues to be at the forefront of product and technology development in controls industry. We also have a second technology division focusing on product commercialisation. As of today, we have 9 patents under application and pending registration.

With our strong R&D capability, we had more than 300 projects in pipeline during the year under review and we target to have more than 400 products for the financial year ending 31 March 2008. New product arena includes solar controls, wireless Zigbee controls, water treatment control, commercial access control, metering, among others.

CEO CHATROOM

QUESTION 3:

How does the Group see the trend for technology and products?

ANSWER:

"3Es" will be our primary consideration when developing new technology and product. Our R&D effort is mainly invested in those which are related to human machine interface technology, wireless technology, control technology, sensor technology and power technology. These technologies will form integral part of our new product development. This direction follows our belief that customers are looking for products which are related to energy management and automation. Our product offerings will be expanded into areas like exercise equipment control, wireless charging, factory automation, lighting control and others which align with our "3Es" principles.

QUESTION 4:

What management philosophies can you share with us?

ANSWER:

Computime Limited, the core subsidiary of the Group, was founded in 1974 and thirty years on, we remain one of the pioneers and leaders in the controls technology industry; that's what our management philosophies lead us. The management has a common belief that "technology and product innovation is a key to success and making us ahead of competition". Also, one of our core management beliefs is "Can Do" which means "to take that extra step to make it happens", and we concentrate on what we do and stay alert.

Moreover, employees are the most valuable assets of the Group. We concern much on the staff morale to guide a team towards the same direction. Therefore, we offer right training to employees and invite external consultants to conduct management skills training. We also organise regular staff events, inviting their families to take part, to build their sense of belonging.

Multiple levels of quality

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the year ended 31 March 2007 (the "Year"), the Group's turnover and profit attributable to equity holders of the Company increased by approximately 5.0% to HK$2,003,003,000 and approximately 9.3% to HK$153,185,000 respectively, as compared with those of last year. Earnings before interest expenses, tax, depreciation and amortisation for the Year was HK$239,702,000. During the Year, turnover from the segments of building and home controls, appliance controls, and commercial and industrial controls amounted to HK$944,465,000, HK$775,541,000 and HK$282,997,000 respectively, accounting for approximately 47.2%, 38.7% and 14.1% of the Group's turnover respectively. Comparing with the amounts in the previous year, turnover of appliance controls and commercial and industrial controls segments increased by approximately 33.1% and 1.4% respectively, while that of building and home controls segment decreased by 9.8%. The Group's gross profit decreased as a result of the change in sales mix, though partly offset by the Group's continuous effort of cost reduction. In spite of this, the Group was able to maintain a stable net profit margin as a result of effective cost management even facing higher material cost, slight increase in total administrative expenses, a drop in selling and distribution costs, lower net operating interest expenses and a rise in other income. During the Year, the Group's sales to European and Asian countries had a growth of more than 80%, which is part of the Group's strategy to diversify its customer base.

BUSINESS REVIEW

Building and Home Controls Business

Revenue from the segment remained dominant, though encountering a slight drop of 9.8% from HK$1,046,603,000 to HK$944,465,000. This product segment is the largest contributor to the Group's turnover during the Year under review, accounting for 47.2%.

The overall market in the United States of America (the "US") was softer than expected while the Group enriched efforts to remain sales of controls for residential and commercial buildings, including thermostats, humidification controls, timers, programmers, and safety and security products to remain steady. Strong growth was achieved in orders for home control and own branded products, although this was offset by strategical reduction of sale of licensed brand products and the timing difference in the launch of new generation of an air quality control product until last quarter of the Year.

Nevertheless, the Group's own brand, Salus, has more than doubled the sales of control products in the United Kingdom (the "UK"). Although their contribution to the overall turnover of the Group for the Year was still relatively insignificant, it is predicted that the brand will become one of the Group's growth drivers and take the Group to other regions. The Salus products with huge potential include, but not limited to, control programmers, programmable thermostats, digital electronic thermostats, under floor heating controls, frost thermostats, wiring center, cylinder thermostats and other heating, ventilation and air-conditioning controls, etc. Given these encouraging results, the Group has already begun developing a plan for expansion outside the UK. The Group also started developing business in solar energy products that is expected to contribute to growth in the segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Climate controls•Security controls•Intelligent home controls

White goods•Brown goods• Spa and Pool controls

Infotainment•Healthcare• Industrial controls•Automotive

Appliance Controls Business

The growth of the appliance controls business was the highest among the Group's business segments for the Year. Revenue from sales of appliance controls amounted to HK$775,541,000, representing an increase of 33.1% compared with the year before. The revenue from this segment accounted for 38.7% of the Group's total turnover.

The major reason for this increase was the growth in sales to certain new customers during the Year in respect of sale of controllers for white goods. The Group's strategy to gain new accounts by starting with lower profit margin build to print products resulted in the decrease in segment result for the Year. However, this will enable the Group to offer its design services to those new customers once its design capabilities are recognised by these customers, which in turn would improve the profit margin in the long term. Apart from this, the Group also diversified its product portfolio by entering into pool and spa business during the Year under review.

Commercial and Industrial Controls Business

Revenue from this segment was HK$282,997,000, representing an increase of 1.4% from the previous year. The revenue from this segment accounted for 14.1% of the Group's total turnover.

The increase in turnover was mainly due to the increase in sales orders for healthcare products such as digital pregnancy or ovulation tests and the additions of new high-mix low-volume ("HMLV") industrial customers. Such increase was partially offset by the decision to drop certain low-margin product lines which in turn contributed to slight improvement in segment results. The well-received orders mainly resulted from the provision of cost-effective solutions to its customers with an advanced technology platform for the development of sophisticated products and system controls. These services provided to customers include design, material procurement, system assembly, product testing and global logistics.

HMLV industrial and commercial products also contributed to the segment performance during the Year. Although it did not have a major impact on the performance of this segment in the Year, it is expected to yield positive results over the long term. Consequently, the HMLV business model will be adopted for the Group's two other business segments.

OUTLOOK

The Group sees a large market trend for the development of energy-saving and management markets. While targeting higher profit margin markets, the Group shall also enrich its efforts to reduce its reliance on the US market and expand into European and Asian markets in order to sustain growth in the controls business.

The Group will continue to place emphasis on strengthening its in-house research and development capabilities, specifically on wireless technologies that is consistently gaining market acceptance in the overall controls business.

In Europe the Group will continue to build business relationships with its appliance controls customers. Although in the short term the build to print business means lower profit margin, ultimately it will result in higher return by increasing the design content and become one of the major profit contributors for the Group.

Additionally, the Group will diversify its portfolio to include controls for products such as exercise machines, high-end brown goods and electronic access controls, as well as environmental-friendly products such as climate and solar controls, all of which should provide the Group with higher profit margins. The Group continues its effort in developing new technology. Currently, there are nine patents under application and the Group plans to commercialise certain products with wireless ZigBee technology platform developed.

Moreover, the Group will continue to identify companies that offer good possibilities for business acquisition, particularly those that will strengthen its capabilities in design and technology or with favourable network expansion.

The Salus brand products are seen as a major growth driver that will enhance the Group's reputation and capabilities as a leading global control specialist, while enabling it to expand into other European markets such as Germany, Italy, Spain, Portugal, France, the Benelux countries and Scandinavia. Seeing the great potential, the Group has acquired the remaining equity interests in Salus Controls GmbH (formerly known as Salus Technologies GmbH) and Salus Controls Plc during the Year and subsequent to the balance sheet date respectively to increase its shareholding to 100% each with a view to gain greater operational control and be ready to grasp benefits timely.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2007, the Group had bank and cash balances of HK$539,206,000, majority of which were denominated either in US dollars or Hong Kong dollars. Average trade receivable and average inventory turnover periods were 66.0 days and 60.5 days respectively. Overall, the Group maintained a robust current ratio of 2.0 as at 31 March 2007.

As at 31 March 2007, total interest-bearing bank and other borrowings were HK$273,414,000, comprising bank loans and overdrafts of HK$264,612,000 and finance lease payable of HK$8,802,000, of which HK$252,837,000 will be repayable within one year and HK$20,577,000 will be repayable after one year. The majority of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate. As at 31 March 2007, total equity attributable to equity holders of the Company amounted to HK$861,167,000.

As at 31 March 2007, the Group had net cash of HK$265,792,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings. The Group's net cash position improved significantly principally because of net proceeds of approximately HK$469,419,000 arising from the Company's issue of 230,000,000 new shares (including 30,000,000 shares issued upon the exercise of over-allotment option) at HK$2.28 per share for listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in October 2006.

TREASURY POLICIES

The majority of the Group's sales and purchases are denominated in US dollars and Hong Kong dollars. Due to the fact that Hong Kong dollars are pegged to US dollars, there will not be material foreign exchange exposure. Certain production and operating overheads of the Group's production facilities in the PRC are denominated in Renminbi ("RMB"). As it is expected that RMB will continue to appreciate gradually, the Group has entered into a structured foreign exchange forward contract with a licensed bank in Hong Kong in order to reduce the exposure of RMB appreciation. The management will closely monitor any potential foreign exchange and interest rate risks and will adopt proactive but prudent approach by entering into appropriate financial instruments to minimise the relevant exposure when necessary.

CAPITAL EXPENDITURE

During the Year, the Group incurred total capital expenditure amounting to approximately HK$39,193,000 of which approximately HK$24,752,000 was spent for the purchase of tools and machinery. As at 31 March 2007, the Group did not have significant capital commitments in respect of the purchase of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 March 2007, the Group did not have significant contingent liabilities.

EMPLOYEE INFORMATION

As at 31 March 2007, the Group had a total of approximately 4,200 full-time employees. Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees. The Company has also adopted a share option scheme under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Up to the date of this annual report, no share option has been granted under such share option scheme.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the Company's issue of new shares (including shares issued on the exercise of over-allotment option) for listing on the Stock Exchange in October 2006, after deduction of related expenses, amounted to approximately HK$469,419,000. The Group intends to apply the net proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 25 September 2006. As at 31 March 2007, approximately HK$3,378,000 was utilised for additional investments in two joint-venture subsidiaries of the Group (one of which has become the Group's wholly-owned subsidiary since November 2006), approximately HK$44,176,000 was utilised for the repayment of bank borrowings, approximately HK$44,176,000 was utilised for general corporate purposes and the remaining balance of the net proceeds was placed in certain financial institutions and licensed banks in Hong Kong as short-term deposits.

SOCIAL RESPONSIBILITY

We are committed to being a responsible corporation to our employees as well as the community. In 2006, for the fifth year, we were named a Caring Company by the Hong Kong Council of Social Service for having met the criteria for the title which are: *Volunteering – Family Friendly – Employing Vulnerable – Giving.*

For the year of 2007, we also received the Platinum Award for Corporate and Employee Contribution Programme from the Community Chest.

We emphasise creating learning opportunities for young people. We work closely with H.K.S.K.H. St. Christopher's Home to arrange internship program for their F.5 and F.7 students. We have also extended the program to F.6 students of HK secondary schools (a one-week attachment program). We believe that the program can help them gain valuable real life work experience and develop skills conducive to their career pursuits.

5 consecutive years
商界展關懷
caringcompany 2002-07
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Apart from providing opportunities to young people to learn in the company, we also encourage our employees and their families to participate in various social responsibility activities. In 2006/2007, we took the children from H.K.S.K.H. St. Christopher's Home to visit the Music Farm and also participated in the Christmas Party organised by them. We also participated in other social activities like visiting elderly home, giving employees a chance to educate their children and family members the meaning of contributing to the community.

In Shenzhen, we cooperate with the local government and comply with all relevant laws and statutory requirements. We have been recognised by the local government in various areas like donation to the victims, effort in encouraging birth planning among employee, work safety knowledge and team spirit, etc.

CARING FOR OUR EMPLOYEES

Employees are the most valuable assets of the Group. The motive underscoring our people management culture is "Appreciate, Empower and Respect". We are committed to offering the right training to our employees. All new employees are required to take mandatory programs on Code of Conduct, program management platform, foundation sales and marketing techniques, internal control and standard operating system, etc. Apart from mandatory in-house training, we also invite external consultants to conduct management skills training.

To ensure the Group's continuous success, we emphasise the need to uphold a Can Do spirit, Innovation, Integrity and Teamwork in our workforce. To enhance team spirit, we join the Corporate Challenge of Outward Bound Hong Kong.

Corporate Challenge is an annual fund-raising activity organised by Outward Bound which gathers teams representing Hong Kong's leading companies to compete in games specially designed for fun and team spirit. Every year we form teams to join the competition and we work together with confidence and apply our creativity to the full. In 2006, we invited the colleagues of our Shenzhen plant to join the event and with our high team spirit, we won championship of the Ladies' Division Competition.

CARING FOR OUR EMPLOYEES

Other than organising social gatherings for our employees in Hong Kong, we also encourage departmental gatherings and social activities among our employee in Mainland China. In 2005, we started to organise fun day for all PRC employees. A wide array of activities are presented at the event including game booths, variety show, singing contests and free theme park tickets etc. Adopting these ideas from mainly employees showed that we listen to and value their opinions and input.

Our newsletter is an important channel of communication between the Group and employees. It is the means we use to relate messages from the management to employees and their platform for employees to share their experience and show their talents.

We also conduct monthly employee satisfaction survey to collect feedback from our mainland employees on areas including their living environment, workplace, catering and training. Their views will be relayed to and considered by the management team and a working team is in place to follow up on any remedial or necessary actions.

Apart from fair remuneration packages, we also strive to make sure our employees have strong job satisfaction and are open to clear career paths to promote a sense of ownership among them.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Board of Directors *(from left to right)*
Siewert, Patrick Thomas Feniger, Steven Julien Luk Koon Hoo Choi Po Yee, Alice Auyang Ho Auyang Pak Hong, Bernard Patel, Arvind Amratlal Kam Chi Chiu, Anthony Wong Ying Ho, Kennedy

DIRECTORS

EXECUTIVE DIRECTORS

Auyang Ho, aged 75
CHAIRMAN OF THE BOARD OF DIRECTORS
CHAIRMAN OF REMUNERATION COMMITTEE

Mr. Auyang is an executive Director and the Chairman of the Company. He is the father of Mr. Auyang Pak Hong, Bernard, our Chief Executive Officer. He co-founded the Group in 1974 and was our Chief Executive Officer until 2003. Mr. Auyang graduated from the South China Institute of Technology (now known as the South China University of Technology), where he studied structural engineering. Mr. Auyang has more than 30 years of experience in manufacturing operations, product management and development in the electronics industry. Prior to founding the Group, Mr. Auyang has been an engineer in the China Ministry of Railways. During the period from April 1965 to January 1973, he worked in the group of The Hong Kong Chiap Hua Manufactory Company (1947) Limited (now known as "Chiaphua Limited") (this group is hereinafter referred to as "Chiap Hua Group"). He had served as an Assistant Plant Manager of the extrusion plant for The Hong Kong Chiap Hua Manufactory Company (1947) Limited from April 1965 to December 1970. From January to September 1970, he acted as a Project Manager for International Containers Limited (a company formed by Chiap Hua Group and another party and has now been dissolved) and was responsible for supervising and co-ordinating the setting-up of a new manufacturing plant and all the facilities. In September 1970, he was formally promoted as the Plant Manager of International Containers Limited and held the position until he left Chiap Hua Group in January 1973. He then formed the Group and under his leadership, the Group received the Chinese Manufacturers' Association of Hong Kong New Product Award in 1976. Mr. Auyang has been instrumental in spearheading the Group's expansion and has secured many key customers since 1980 up to 2003. He currently acts as an advisor to our Chief Executive Officer, Chief Operating Officer and senior management and provides guidance on management issues.

Auyang Pak Hong, Bernard, aged 39
CHIEF EXECUTIVE OFFICER
CHAIRMAN OF NOMINATION COMMITTEE

Mr. Auyang is an executive Director and the Chief Executive Officer of the Company. He is a son of Mr. Auyang Ho, the Chairman of the Company. Mr. Auyang is responsible for developing and implementing the Group's strategic objectives and business plans. Mr. Auyang obtained a degree of Bachelor of Arts magna cum laude in East Asian Studies and Economics from Harvard University in 1991. Upon his graduation, Mr. Auyang joined the Group and gained the requisite experience for his present role. Mr. Auyang was a recipient of the Hong Kong Young Industrialist Award in 1999 and was named the Hong Kong Young Industrial Ambassador in 2003. Apart from his business interests, Mr. Auyang is also an active member of the community, holding posts including chapter chair of the Young Presidents' Organisation, vice chairman of the Hong Kong America Center, vice chairman of St. Paul's Co-Educational College Landmark Fundraising Campaign, trust member of the Outward Bound School and member of the Young Industrialist Council.

Choi Po Yee, Alice, aged 40
MEMBER OF REMUNERATION COMMITTEE
QUALIFIED ACCOUNTANT

Ms. Choi is an executive Director, the Chief Operating Officer and the Qualified Accountant of the Company. She is responsible for overseeing the entire operations and general management of the Group. Ms. Choi joined the Group in 2001 as the vice president of the corporate development and planning division. She served as the Chief Financial Officer from 2003 to 2005 and became the Chief Operating Officer and a director of the Group in April 2005 and May 2005, respectively. Ms. Choi was appointed as the Qualified Accountant of the Company in April 2007. Ms. Choi graduated from the University of Hong Kong with a first class honors Bachelor's degree in Social Science and a Master's degree in Electronic Commerce and Internet Computing in 1989 and 2002, respectively. Ms. Choi is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, she worked for an international accounting firm and several listed companies in Hong Kong.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

NON-EXECUTIVE DIRECTORS

Wong Ying Ho, Kennedy, aged 44

Mr. Wong is a non-executive Director of the Company. He and Mr. Kam Chi Chiu, Anthony, a non-executive Director of the Company, are brothers-in-law. Mr. Wong is a solicitor admitted in Hong Kong and also a China Appointed Attesting Officer. He was appointed as a national committee member of The Chinese People's Political Consultative Conference in January 2003. Mr. Wong currently serves as a non-executive director of Qin Jia Yuan Media Services Company Limited, and also an independent non-executive director of China Overseas Land & Investment Limited, Great Wall Technology Company Limited and Goldlion Holdings Limited, all of which are listed on the main board of the Stock Exchange. Mr. Wong is also a non-executive director of International Financial Network Holdings Limited, which is listed on the GEM, AXA Asia Pacific Holdings Limited, a company listed in Australia and Pacific Alliance Asia Opportunity Fund Limited, a company listed in England. Mr. Wong was the director and executive deputy chairman of Raymond Industrial Limited from June 8, 1994 to September 14, 1997 and September 15, 1997 to April 13, 2007 respectively, a company listed on the main board of the Stock Exchange. He was an independent non-executive director of Capinfo Company Limited from December 6, 2001 to October 13, 2006 and North Asia Strategic Holdings Limited (formerly called iSteelAsia Holdings Limited) from August 28, 2003 to August 9, 2005, both of which are listed on the GEM. He was a non-executive director of Far Eastern Ploychem Industries Limited which was listed on the GEM and privatised in November 2005. Mr. Wong was appointed as a non-executive Director of the Group in September 1995.

Kam Chi Chiu, Anthony, aged 45
MEMBER OF AUDIT COMMITTEE

Mr. Kam is a non-executive Director of the Company. He and Mr. Wong Ying Ho, Kennedy, a non-executive Director of the Company, are brothers-in-law. Mr. Kam is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. He holds a Bachelor's degree and a Master's degree in Mathematics from Oxford University in the United Kingdom. He qualified as a chartered accountant at one of the accounting firms in London and currently practises as a certified public accountant in Hong Kong. Mr. Kam has the suitable experience and qualifications to act as nominee for the implementation and administration of an individual voluntary arrangement under the bankruptcy regime in Hong Kong. Mr. Kam serves as a consultant for IONA Technologies PLC, a company listed on NASDAQ, and as a director of Cheung Fung Technology (Holdings) Limited, a manufacturing and investment holding company. Mr. Kam is also a member of the panel of adjustors of the Obscene Articles Tribunal. Mr. Kam was appointed as a non-executive Director of the Group in November 1993.

Patel, Arvind Amratlal, aged 66
MEMBER OF AUDIT COMMITTEE

Mr. Patel is a non-executive Director of the Company. He has retired with 40 years of experience with several U.S.–based public and private manufacturing companies. After earning his Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University of Baroda in India, Mr. Patel immigrated to United States to pursue further studies. He began his professional career with Culligan International in 1966. After working with certain smaller companies, he returned to a management position at Culligan International in 1971 while simultaneously earning his Master's degree in Business Administration from

Loyola University of Chicago. He then joined Intermatic Incorporated, an international manufacturer of electrical and electronic products. During his 20 years at Intermatic Incorporated, Mr. Patel held several executive positions, including president and chief operating officer, until his retirement in 2005. In addition to the management positions, Mr. Patel was elected to the boards of Intermatic Incorporated and Intermatic-A.T.C., a manufacturing joint venture in China, from July 2000 until his retirement in December 2005. Mr. Patel was appointed as a non-executive Director of the Group in November 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Luk Koon Hoo, aged 55, *BBS, JP*
CHAIRMAN OF AUDIT COMMITTEE
MEMBER OF REMUNERATION COMMITTEE
MEMBER OF NOMINATION COMMITTEE

Mr. Luk is an independent non-executive Director of the Company. He is a retired banker, and has 30 years of comprehensive experience in accounting and financial management. He began at Hang Seng Bank in 1975 as a trainee officer. He was appointed as personal assistant to the deputy general manager and held that office from 1987 to 1989. Mr. Luk served as the head of financial control in 1989, as director and deputy chief executive in 1994 and as managing director and deputy chief executive from 1996 to his retirement in May 2005. Regarding Mr. Luk's other directorships, he is an independent non-executive director of Wharf T & T Limited, AXA General Insurance Hong Kong Limited, China Properties Group Limited (a company listed on the main board of the Stock Exchange), PMI Mortgage Insurance Asia Limited and Octopus Cards Limited. In the public sphere, Mr. Luk is a non-official director of Hong Kong Applied Science and Technology Research Institute Company Limited (a government-owned corporation). Mr. Luk also serves as a council member and the treasurer of The Chinese University of Hong Kong, as a member of the Barristers Disciplinary Tribunal Panel and as a member of the Operations Review Committee of ICAC. Mr. Luk also served in the past on the Court and Council of Hong Kong Baptist University, the Advisory Committee on New Broad-based Taxes, the Personal Data (Privacy) Advisory Committee, the Central Policy Unit of the Hong Kong Government, the Statistics Advisory Board, the Broadcasting Authority, the Board of Trustees of the Sir Edward Youde Memorial Fund and the Advisory Committee and the Investor Education Advisory Committee of the Securities and Futures Commission. He was an appointed member of the Hong Kong Legislative Council from 1992 to 1995, and also a member of the first Election Committee of the Legislative Council. He holds a Bachelor of Social Sciences Degree in Statistics from The University of Hong Kong and a Master of Business Administration Degree from The Chinese University of Hong Kong. He is a Fellow of the Hong Kong Institute of Bankers and the Hong Kong Institute of Directors. Mr. Luk is a Non-official Justice of the Peace and was awarded the honour of Bronze Bauhinia Star in 2004 in recognition of his contributions to public services. Mr. Luk was appointed as a non-executive Director of the Group in January 2006.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Siewert, Patrick Thomas, aged 51
MEMBER OF AUDIT COMMITTEE
MEMBER OF REMUNERATION COMMITTEE
MEMBER OF NOMINATION COMMITTEE

Mr. Siewert is an independent non-executive Director of the Company. Mr. Siewert currently serves as a director for the Avery Dennison Corporation and on its ethics and conflict of interest committee and finance committee. He is also a senior director of The Carlyle Group. Prior to joining The Carlyle Group in April 2007, Mr. Siewert served as a senior advisor for The Coca-Cola Company and president and chief operating officer for its East, South Asia & Pacific Rim Group and president for its East and South Asia Group during the period from 2001 to 2007. From 1974 to 2001, Mr. Siewert held positions in sales management, marketing, finance, brand management, business planning and general management in various countries around the world including chairman, Greater China and senior vice president and president, Kodak Professional. He attended the Rochester Institute of Technology studying Imaging Science, Business and Service Management, and received a Bachelor of Science in Business Administration from Elmhurst College and a Master of Science degree in Service Management from Rochester Institute of Technology. He currently serves as a member of the board of governors of The American Chamber of Commerce in Hong Kong and has previously served as a director of US-ASEAN Business Council, US-Hong Kong Business Council and US-China Business Council. He is also a member of the Young Presidents' Organisation, Hong Kong, World Presidents' Organisation, Hong Kong and the CEO Organisation. Mr. Siewert is a recipient of several diversity awards and a United Nations IPC Lifetime Achievement Award. Mr. Siewert was appointed as an independent non-executive Director of the Company in September 2006.

Feniger, Steven Julien, aged 48
MEMBER OF AUDIT COMMITTEE
MEMBER OF REMUNERATION COMMITTEE

Mr. Feniger is an independent non-executive Director of the Company. Mr. Feniger has years of international experience in sourcing, manufacturing and retailing and is based in Hong Kong. At end of February 2006, he resigned from his corporate career and set up his own business and is a director of 55Consulting, providing services to companies designed to enhance their ability to source in Asia. Mr. Feniger currently also serves as a director of SSPartners Limited, a company incorporated in Hong Kong, and as a non-executive director of Arc Capital Holdings Limited, a company listed on the Alternative Investment Market of the London Stock Exchange. Prior to joining the Company, Mr. Feniger served as a chief executive officer and an executive director of Linmark Group Limited and led the company to a successful initial public offering on the main board of the Stock Exchange in May 2002. Mr. Feniger was a former senior vice president of global sourcing at Warnaco Inc. from 1999 to 2001, where he led the strategic management of three standalone Asian operations (sourcing, manufacturing and retailing). He had served Marks & Spencer Plc for some years. Mr. Feniger holds a Bachelor's degree in Management Science from the University of Manchester Institute of Science and Technology. Apart from his business interests, Mr. Feniger is an active member of the Young Presidents' Organisation, and is a member of the Hong Kong Membership Committee. Mr. Feniger was appointed as an independent non-executive Director of the Company in September 2006.

Senior Management *(from left to right)*

Yeung Tak Bun Chan Chi Ming Cox, Phillip John Stevens Li Chi Kin, Andrew Ha Wai Leung
Lam Shuk Yin Lam Hin Chi Ho Wai Har, Esther Tan Bak Chai Li Po Wah Sham Ting Kee

SENIOR MANAGEMENT

Lam Hin Chi, aged 43

Mr. Lam is the vice president of finance. Mr. Lam is a fellow member of the Association of the Chartered Certified Accountants, an associate member of both the Chartered Institute of Management Accountants, in the U.K. and the Hong Kong Institute of Certified Public Accountants. Mr. Lam graduated from the Hong Kong Polytechnic University with a Professional Diploma in Management Accountancy and Bachelor of Arts (Honours) Degree in Accountancy. Prior to joining us in July 2007, he had over 18 years of experience in finance, auditing and accounting and had worked for an international accounting firm and several listed companies in Hong Kong. Mr. Lam served as an executive director of Hop Fung Group Holdings Limited, a company listed on the main board of the Stock Exchange, between September 2003 to October 2004.

Cox, Phillip John Stevens, aged 61

Mr. Cox is the President of Computime Limited's Global Branded Products Group. This includes CT Global Inc., a wholly-owned subsidiary of the Group in the U.S, and Salus Controls Plc, a wholly owned subsidiary of the Group in Western and Eastern Europe. Mr. Cox joined us in 2001. He is responsible for the performance of our branded businesses, including 'One For All', 'Wayfinder' and 'SALUS', while providing strategic direction to our distribution and marketing businesses in North America, Western and Eastern Europe. Mr. Cox obtained his Bachelor's degree from The University of New South Wales, Australia in 1966. Mr. Cox's business career cuts across a range of vertical sectors including industrial, commercial and consumer markets. He has experience in managing business units for companies in North America, Europe and Asia.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Ha Wai Leung, aged 49

Mr. Ha is the vice president of the research and development division of the Group. He is a chartered engineer and a member of the Institute of Measurement and Control, The Institution of Engineering and Technology as well as The Institution of Electrical and Electronics Engineers, with over 20 years of working experience in engineering and research and development. Prior to joining us in October 1998, he worked as senior management in research and development in various electronics companies in Hong Kong and Singapore, including China Aerospace International Holdings Limited. Mr. Ha obtained a Master's degree in Electronic Systems Design from the City University of Hong Kong, a Master's Degree in Engineering from The University of Hong Kong, and an Associateship and Higher Diploma in Electrical Engineering from The Hong Kong Polytechnic University.

Sham Ting Kee, aged 46

Mr. Sham is the vice president of operations at the production facilities of the Group in Buji. He has been with the Group since 2000 and is responsible for managing the affairs of the manufacturing operations in Buji and overseeing expansion plans and requirements for factory and production facilities of the Group. Prior to joining us, he worked in WKK Technology Limited for eight years, concluding his tenure there as an assistant general manager. He has extensive experience in production, supervision and technical support of our controls products. Mr. Sham graduated from The Hong Kong Polytechnic University with a Higher Diploma in Production and Industrial Engineering in 1984.

Chan Chi Ming, aged 55

Mr. Chan is the Vice President of the appliance controls division of the Group. He joined us in July 2005 and is responsible for the overall management of our appliance control business. Mr. Chan has over 30 years of experience in sales and marketing and general management. He previously held a senior position at Emerson Electric and was responsible for sales and marketing and operations of a division in Asia. Mr. Chan obtained a Certificate in Executive Management from Stanford University, U.S. and National University of Singapore and a Diploma in Management and a Certificate in Mechanical Engineering from The Hong Kong Polytechnic University.

Li Chi Kin, Andrew, aged 50

Mr. Li is the vice president of the building and home controls division of the Group. He joined us in November 2005 and is responsible for the overall management of the sales and technology aspects of our building and home controls products. Mr. Li has over 27 years of experience with electronic manufacturing service organisations. Prior to joining us, he held the position of senior director of business management in Jabil Circuits (GuangZhou) Limited, where he oversaw the operation and management of four manufacturing facilities in China. Before that, Mr. Li spent over 22 years with Wong's Electronics Co., Limited in Hong Kong, holding various positions in engineering, sales and marketing, and management, and was later promoted to the position of vice president of a strategic business unit responsible for managing a portfolio of customers. Mr. Li obtained a Master's degree in Manufacturing Management from the Victoria University of Technology, Australia and a Higher Diploma in Electronic Engineering from The Hong Kong Polytechnic University.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Yeung Tak Bun, aged 41

Mr. Yeung is the Vice President of the Commercial and Industrial Controls Division of the Group. He joined us in October 2005 and is responsible for the overall management of our commercial and industrial controls business. Mr. Yeung has 20 years of experience in engineering, marketing and management. He obtained a Bachelor's degree in Electrical Engineering from the University of Texas, USA, a Master's degree in Electrical Engineering from Purdue University, USA and an Executive Master's degree in Business Administration from The Hong Kong University of Science and Technology and Northwestern University, USA in 1986, 1987 and 2001 respectively.

Li Po Wah, aged 57

Mr. Li is the vice president of operations at the Bantian Processing Factory of the Group and is responsible for the supervision of our plastic and packaging operation. Mr. Li has more than 30 years of experience in production and general management. Prior to joining us in 2002, he held various general manager positions in Evergo Electronic Ltd., Radofin Electronics (Far East) Ltd., WKK Industries Limited (now known as WKK Technology Limited), Kaifa Technology (H.K.) Limited and Beautiful Enterprise Company, Limited. Mr. Li obtained a Master's degree in Business Administration from Newport University, USA in 1998 and completed the General and Operations Management training in National University of Singapore. Mr. Li has been nominated as an Ex-Officiate Executive Committee Member of the Surface Mount Technology Association (China) and vice president (training) of the Surface Mount Technology Association (Hong Kong Chapter) for the years 2006-2008.

Lam Shuk Yin, aged 43

Ms. Lam is the general manager of supply base management of the Group. Ms. Lam joined us in 1997 as marketing manager and was promoted as general manager of the appliance controls division in 2004. She began handling our corporate programs including lean manufacturing and supply chain management in January 2006 and became our general manager of supply base management in January 2007. Ms. Lam has more than 18 years of experience in manufacturing engineering, operation management, supplier and material management, sales and marketing. She obtained a Master's degree in Business Administration from the University of Western Sydney, Australia in 2004.

Ho Wai Har, Esther, aged 43

Ms. Ho joined the Group in 1998 and was appointed as General Manager of Corporate Business Development and General Manager – Asia Operations of Salus Technology Group in February 2007. She is responsible for the overall strategy and development of new business for the Group and new product souring and development for the branded business, "Salus", in Europe. Prior to joining us, she worked as manager for sales and project management in WKK Technology Limited and as sales and marketing manager in two of the subsidiaries of China Aerospace International Holdings Limited. Ms. Ho graduated from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong) in 1988 with a Bachelor's degree in Business Studies and obtained a Master's degree in Business from University of Technology, Sydney in 1993.

Tan Bak Chai, aged 44

Mr. Tan is the general manager of operations of the appliance controls division based in the Meilin Processing Factory of the Group. He joined us in May 2006 and is responsible for the overall management of the factory. Mr. Tan has more than 20 years of experience in engineering, marketing and sales and manufacturing operations. He held various key positions in multi-national companies including Jabil Circuit Sdn. Bhd, Plexus and Trane. He obtained a Bachelor's degree in Mechanical Engineering from the University of Technology in Malaysia in 1986 and a Master's degree in Business Administration from the University of Macau in 1990.

REPORT OF THE DIRECTORS

The board of directors (the "Board") is pleased to present this report together with the audited consolidated financial statements of Computime Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2007.

GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 23 June 2006.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 16 September 2006. Details of the reorganisation are set out in the prospectus of the Company dated 25 September 2006.

The shares of the Company have been listed on the Main Board of the Stock Exchange (the "Listing") since 9 October 2006 (the "Listing Date").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are primarily engaged in research and development, design, manufacture and trading of electronic control products. There was no significant change in the Group's principal activities during the year.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2007 and state of affairs of the Company and the Group as at that date are set out in the section headed "Consolidated Income Statement" and "Consolidated Balance Sheet" respectively in this annual report.

Pursuant to a Board resolution passed on 20 September 2006, the Company paid a special dividend of HK$35,000,000 to the then shareholders of the Company before the Listing.

The Board has resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 7 September 2007 (the "2007 AGM") a final dividend of HK$0.038 per share for the year ended 31 March 2007 to be paid on or about 5 October 2007 to those shareholders whose names appear on the register of members of the Company on 7 September 2007. Taking into account of the interim dividend of HK$0.018 per share for the six months ended 30 September 2006 and the above proposed final dividend, total dividend per share (subsequent to the Listing) for the year ended 31 March 2007 is HK$0.056.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 September 2007 to Friday, 7 September 2007, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 March 2007 and for attending and voting at the 2007 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 September 2007.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the section headed "Consolidated Statement of Changes in Equity" in this annual report and note 33(b) to the financial statements respectively.

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately HK$1,186,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2007, calculated in accordance with statutory provisions applicable in the Cayman Islands, amounted to HK$749,583,000 (excluding the proposed final dividend of HK$31,540,000).

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at the balance sheet date are set out in note 27 to the financial statements.

PENSION SCHEME

The pension scheme contributions are set out in note 7 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

DISPOSAL OF ASSOCIATES

During the year, the Group disposed of its entire equity interests (representing 24% effective equity interest attributable to the Group) in Boyd Asia Limited for a consideration of US$1,500,000 (equivalent to approximately HK$11,700,000), resulting in a gain on disposal of associates of approximately HK$10,065,000.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the previous financial years is set out in the section headed "Financial Summary" in this annual report.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 March 2007.

DIRECTORS

The directors of the Company as at the date of this report were as follows:

Executive Directors:	
Mr. Auyang Ho *(Chairman)*	appointed on 14 September 2006
Mr. Auyang Pak Hong, Bernard *(Chief Executive Officer)*	appointed on 23 June 2006
Ms. Choi Po Yee, Alice	appointed on 14 September 2006
Non-executive Directors:	
Mr. Wong Ying Ho, Kennedy	appointed on 14 September 2006
Mr. Kam Chi Chiu, Anthony	appointed on 14 September 2006
Mr. Patel, Arvind Amratlal	appointed on 14 September 2006
Independent Non-executive Directors:	
Mr. Luk Koon Hoo	appointed on 14 September 2006
Mr. Siewert, Patrick Thomas	appointed on 14 September 2006
Mr. Feniger, Steven Julien	appointed on 14 September 2006

In accordance with article 86(3) of the Company's articles of association, all the existing directors of the Company will retire from office at the 2007 AGM and, being eligible, offer themselves for re-election.

INDEPENDENCE CONFIRMATION

The Company has received annual confirmations of independence from Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien, pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considers the independent non-executive directors to be independent as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company entered into a service agreement with the Company on 15 September 2006 for an initial term of three years commencing from the Listing Date unless and until terminated by either party giving to the other not less than three months' prior notice in writing.

The Company has issued a letter of appointment to each of the non-executive directors and independent non-executive directors of the Company for a term of one year commencing from 14 September 2006 unless and until terminated by either party giving to the other not less than one month's prior notice in writing.

Other than as disclosed above, none of the directors being proposed for re-election at the 2007 AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 38 to the financial statements, no contract of significance in relation to the Group's businesses to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out under the section headed "Directors' and Senior Management's Profile" in this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

A summary of the directors' and senior management's remuneration is set out in notes 8 and 38(e) to the financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2007, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules were as follows:

Long position in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mr. Auyang Ho	Interest of controlled corporation	352,500,000 *(Note)*	42.46%

Note : These shares are beneficially owned by Solar Power Group Limited ("SPGL"). SPGL is a company incorporated in the British Virgin Islands with limited liability and owned as to 67.66% by Mr. Auyang Ho and 32.34% by Mr. Auyang Pak Hong, Bernard.

Save as disclosed above, as at 31 March 2007, none of the directors or chief executives of the Company or any of their associates had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of SFO, any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or any interests or short positions which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or any interests or short positions which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in note 32 to the financial statements about the Company's share option scheme, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2007, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares of the Company

Name	**Capacity**	**Number of ordinary shares interested**	**Approximate percentage of the Company's issued share capital**
SPGL	Beneficial owner	352,500,000 *(Note 1)*	42.46%
Ms. Tse Shuk Ming	Interest of spouse	352,500,000 *(Note 2)*	42.46%
Crystalplaza Limited	Beneficial owner	133,500,000 *(Note 3)*	16.08%
Little Venice Limited	Beneficial owner	52,500,000 *(Note 3)*	6.32%
Ms. Leung Yee Li, Lana	Interest of controlled corporations	186,000,000 *(Note 3)*	22.40%
Mr. Heung Lap Chi, Eugene	Interest of spouse	186,000,000 *(Note 4)*	22.40%
Arisaig Greater China Fund Limited	Beneficial owner	41,578,000 *(Note 5)*	5.00%
Arisaig Partners (Mauritius) Limited	Investment manager	41,578,000 *(Note 5)*	5.00%
Mr. Cooper, Lindsay William Ernest	Interest of controlled corporations	41,578,000 *(Note 5)*	5.00%

Notes:

1. The interest of SPGL was also disclosed as the interest of Mr. Auyang Ho in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

2. Ms. Tse Shuk Ming was deemed to be interested in 352,500,000 shares of the Company through the interest of her spouse, Mr. Auyang Ho.

3. These shares were owned by Crystalplaza Limited (as to 133,500,000 shares) and Little Venice Limited (as to 52,500,000 shares), both companies were wholly-owned by Ms. Leung Yee Li, Lana.

4. Mr. Heung Lap Chi, Eugene was deemed to be interested in 186,000,000 shares of the Company through the interest of his spouse, Ms. Leung Yee Li, Lana.

5. These shares were owned by Arisaig Greater China Fund Limited ("AGCFL"). Arisaig Partners (Mauritius) Limited ("AP(M)"), being an investment manager of AGCFL, was deemed to be interested in such shares. AP(M) was wholly-owned by Arisaig Partners (BVI) Limited which was a wholly-owned subsidiary of Arisaig Partners (Holdings) Ltd. of which 33.33% shareholding was held by Madeleine Ltd., being wholly-owned by Mr. Cooper, Lindsay William Ernest.

Save as disclosed above, as at 31 March 2007, no person, other than the director whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolutions of the sole shareholder of the Company passed on 15 September 2006. The Share Option Scheme complies with the requirements of the Listing Rules.

No share options has been granted to the directors and the employees of the Company under the Share Option Scheme since its adoption and up to 31 March 2007. Details of the Share Option Scheme are set out in note 32 to the financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 31 March 2007 attributable to the Group's major suppliers and customers are as follows:

Sales
– the largest customer: 16%
– five largest customers combined: 42%

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was less than 30% of the Group's purchases.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers noted above.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 March 2007, to the best knowledge of the directors, none of the directors and their respective associates was considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors were appointed as directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. In the opinion of the Board, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the period from the Listing Date to the date of this report, except for the deviation from the code provision A.4.2 which requires that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In order to comply with the said code provision A.4.2, the Board has proposed to amend the relevant provision in the Company's articles of association at the 2007 AGM. Further information on the Company's corporate governance practices is set out in the section headed "Corporate Governance Report" in this annual report.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien and two non-executive directors of the Company, namely Mr. Kam Chi Chiu, Anthony and Mr. Patel, Arvind Amratlal, has reviewed the audited financial statements of the Company for the year ended 31 March 2007 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

The Group has conducted certain transactions which constituted "connected transaction" and "continuing connected transactions" under the Listing Rules. Details of the transactions as required to be disclosed pursuant to the Listing Rules are set out below:

1. Connected Transaction – Acquisition of Salus Controls Plc

As detailed in the Company's announcement dated 30 April 2007, Salus Controls Limited, a wholly-owned subsidiary of the Company, entered into a Settlement Deed with, among other parties, the following vendors (collectively the "Vendors") on 30 April 2007 for the acquisition of the remaining 45% of the issued shares of Salus Controls Plc, a company incorporated and registered in England and Wales, at a cash consideration of GBP157,500 (equivalent to approximately HK$2,473,000):

Name of Vendor	Shareholding in Salus Controls Plc immediately prior to the completion of the acquisition
Mr. Paul Edwin Lines	13.5%
Mr. Peter Ball	13.5%
Mr. Iain Forest McLaren Ellvers	13.5%
Mr. Peter Hall	2.25%
Ms. Carol Ann Driver	2.25%

As three of the Vendors, being Mr. Paul Edwin Lines, Mr. Peter Ball and Mr. Iain Forest McLaren Ellvers, were directors and substantial shareholders of Salus Controls Plc, they were considered as connected persons of the Company pursuant to the Listing Rules. Accordingly, the acquisition constituted a connected transaction under the Listing Rules.

Salus Controls Plc owns the "Salus" brand. The "Salus" brand products are targeted at professional builders. The Group intends to expand its distribution business of "Salus" brand products in European countries. Upon completion of the transaction, Salus Controls Plc became a wholly-owned subsidiary of the Company and its daily operations are now fully managed and controlled by the Group.

The directors of the Company, including the independent non-executive directors, considered that the terms of the acquisition are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

2. Continuing Connected Transactions

2.1 Financial Assistance to Salus Technologies GmbH (now known as Salus Controls GmbH)

On 18 September 2006, the Group and Salus Technologies GmbH ("STGH", now known as Salus Controls GmbH) entered into a facility agreement (the "Facility Agreement") pursuant to which the Group granted to STGH a loan facility of up to a principal amount of HK$12,000,000 (including the outstanding advances as at 15 September 2006 in the principal sum of HK$2,063,000 which, together with all outstanding interest, are repayable on or before 31 March 2009) for the period from 18 September 2006 up to 31 March 2009. The advances and loan facility granted under the Facility Agreement would accrue interest at 1% over the best lending rate of Hong Kong dollars as quoted by The Hongkong and Shanghai Banking Corporation Limited per annum.

At the time of execution of the Facility Agreement, STGH was owned as to 55% by the Group and as to 45% by D-Secour European Safety Products GmbH which in turn was owned as to 75% by Mr. Bernd Luckey. Since Mr. Bernd Luckey was a then director of STGH, he was deemed as a connected person of the Company pursuant to the Listing Rules. Accordingly, STGH, which was an associate (as defined in the Listing Rules) of Mr. Bernd Luckey, was considered as a connected person of the Company pursuant to the Listing Rules. Therefore the provision of financial assistance by the Group to STGH under the Facility Agreement constituted a continuing connected transaction of the Company and was subject to reporting and announcement requirements under the Listing Rules.

The principal amount of the facility under the Facility Agreement is expected not exceeding the cap of HK$12,000,000 for the period from 18 September 2006 to 31 March 2009.

The Stock Exchange has granted a waiver to the Company from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules in respect of the transaction contemplated under the Facility Agreement, provided that the cap stated above is not exceeded and the Company complied with other requirements of Chapter 14A of the Listing Rules.

The principal amount of the facility granted by the Group to STGH under the Facility Agreement for the period (the "Period") from 18 September 2006 to 14 November 2006 (being the date when STGH became a wholly-owned subsidiary of the Company) was HK$2,162,000. On 14 November 2006, the Group acquired the remaining 45% interest of STGH which has become a wholly-owned subsidiary of the Group since then. Accordingly the provision of advances and loan facility under the Facility Agreement ceased to constitute a continuing connected transaction of the Company from that date.

The independent non-executive directors of the Company have reviewed and confirmed that the transaction under the Facility Agreement for the Period was entered into (i) on normal commercial terms; and (ii) in accordance with the Facility Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The auditors of the Company have also confirmed that the transaction under the Facility Agreement for the Period (i) has received the approval of the Board; (ii) was entered into in accordance with the Facility Agreement; and (iii) has not exceeded the above cap of HK$12,000,000.

2.2 Transaction with Kingdom Fine Metal Limited

On 18 September 2006, an agreement was entered into between Computime Limited, a wholly-owned subsidiary of the Company, and Kingdom Fine Metal Limited ("KFM") in respect of the Group's purchase of metal and related components from KFM (the "KFM Agreement"). Under the KFM Agreement, KFM has agreed for a term ending on 31 March 2009 that terms (including prices) upon which materials are provided to the Group shall be on terms no less favourable than those offered to third parties, having regard to the nature, volume and types of materials required.

As KFM is a substantial shareholder (holding 40% interest) of Marcus-Plus International Ltd., a non wholly-owned subsidiary of the Company (holding the remaining 60% interest), KFM is considered as a connected person of the Company pursuant to the Listing Rules. Therefore the transaction under the KFM Agreement constitutes a continuing connected transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules.

The values of purchases under the KFM Agreement are expected not exceeding HK$3,800,000, HK$5,130,000 and HK$6,670,000 for the year ended 31 March 2007, year ending 31 March 2008, and year ending 31 March 2009 respectively.

The Stock Exchange has granted a waiver to the Company from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules in respect of the transaction contemplated under the KFM Agreement, provided that the annual caps stated above are not exceeded and the Company complies with other requirements of Chapter 14A of the Listing Rules.

The value of the transaction under the KFM Agreement for the year ended 31 March 2007 was HK$1,101,000.

The independent non-executive directors of the Company have reviewed and confirmed that the transaction under the KFM Agreement for the year ended 31 March 2007 has been entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favourable to the Group than those offered to independent third parties; and (iii) in accordance with the KFM Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The auditors of the Company have also confirmed that the transaction under the KFM Agreement for the year ended 31 March 2007 (i) has received the approval of the Board; (ii) has been entered into in accordance with the KFM Agreement; and (iii) has not exceeded the annual cap of HK$3,800,000.

POST BALANCE SHEET EVENT

Details of the significant event occurring after the balance sheet date are set out in the section headed "Connected Transaction – Acquisition of Salus Controls Plc" in this report and note 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained a sufficient public float.

AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the 2007 AGM.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our management and staff for their dedication and contribution to the Group throughout the year.

By Order of the Board

Auyang Ho
Chairman

Hong Kong, 16 July 2007

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") is pleased to present this Corporate Governance Report in this annual report for the year ended 31 March 2007.

The key corporate governance principles and practices of the Company are summarised as follows:

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. The Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") sets out the principles of good corporate governance and two levels of corporate governance practices:

(a) code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices which are for guidance only and listed issuers are encouraged, but are not required, to state whether they have complied with them and give considered reasons for any deviation.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

In the opinion of the directors of the Company, the Company has complied with all the code provisions set out in the CG Code throughout the period from the date of listing of the Company's shares on the Stock Exchange on 9 October 2006 (the "Listing Date") to 31 March 2007 with the exception of the code provision A.4.2 which requires that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Details of such deviation and the action taken by the Company to address such deviation will be explained below.

The Board will continue to enhance the corporate governance practices and standards of the Company appropriate to the conduct and growth of its business and to review such practices and standards from time to time to ensure that they comply with the statutory and professional standards and align with the latest developments.

BOARD OF DIRECTORS

A. Responsibilities and Board Composition

The Board is responsible for overseeing and directing overall strategy and management of the Company, supervising and monitoring the Group's major corporate matters and evaluating the performance of the Group.

All directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times.

The Board currently comprises nine members in total, with three executive directors, three non-executive directors and three independent non-executive directors. The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise. The Company has also adopted the recommended best practices under the CG Code for having one third of its Board members being independent non-executive directors and maintaining on its website an updated list of its directors identifying their roles and functions.

The list of all directors (which also specifies the posts, such as Chairman, Chief Executive Officer, and chairman and member of Board committee(s), held by each director) is set out under the section headed "Corporate Information" in this annual report. The independent non-executive directors are expressly identified in all corporate communications of the Company pursuant to the Listing Rules. The relationships among the members of the Board are disclosed under the section headed "Directors' and Senior Management's Profile" in this annual report.

The Company has received from each of the independent non-executive directors a written annual confirmation of his independence pursuant to the requirements of the Listing Rules. The Company considers all the independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest and serving on Board committees, the non-executive directors have made various contributions to the effective direction of the Company.

B. Delegation of Management Functions

The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflicts of interest), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the senior management, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

C. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association (the "Articles"). The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Additional information on the Company's Nomination Committee is set out in the "Board Committees" section below.

Each of the executive directors of the Company is engaged on a service contract for a term of 3 years commencing on the Listing Date. Each of the non-executive directors and independent non-executive directors of the Company is appointed for a specific term of one year. In addition, all the directors are subject to retirement by rotation once every three years pursuant to the Articles.

The code provision A.4.2 of the CG Code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Articles deviates from such code provision A.4.2 as it provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, where he/she shall be eligible for re-election.

To conform with the said code provision A.4.2 of the CG Code, a special resolution will be proposed at the forthcoming annual general meeting of the Company to amend the Articles so that any new director appointed by the Board shall be subject to re-election by shareholders at the first general meeting after appointment.

D. Induction and Continuing Development for Directors

Each newly appointed director of the Company will receive a formal, tailored and comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented with visits to the Company's key plant sites and meetings with senior management of the Company.

The directors are continually updated with developments in the legal and regulatory regime and the business and market environments to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged whenever necessary.

E. Board Meetings

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Chief Operating Officer and other relevant senior management normally attend regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Number of Board Meetings and Directors' Attendance

During the period from the Listing Date to 31 March 2007, three regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance. The attendance records of each director at such regular Board meetings are set out below:

Name of Director	Attendance/Number of Regular Board Meetings
Mr. Auyang Ho	3/3
Mr. Auyang Pak Hong, Bernard	3/3
Ms. Choi Po Yee, Alice	3/3
Mr. Wong Ying Ho, Kennedy	0/3
Mr. Kam Chi Chiu, Anthony	3/3
Mr. Patel, Arvind Amratlal	3/3
Mr. Luk Koon Hoo	3/3
Mr. Siewert, Patrick Thomas	3/3
Mr. Feniger, Steven Julien	3/3

In addition to the above regular Board meetings, 13 Board meetings were held during the period from the Listing Date to 31 March 2007. As these Board meetings related to the day-to-day business operation of the Group, only the three executive directors of the Company attended the meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibilities between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of the Chairman and the Chief Executive Officer of the Company are held by Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard respectively and their respective responsibilities are clearly defined and set out in writing.

The principal responsibilities of the Chairman, Mr. Auyang Ho, include:

1. Provide leadership for and management of the Board.

2. Ensure all directors are properly briefed on issues to be discussed at Board meetings.

3. Ensure all directors receive adequate, complete and reliable information in a timely manner.

4. Ensure the effective functioning of the Board and encourage directors to make full and active contribution to the Board's affairs and ensure the Board acts in the best interests of the Group.

5. Ensure all key and appropriate issues are discussed by the Board in a timely manner.

6. Ensure good corporate governance practices and procedures are established.

7. Ensure effective communication with shareholders and views of shareholders are communicated to the Board as a whole.

On the other hand, the main responsibilities of the Chief Executive Officer, Mr. Auyang Pak Hong, Bernard, include:

1. Lead daily business operations and development in accordance with the strategy, policies and programs approved by the Board.

2. Formulate policies and planning recommendations to the Board.

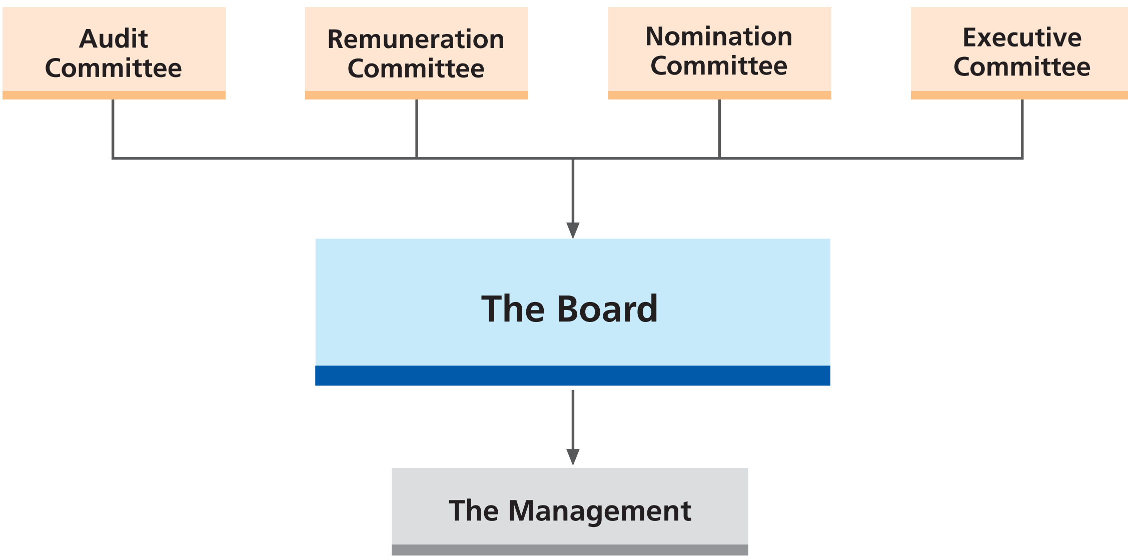
3. Oversee financial, risk and facilities management.

4. Oversee human resources management.

BOARD COMMITTEES

The Board has established four Board committees, namely, the Remuneration Committee, the Audit Committee, the Nomination Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website "www.computime.com" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.



A. Remuneration Committee

Pursuant to the CG Code, the Company established a Remuneration Committee on 15 September 2006 with written terms of reference. The Committee comprises a total of five members, being two executive directors, namely, Mr. Auyang Ho (chairman of the Remuneration Committee) and Ms. Choi Po Yee, Alice and three independent non-executive directors, namely, Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien. Accordingly, a majority of the members are independent non-executive directors.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the Chairman and the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

Up to the date of this report, the Remuneration Committee has met once (with the presence of all the committee members) and performed the following work:

1. Review and recommendation of the policy of granting share options by the Company;

2. Adoption of the remuneration approval procedure/process;

3. Review and recommendation of the remuneration packages of directors and senior management;

4. Review of the directors' service contracts/letters of appointment; and

5. Review and recommendation of the determination of performance-based remuneration to directors and senior management, including but not limited to bonus payment.

B. Audit Committee

The Audit Committee was established by the Company on 15 September 2006 with written terms of reference. The Audit Committee comprises a total of five members, being the three independent non-executive directors, namely Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien and two non-executive directors, namely Mr. Kam Chi Chiu, Anthony and Mr. Patel, Arvind Amratlal. The chairman of the Audit Committee is Mr. Luk Koon Hoo who possesses appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include:

i. Review of the financial information of the Group;

ii. Review of the relationship with and the terms of appointment of the external auditors; and

iii. Review of the Company's financial reporting system, internal control system and risk management system.

During the period from the Listing Date to 31 March 2007, the Audit Committee met twice together with the Company's external auditors and the management of the Company and performed the following work:

1. Review of the financial statements for the six-month period ended 30 September 2006 and the accounting principles and practices adopted by the Group;
2. Review and discussion of any significant or unusual items raised by the external auditors;
3. Review of the work performed by the auditors, their fees and terms of engagement; and
4. Review and discussion of the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The attendance records of the above two Audit Committee meetings are set out as follows:

Name of Committee Member	**Attendance/Number of Meetings**
Mr. Luk Koon Hoo *(Chairman)*	2/2
Mr. Siewert, Patrick Thomas	2/2
Mr. Feniger, Steven Julien	2/2
Mr. Kam Chi Chiu, Anthony	2/2
Mr. Patel, Arvind Amratlal	2/2

C. Nomination Committee

Pursuant to the recommended best practice of the CG Code, the Company established a Nomination Committee on 15 September 2006 with written terms of reference. The Nomination Committee comprises a total of three members, being one executive director, namely, Mr. Auyang Pak Hong, Bernard (chairman of the Nomination Committee) and two independent non-executive directors, namely, Mr. Luk Koon Hoo and Mr. Siewert, Patrick Thomas. Accordingly, a majority of the members are independent non-executive directors.

The principal duties of the Nomination Committee are reviewing and supervising the structure, size and composition of the Board, formulating relevant procedures for nomination and appointment of directors, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive directors and making recommendation to the Board on the appointment or re-appointment of directors. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary.

Up to the date of this report, the Nomination Committee has met once (with the presence of all the committee members) and performed the following work:

1. Adoption of the criteria, procedure and process for the nomination of directors;

2. Review and discussion of the existing structure, size and composition of the Board;

3. Assessment of the independence of the existing independent non-executive directors; and

4. Recommendation to the Board on the re-appointment of all the nine retiring directors standing for re-election at the forthcoming 2007 annual general meeting of the Company.

In accordance with the Articles, all the existing nine directors of the Company shall retire and, being eligible, offer themselves for re-election at the Company's forthcoming 2007 annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of these retiring directors pursuant to the Listing Rules requirements.

D. Executive Committee

In order to increase the efficiency for the business decision, the Board established an Executive Committee on 16 July 2007 with written terms of reference. The Committee comprises all the executive directors of the Company with the Chairman of the Board acting as the Chairman of such Committee. The principal duties of the Executive Committee include monitoring the execution of the Company's strategic plans and operations of all business units of the Company and discussing and making decisions on matters relating to the management and operations of the Company.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct (the "Own Code") regarding dealings in the securities of the Company by the directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price-sensitive information of the Company or its securities) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of the Company's directors, all the directors confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the period from the Listing Date to the date of this report.

In addition, no incident of non-compliance of the Own Code by the employees of the Group was noted by the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2007.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

EXTERNAL AUDITORS AND THEIR REMUNERATION

The statement of the auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2007 is set out in the section headed "Independent Auditors' Report" in this annual report.

A summary of audit and non-audit services provided by the Group's external auditors for the year ended 31 March 2007 and their corresponding remuneration is as follows:

Nature of services	**Amount** HK$'000
Audit services	1,019
Non-audit services	
(i) Services rendered in connection with the listing of the Company's shares	3,634
(ii) Tax services	466
(iii) Services rendered in connection with the Company's interim report	101

INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Audit Committee discussed the overall review on the effectiveness of the internal control system and reported its findings and made recommendations to the Board. The directors of the Company have conducted a review of the effectiveness of the Group's internal control system for the year ended 31 March 2007. The review covered financial, operational and compliance controls and risk management functions.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions will be proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

Besides, the rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Articles. Details of rights to demand a poll are also included in all circulars to shareholders and will be explained in the proceedings of meetings.

Poll results will be announced and posted on the websites of the Company and of the Stock Exchange in the event that poll voting is taken at a shareholders' meeting.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decision.

The general meetings of the Company provide an opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as the chairmen or other members of the Audit Committee, Remuneration Committee and Nomination Committee will normally attend the annual general meetings and other shareholders' meetings of the Company to answer any questions raised by the shareholders.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company's principal place of business at 17/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at "www.computime.com", where information on the Company's business development and operations, financial information, corporate governance practices and other information are available for public access.

INDEPENDENT AUDITORS' REPORT

安永會計師事務所

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

To the shareholders of Computime Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Computime Group Limited set out on pages 56 to 107, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting polices 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. 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.

Auditors' responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 auditors consider 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
16 July 2007

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	5	**2,003,003**	1,908,475
Cost of sales		**(1,662,650)**	(1,533,694)
Gross profit		**340,353**	374,781
Other income and gains	5	**64,951**	16,769
Selling and distribution costs		**(79,638)**	(82,584)
Administrative expenses		**(131,351)**	(129,828)
Other operating expenses		**(6,145)**	(8,563)
Finance costs	6	**(20,121)**	(22,360)
Share of profits and losses of associates		**2,239**	4,508
PROFIT BEFORE TAX	7	**170,288**	152,723
Tax	10	**(12,101)**	(13,878)
PROFIT FOR THE YEAR		**158,187**	138,845
ATTRIBUTABLE TO:			
Equity holders of the Company	11	**153,185**	140,127
Minority interests		**5,002**	(1,282)
		158,187	138,845
DIVIDENDS	12	**81,480**	65,000
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
Basic		**21.6 HK cents**	23.4 HK cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**175,167**	167,831
Prepaid land lease payments	15	**—**	4,005
Goodwill	16	**1,744**	—
Club debenture		**705**	705
Intangible assets	17	**17,277**	19,004
Interests in associates	19	**5,607**	5,669
Total non-current assets		**200,500**	197,214
CURRENT ASSETS			
Inventories	20	**386,567**	277,865
Trade receivables	21	**406,752**	317,407
Prepayments, deposits and other receivables	22	**34,231**	29,333
Amounts due from associates	19	**18,060**	9,902
Derivative financial instrument	23	**—**	3,900
Tax recoverable		**30**	544
Cash and cash equivalents	24	**539,206**	187,973
Total current assets		**1,384,846**	826,924
CURRENT LIABILITIES			
Trade and bills payables	25	**337,579**	296,491
Other payables and accrued liabilities	26	**92,359**	112,423
Interest-bearing bank and other borrowings	27	**252,837**	220,363
Dividend payable		**—**	50,000
Amounts due to minority shareholders		**160**	850
Tax payable		**8,365**	6,363
Total current liabilities		**691,300**	686,490
NET CURRENT ASSETS		**693,546**	140,434
TOTAL ASSETS LESS CURRENT LIABILITIES (to be continued)		**894,046**	337,648

CONSOLIDATED BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES (continued)		**894,046**	337,648
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	**20,577**	26,602
Deferred tax liabilities	29	**5,006**	5,006
Provision for long service payments	30	**5,978**	5,703
Total non-current liabilities		**31,561**	37,311
Net assets		**862,485**	300,337
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	31	**83,000**	—
Reserves	33	**746,627**	285,337
Proposed final dividend	12	**31,540**	15,000
		861,167	300,337
Minority interests		**1,318**	—
Total equity		**862,485**	300,337

Auyang Ho
Director

Auyang Pak Hong, Bernard
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2007

		Attributed to equity holders of the Company								
	Notes	**Issued capital** HK$'000 (note 31)	**Share premium*** HK$'000 (note 31)	**Contributed surplus*** HK$'000 (note 33(a))	**Exchange fluctuation reserve*** HK$'000	**Retained profits*** HK$'000	**Proposed final dividend** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 April 2006		—	—	1,879	(94)	283,552	15,000	300,337	—	300,337
Exchange realignment and total income and expense recognised directly in equity		—	—	—	3,166	—	—	3,166	38	3,204
Profit for the year		—	—	—	—	153,185	—	153,185	5,002	158,187
Total income and expense for the year		—	—	—	3,166	153,185	—	156,351	5,040	161,391
Capitalisation issue	31(e)	60,000	(60,000)	—	—	—	—	—	—	—
Issue of shares	31(f)	23,000	501,400	—	—	—	—	524,400	—	524,400
Share issue expenses		—	(54,981)	—	—	—	—	(54,981)	—	(54,981)
Acquisition of minority interests	34	—	—	—	—	—	—	—	598	598
Dividend paid to a minority shareholder		—	—	—	—	—	—	—	(4,320)	(4,320)
Final 2006 dividend paid		—	—	—	—	—	(15,000)	(15,000)	—	(15,000)
Special 2007 dividend paid	12	—	—	—	—	(35,000)	—	(35,000)	—	(35,000)
Interim 2007 dividend paid	12	—	—	—	—	(14,940)	—	(14,940)	—	(14,940)
Proposed final 2007 dividend	12	—	—	—	—	(31,540)	31,540	—	—	—
At 31 March 2007		83,000	386,419	1,879	3,072	355,257	31,540	861,167	1,318	862,485

		Attributed to equity holders of the Company								
	Notes	**Issued capital** HK$'000	**Share premium*** HK$'000	**Contributed surplus*** HK$'000 (note 33(a))	**Exchange fluctuation reserve*** HK$'000	**Retained profits*** HK$'000	**Proposed final dividend** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 April 2005		—	—	1,879	—	208,425	—	210,304	1,374	211,678
Exchange realignment and total income and expense recognised directly in equity		—	—	—	(94)	—	—	(94)	(92)	(186)
Profit for the year		—	—	—	—	140,127	—	140,127	(1,282)	138,845
Total income and expense for the year		—	—	—	(94)	140,127	—	140,033	(1,374)	138,659
Interim 2006 dividend paid	12	—	—	—	—	(50,000)	—	(50,000)	—	(50,000)
Proposed final 2006 dividend	12	—	—	—	—	(15,000)	15,000	—	—	—
At 31 March 2006		—	—	1,879	(94)	283,552	15,000	300,337	—	300,337

* These reserve accounts comprise the consolidated reserves of HK$746,627,000 (2006: HK$285,337,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**170,288**	152,723
Adjustments for:			
Bank interest income	5	**(33,506)**	(2,505)
Gain on disposal of associates	5	**(10,065)**	—
Gain on disposal of items of property, plant and equipment, net	5	**(9,667)**	(79)
Finance costs	6	**20,121**	22,360
Depreciation	7	**29,613**	24,375
Recognition of prepaid land lease payments	7	**106**	106
Amortisation of deferred expenditure	7	**18,404**	15,860
Amortisation of other asset	7	**1,276**	1,700
Provision against inventories	7	**8,564**	3,665
Provision for long service payments	7	**275**	207
Share of profits and losses of associates		**(2,239)**	(4,508)
		193,170	213,904
Increase in inventories		**(116,435)**	(24,522)
Increase in trade receivables		**(89,345)**	(83,532)
Decrease/(increase) in prepayments, deposits and other receivables		**(5,004)**	3,899
Repayment of loan to a director		**—**	540
Increase in amounts due from associates		**(8,158)**	(7,136)
Decrease/(increase) in a derivative financial instrument		**3,900**	(3,900)
Increase in trade and bills payables		**41,088**	88,813
Increase/(decrease) in other payables and accrued liabilities		**(20,330)**	23,906
Increase/(decrease) in amounts due to minority shareholders		**(690)**	126
Cash generated from/(used in) operations		**(1,804)**	212,098
Hong Kong profits tax paid		**(9,673)**	(16,455)
Dividends paid		**(114,940)**	(24,088)
Dividend paid to a minority shareholder		**(4,320)**	—
Net cash inflow/(outflow) from operating activities (to be continued)		**(130,737)**	171,555

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Net cash inflow/(outflow) from operating activities (continued)		**(130,737)**	171,555
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**33,506**	2,505
Purchases of items of property, plant and equipment	14, 35	**(39,193)**	(47,534)
Proceeds from disposal of items of property, plant and equipment and prepaid land lease payments		**18,439**	110
Additions to deferred expenditure	17	**(17,953)**	(16,783)
Dividend received from an associate		**784**	824
Acquisition of minority interests		**(1,146)**	—
Proceeds from disposal of associates		**11,700**	—
Increase in non-pledged bank deposits with original maturity of more than three months when acquired		**(15,500)**	—
Net cash outflow from investing activities		**(9,363)**	(60,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	31(f)	**524,400**	—
Share issue expenses		**(54,981)**	—
New bank loans		**24,279**	41,180
Increase/(decrease) in trust receipt and packing loans		**17,080**	(87,042)
Repayment of bank loans		**(28,920)**	(17,482)
Capital element of finance lease rental payments		**(6,525)**	(5,005)
Interest paid	6	**(19,320)**	(21,803)
Interest element of finance lease rental payments	6	**(801)**	(557)
Net cash inflow/(outflow) from financing activities		**455,212**	(90,709)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**315,112**	19,968
Cash and cash equivalents at beginning of year		**187,767**	167,799
Effect of foreign exchange rate changes, net		**86**	—
CASH AND CASH EQUIVALENTS AT END OF YEAR		**502,965**	187,767
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**139,491**	103,247
Time deposits with original maturity of less than three months when acquired		**384,215**	84,726
Bank overdrafts	27	**(20,741)**	(206)
		502,965	187,767

BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	18	511,878
CURRENT ASSETS		
Prepayment, deposits and other receivables	22	1,022
Cash and cash equivalents	24	353,245
Total current assets		354,267
CURRENT LIABILITIES		
Other payables and accrued liabilities	26	2,022
NET CURRENT ASSETS		352,245
Net assets		864,123
EQUITY		
Issued capital	31	83,000
Reserves	33	749,583
Proposed final dividend	12	31,540
Total equity		864,123

Auyang Ho
Director

Auyang Pak Hong, Bernard
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2007

1. CORPORATE INFORMATION AND REORGANISATION

Computime Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 16 September 2006 (the "Group Reorganisation"). Further details of the Group Reorganisation pursuant thereto are set out in the prospectus of the Company dated 25 September 2006 (the "Prospectus").

The Company's shares have been listed on the Stock Exchange since 9 October 2006 (the "Listing Date").

The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at 17/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was principally engaged in investment holding, research and development, design, manufacture and trading of electronic control products.

2.1 BASIS OF PREPARATION AND CONSOLIDATION

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 March 2006 and 2007 include the results of the Company and its subsidiaries with effect from 1 April 2005. The comparative consolidated balance sheet as at 31 March 2006 has been prepared on the basis that the existing Group had been in place at that date.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and state of affairs of the Group as a whole.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a derivative financial instrument which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000"), except when otherwise indicated.

Comparative amounts have not been presented for the Company's balance sheet and the notes thereto because the Company was not in existence on 31 March 2006.

All significant intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 "The Effects of Changes in Foreign Exchange Rates"

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) HKAS 39 "Financial Instruments: Recognition and Measurement"

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue". The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(c) HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease"

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. The adoption of this interpretation has had no effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 "Segment Reporting".

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures. The Group has already commenced an assessment of the impact of the other new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates, is included as part of the Group's interests in associates. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

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

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	2%
Leasehold improvements	10% - 33.3%
Furniture, fixtures and equipment	10% - 33.3%
Tools and machinery	10% - 33.3%
Motor vehicles	10% - 33.3%
Moulds and tooling	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Deferred expenditure

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Deferred expenditure which does not meet these criteria is expensed when incurred.

Deferred expenditure is stated at cost less any impairment losses and is amortised using the straight-line basis over the commercial lives of the underlying products not exceeding one to three years, commencing from the date when the products are put into commercial production.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Other asset

Other asset, which represents expenditure incurred for the acquisition of the exclusive marketing right in connection with the products manufactured with a licensed trademark under a license agreement, is stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over its economic life of five years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of the unlisted equity security cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and bills payables, other payables and accrued liabilities, amounts due to minority shareholders and interest-bearing bank and other borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly, in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) engineering, handling and testing fee income, when the underlying services have been rendered;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment testing.

Estimation uncertainty

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

(a) Provision against slow-moving inventories

Provision against slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the provision amount required involves management judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charge/write-back in the period in which such estimate has been changed.

(b) Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at each financial year end date based on changes in circumstances.

(c) Impairment of financial assets or goodwill

The Group determines whether a financial asset or goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the financial asset or goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the financial asset or cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. The carrying amount of goodwill at 31 March 2007 was HK$1,744,000 (2006: Nil).

NOTES TO FINANCIAL STATEMENTS

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4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the building and home controls segment is engaged in the research and development, design, manufacture, trading and distribution of building and home control products;

(b) the appliance controls segment is engaged in the research and development, design, manufacture and trading of appliance control products; and

(c) the commercial and industrial controls segment is engaged in the research and development, design, manufacture, trading and distribution of commercial and industrial control products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further analysis of assets and capital expenditure of the Group by geographical segment is presented as over 90% of the Group's assets are located in Hong Kong and Mainland China.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION *(continued)*

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information on the Group's business segments for the years ended 31 March 2007 and 2006:

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Segment revenue:								
Sales to external customers	**944,465**	1,046,603	**775,541**	582,777	**282,997**	279,095	**2,003,003**	1,908,475
Segment results	**103,722**	119,984	**20,305**	32,303	**20,160**	18,013	**144,187**	170,300
Bank interest income							**33,506**	2,505
Other income and gains (excluding bank interest income)							**31,445**	14,264
Corporate and other unallocated expenses							**(20,968)**	(16,494)
Finance costs							**(20,121)**	(22,360)
Share of profits and losses of associates	**2,239**	4,508	**—**	—	**—**	—	**2,239**	4,508
Profit before tax							**170,288**	152,723
Tax							**(12,101)**	(13,878)
Profit for the year							**158,187**	138,845
Assets and liabilities								
Segment assets	**194,683**	193,508	**238,883**	224,707	**44,212**	30,863	**477,778**	449,078
Interests in associates	**23,667**	15,571	**—**	—	**—**	—	**23,667**	15,571
Corporate and other unallocated assets							**1,083,901**	559,489
Total assets							**1,585,346**	1,024,138
Segment liabilities	**31,580**	25,241	**29,222**	22,629	**2,686**	3,148	**63,488**	51,018
Corporate and other unallocated liabilities							**659,373**	672,783
Total liabilities							**722,861**	723,801
Other segment information:								
Amortisation of deferred expenditure	**9,223**	9,037	**5,085**	3,587	**4,096**	3,236	**18,404**	15,860
Amortisation of other asset	**1,276**	1,700	**—**	—	**—**	—	**1,276**	1,700
Depreciation	**15,811**	13,367	**9,051**	7,443	**4,751**	3,565	**29,613**	24,375

NOTES TO FINANCIAL STATEMENTS

31 March 2007

4. SEGMENT INFORMATION *(continued)*

(b) Geographical segments

The following table presents revenue information on the Group's geographical segments for the years ended 31 March 2007 and 2006:

	2007 HK$'000	2006 HK$'000
Segment revenue:		
Sales to external customers:		
The Americas	**1,156,920**	1,419,315
Europe	**593,845**	301,379
Asia	**211,205**	133,212
Other regions	**41,033**	54,569
Total	**2,003,003**	1,908,475

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income and gains of the Group is as follows:

	2007 HK$'000	2006 HK$'000
Bank interest income	**33,506**	2,505
Engineering fee income	**3,310**	5,959
Handling and testing fee income	**3,318**	4,311
Sale of materials	**1,722**	1,866
Gain on disposal of associates	**10,065**	—
Gain on disposal of items of property, plant and equipment, net	**9,667**	79
Sundry income	**3,363**	2,049
	64,951	16,769

NOTES TO FINANCIAL STATEMENTS

31 March 2007

6. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**19,320**	21,803
Finance leases	**801**	557
	20,121	22,360

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	**2007**	2006
		HK$'000	HK$'000
Cost of inventories sold*		**1,654,086**	1,530,029
Depreciation	14	**29,613**	24,375
Research and development costs:			
Amortisation of deferred expenditure^	17	**18,404**	15,860
Current year expenditure		**27,190**	13,326
		45,594	29,186
Amortisation of other asset^	17	**1,276**	1,700
Provision against inventories		**8,564**	3,665
Recognition of prepaid land lease payments	15	**106**	106
Minimum lease payments under operating leases of land and buildings		**29,446**	25,408
Auditors' remuneration		**1,019**	520
Employee benefits expense* (including directors' remuneration - note 8):			
Wages, salaries and other benefits		**157,812**	135,991
Pension scheme contributions		**1,522**	1,776
Provision for long service payments	30	**275**	207
Provision for untaken paid leave		**276**	982
		159,885	138,956
Foreign exchange differences, net		**6,115**	6,843

* Employee benefits expenses of HK$90,177,000 (2006: HK$69,144,000) are also included in "Cost of inventories sold" above.

^ The amortisation of deferred expenditure and other asset for the year are included in "Administrative expenses" on the face of the consolidated income statement.

At 31 March 2007, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2006: Nil).

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8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Fees	**946**	558
Other emoluments:		
Salaries, allowances and benefits in kind	**6,383**	6,020
Bonuses*	**2,400**	2,400
Pension scheme contributions	**24**	24
	9,753	9,002

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006: Nil).

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the directors.

The remuneration of each of the directors for the year ended 31 March 2007 is set out below:

	Fees	**Salaries, allowances and benefits in kind**	**Bonuses**	**Pension scheme contributions**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Auyang Ho	—	1,430	—	—	1,430
Mr. Auyang Pak Hong, Bernard	—	2,665	1,400	12	4,077
Ms. Choi Po Yee, Alice	—	2,288	1,000	12	3,300
	—	6,383	2,400	24	8,807
Non-executive directors					
Mr. Wong Ying Ho, Kennedy	120	—	—	—	120
Mr. Kam Chi Chiu, Anthony	120	—	—	—	120
Mr. Patel, Arvind Amratlal	466	—	—	—	466
	706	—	—	—	706
Independent non-executive directors					
Mr. Luk Koon Hoo	120	—	—	—	120
Mr. Siewert, Patrick Thomas	60	—	—	—	60
Mr. Feniger, Steven Julien	60	—	—	—	60
	240	—	—	—	240
	946	6,383	2,400	24	9,753

8. DIRECTORS' REMUNERATION *(continued)*

The remuneration of each of the directors for the year ended 31 March 2006 is set out below:

	Fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Auyang Ho	—	1,430	—	—	1,430
Mr. Auyang Pak Hong, Bernard	—	2,510	1,400	12	3,922
Ms. Choi Po Yee, Alice	—	2,080	1,000	12	3,092
	—	6,020	2,400	24	8,444
Non-executive directors					
Mr. Wong Ying Ho, Kennedy	30	—	—	—	30
Mr. Kam Chi Chiu, Anthony	30	—	—	—	30
Mr. Patel, Arvind Amratlal	468	—	—	—	468
	528	—	—	—	528
Independent non-executive directors					
Mr. Luk Koon Hoo	30	—	—	—	30
Mr. Siewert, Patrick Thomas	—	—	—	—	—
Mr. Feniger, Steven Julien	—	—	—	—	—
	30	—	—	—	30
	558	6,020	2,400	24	9,002

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2006: three) directors, details of whose emoluments are set out in note 8 above. Details of the remuneration of the remaining three (2006: two) non-director, highest paid employees for the year are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**5,184**	3,528
Pension scheme contributions	**24**	40
	5,208	3,568

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2007	2006
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**3**	2
	3	2

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the income tax laws of the People's Republic of China (the "PRC"), Computime Electronics (Shenzhen) Co. Ltd., a wholly-owned subsidiary of the Company, is entitled to a preferential tax treatment with full tax exemption from corporate income tax ("CIT") for the two years starting from the first profitable year, after deducting the tax losses carried forward, and is granted a 50% reduction in tax for the three years thereafter.

Computime Electronics (Shenzhen) Co. Ltd. is entitled to 50% tax relief for the year ended 31 March 2007 whereas it was fully exempt from CIT for the year ended 31 March 2006 as that was its second profitable year of operations.

	2007	2006
	HK$'000	HK$'000
Group:		
Current – Hong Kong	**9,239**	13,878
Current – Mainland China	**2,862**	—
Total tax charge for the year	**12,101**	13,878

10. TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rate (i.e. the statutory tax rates) to the effective tax rates, are as follows:

	2007					
	Hong Kong		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax	**136,720**		**33,568**		**170,288**	
Tax at the statutory tax rates	**23,926**	**17.5**	**11,077**	**33.0**	**35,003**	**20.6**
Lower tax rate for specific province and as a result of tax holiday	**—**	**—**	**(8,560)**	**(25.5)**	**(8,560)**	**(5.0)**
Profits and losses attributable to associates	**(392)**	**(0.3)**	**—**	**—**	**(392)**	**(0.2)**
Net profits from operation not subject to tax	**(6,572)**	**(4.8)**	**—**	**—**	**(6,572)**	**(3.9)**
Income not subject to tax	**(9,318)**	**(6.8)**	**—**	**—**	**(9,318)**	**(5.5)**
Expenses not deductible for tax	**1,595**	**1.2**	**345**	**1.0**	**1,940**	**1.1**
Tax charge at the Group's effective rate	**9,239**	**6.8**	**2,862**	**8.5**	**12,101**	**7.1**

	2006					
	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	145,342		7,381		152,723	
Tax at the statutory tax rates	25,435	17.5	2,436	33.0	27,871	18.2
Lower tax rate for specific province and as a result of tax holidays	—	—	(1,329)	(18.0)	(1,329)	(0.9)
Profits and losses attributable to associates	(789)	(0.5)	—	—	(789)	(0.5)
Net profits from operation not subject to tax	(14,201)	(9.8)	—	—	(14,201)	(9.3)
Income not subject to tax	(453)	(0.3)	—	—	(453)	(0.3)
Expenses not deductible for tax	3,893	2.7	28	0.4	3,921	2.6
Tax losses utilised from previous periods	(7)	(0.1)	(1,135)	(15.4)	(1,142)	(0.7)
Tax charge at the Group's effective rate	13,878	9.5	—	—	13,878	9.1

The share of tax attributable to an associate amounting to HK$223,000 (2006: Nil) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

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11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2007 includes a profit of HK$91,209,000 which has been dealt with in the financial statements of the Company (note 33(b)).

12. DIVIDENDS

	2007 HK$'000	2006 HK$'000
Special dividend#	35,000	—
Interim – HK$0.018 per ordinary share	14,940	—
Proposed final – HK$0.038 per ordinary share	31,540	—
Dividends declared and paid by a subsidiary*	—	65,000
	81,480	65,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

\# Pursuant to a board resolution passed on 20 September 2006, the Company paid a special dividend of HK$35,000,000 to the then shareholders of the Company before the listing of the Company's shares.

* Since the Company was incorporated on 23 June 2006, no dividend was paid by the Company for the year ended 31 March 2006. Computime International Limited, a subsidiary of the Company and the then holding company of the Group, paid an interim dividend of HK$50,000,000 and a final dividend of HK$15,000,000 for the year ended 31 March 2006 to its then shareholders prior to the Group Reorganisation.

13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$153,185,000 (2006: HK$140,127,000) and the weighted average of 709,315,000 (2006: 600,000,000) ordinary shares deemed to have been in issue during the year.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2006 includes the pro forma issued share capital of the Company of 600,000,000 shares, comprising:

(a) the 1 share and 399 shares of the Company allotted and issued at nil paid on 23 June 2006 and 16 September 2006, respectively (note 31(c) and 31(d));

(b) the capitalisation issue of 599,999,600 shares (note 31(e)).

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2007 includes the weighted average of 109,315,000 shares issued upon the listing of the Company's shares on the Stock Exchange in October 2006 in addition to the aforementioned 600,000,000 ordinary shares.

No diluted earnings per share are presented for the years ended 31 March 2007 and 2006 as no diluting events occurred during the years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Building HK$'000	Leasehold improve-ments HK$'000	Furniture, fixtures and equipment HK$'000	Tools and machinery HK$'000	Motor vehicles HK$'000	Moulds and tooling HK$'000	Total HK$'000
At 31 March 2007							
At 1 April 2006:							
Cost	4,644	44,946	60,121	172,830	2,979	7,746	293,266
Accumulated depreciation	(1,049)	(14,869)	(34,201)	(67,072)	(498)	(7,746)	(125,435)
Net carrying amount	3,595	30,077	25,920	105,758	2,481	—	167,831
At 1 April 2006, net of accumulated depreciation	3,595	30,077	25,920	105,758	2,481	—	167,831
Additions	—	6,898	7,348	24,752	195	—	39,193
Disposals	(3,509)	(1,023)	(65)	(170)	—	—	(4,767)
Depreciation provided during the year	(86)	(5,602)	(7,358)	(16,258)	(309)	—	(29,613)
Exchange realignment	—	423	226	1,841	33	—	2,523
At 31 March 2007, net of accumulated depreciation	—	30,773	26,071	115,923	2,400	—	175,167
At 31 March 2007:							
Cost	—	47,496	67,646	199,579	3,215	7,746	325,682
Accumulated depreciation	—	(16,723)	(41,575)	(83,656)	(815)	(7,746)	(150,515)
Net carrying value	—	30,773	26,071	115,923	2,400	—	175,167

NOTES TO FINANCIAL STATEMENTS

31 March 2007

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Building HK$'000	Leasehold improve-ments HK$'000	Furniture, fixtures and equipment HK$'000	Tools and machinery HK$'000	Motor vehicles HK$'000	Moulds and tooling HK$'000	Total HK$'000
At 31 March 2006							
At 1 April 2005:							
Cost	4,644	30,411	52,299	133,684	3,035	7,746	231,819
Accumulated depreciation	(962)	(10,753)	(28,108)	(53,202)	(1,343)	(7,746)	(102,114)
Net carrying amount	3,682	19,658	24,191	80,482	1,692	—	129,705
At 1 April 2005, net of accumulated depreciation	3,682	19,658	24,191	80,482	1,692	—	129,705
Additions	—	14,535	7,813	39,146	1,038	—	62,532
Disposals	—	—	(26)	—	(5)	—	(31)
Depreciation provided during the year	(87)	(4,116)	(6,058)	(13,870)	(244)	—	(24,375)
At 31 March 2006, net of accumulated depreciation	3,595	30,077	25,920	105,758	2,481	—	167,831
At 31 March 2006:							
Cost	4,644	44,946	60,121	172,830	2,979	7,746	293,266
Accumulated depreciation	(1,049)	(14,869)	(34,201)	(67,072)	(498)	(7,746)	(125,435)
Net carrying amount	3,595	30,077	25,920	105,758	2,481	—	167,831

The net carrying amount of the Group's property, plant and equipment held under finance leases and hire purchase contracts included in the total amount of tools and machinery, motor vehicles and office equipment amounted to HK$18,247,000 (2006: HK$27,015,000).

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2007	2006
	HK$'000	HK$'000
Carrying amount at beginning of year	**4,111**	4,217
Recognised during the year	**(106)**	(106)
Disposal	**(4,005)**	—
Carrying amount at 31 March	**—**	4,111
Current portion included in prepayments, deposits and other receivables	**—**	(106)
Non-current portion	**—**	4,005

The prepaid land lease payments under medium term leases in Hong Kong were disposed of during the year.

16. GOODWILL

	Group	
	2007	2006
	HK$'000	HK$'000
Cost and net carrying amount at beginning of year	**—**	—
Acquisition of minority interests (note 34)	**1,744**	—
Cost and net carrying amount at end of year	**1,744**	—

NOTES TO FINANCIAL STATEMENTS

31 March 2007

17. INTANGIBLE ASSETS

Group

	Deferred expenditure HK$'000	Other asset HK$'000	Total HK$'000
At 31 March 2007			
At 1 April 2006:			
Cost	109,551	8,502	118,053
Accumulated amortisation	(91,823)	(7,226)	(99,049)
Net carrying amount	17,728	1,276	19,004
At 1 April 2006, net of accumulated amortisation	17,728	1,276	19,004
Additions	17,953	—	17,953
Amortisation provided during the year	(18,404)	(1,276)	(19,680)
At 31 March 2007, net of accumulated amortisation	17,277	—	17,277
At 31 March 2007:			
Cost	127,504	8,502	136,006
Accumulated amortisation	(110,227)	(8,502)	(118,729)
Net carrying amount	17,277	—	17,277

17. INTANGIBLE ASSETS *(continued)*

Group

	Deferred expenditure HK$'000	**Other asset** HK$'000	**Total** HK$'000
At 31 March 2006			
At 1 April 2005:			
Cost	92,768	8,502	101,270
Accumulated amortisation	(75,963)	(5,526)	(81,489)
Net carrying amount	16,805	2,976	19,781
At 1 April 2005, net of accumulated amortisation	16,805	2,976	19,781
Additions	16,783	—	16,783
Amortisation provided during the year	(15,860)	(1,700)	(17,560)
At 31 March 2006, net of accumulated amortisation	17,728	1,276	19,004
At 31 March 2006:			
Cost	109,551	8,502	118,053
Accumulated amortisation	(91,823)	(7,226)	(99,049)
Net carrying amount	17,728	1,276	19,004

18. INTERESTS IN SUBSIDIARIES

	Company 2007 HK$'000
Unlisted investments, at cost	**353,435**
Due from subsidiaries	**158,443**
	511,878

The amounts due from subsidiaries are unsecured, interest-free and have no specific terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

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18. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Computime International Limited ("CIL")	British Virgin Islands/ Hong Kong	US$400	100%	Investment holding
Computime Enterprises Limited	British Virgin Islands/ PRC	US$1	100%	Provision of sub-contracting services
Computime Limited 金寶通有限公司	Hong Kong	HK$2,000,000	100%	Investment holding, research and development, design, manufacture and trading of electronic control products
Seccom Technologies Limited	Hong Kong	HK$100,000	100%	Trading of electronic control products
CK Technologies Company Limited 金德寶科技有限公司	Hong Kong	HK$2	60%	Trading of electronic control products
金寶通電子（深圳）有限公司 Computime Electronics (Shenzhen) Co. Ltd.*#	PRC	US$9,000,000	100%	Manufacture and trading of electronic control products
Clovis Limited	Hong Kong	HK$1	100%	Trading of electronic control products
CT Global Inc.^	United States of America	US$10	100%	Distribution and trading of electronic control products
Computime (N.A.) Technology Centre, Inc.^	United States of America	N/A	100%	Provision of administrative customer service, engineering and research and development support services

18. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Salus Controls Plc*	United Kingdom	GBP50,000	55%	Distribution and trading of electronic control products
Salus Controls GmbH (formerly known as Salus Technologies GmbH)^	Germany	EUR25,000	100%	Distribution and trading of electronic control products

^ No audited financial statements of these companies have been prepared since their respective dates of incorporation as there is no statutory audit requirement for these companies

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms

Registered as a wholly-owned foreign enterprise under the PRC law

Except for CIL, all the above subsidiaries are indirectly held by the Company.

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

19. INTERESTS IN ASSOCIATES

	Group	
	2007 HK$'000	2006 HK$'000
Share of net assets	**4,049**	4,111
Goodwill on acquisition	**1,558**	1,558
	5,607	5,669
Due from associates	**18,060**	9,902

The amounts due from associates are unsecured, interest-free and have no specific terms of repayment. The carrying amounts of the amounts due from associates approximate to their fair values.

The Group's trade receivable balances with the associates are disclosed in note 21 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

19. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the principal associate are as follow:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activities
Braeburn Systems LLC*	N/A	United States of America	27%	Trading of electronic products

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms

The above table lists the associate of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The financial statements of the Group's associates are not coterminous with those of the Group and have financial years ending 31 December. The consolidated financial statements are adjusted for material transactions between the associates and Group companies between 1 January and 31 March.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2007 HK$'000	2006 HK$'000
Assets	**83,683**	48,095
Liabilities	**69,511**	32,005
Revenue	**126,439**	117,508
Profit	**9,702**	13,944

20. INVENTORIES

	Group	
	2007 HK$'000	2006 HK$'000
Raw materials	**239,239**	200,758
Work-in-progress	**45,639**	41,690
Finished goods	**101,689**	35,417
	386,567	277,865

21. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to three months. The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within 1 month	**300,754**	276,325
1 to 2 months	**15,626**	15,407
2 to 3 months	**23,512**	8,709
Over 3 months	**66,860**	16,966
	406,752	317,407

Included in the Group's trade receivables are amounts due from the Group's associates and a related company, in which certain beneficial shareholders of the Company have beneficial interests, of HK$33,994,000 (2006: HK$23,310,000) and HK$4,771,000 (2006: Nil), respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

The carrying amounts of the trade receivables approximate to their fair values.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group's and the Company's prepayments, deposits and other receivables are interest-free and their carrying amounts approximate to their fair values.

23. DERIVATIVE FINANCIAL INSTRUMENT

	Group	
	2007	2006
	HK$'000	HK$'000
Derivative financial instrument	**—**	3,900

At 31 March 2006, the derivate financial instrument represented an index-linked note which did not meet the criteria for hedge accounting. Such index-linked note was matured during the year.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

24. CASH AND CASH EQUIVALENTS

	Group		Company
	2007	2006	2007
	HK$'000	HK$'000	HK$'000
Cash and bank balances	**139,491**	103,247	**48,230**
Time deposits	**399,715**	84,726	**305,015**
	539,206	187,973	**353,245**

At the balance sheet date, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to HK$3,033,000 (2006: HK$5,340,000). The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

25. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables as at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within 1 month	**325,838**	273,531
1 to 2 months	**2,579**	16,085
2 to 3 months	**745**	2,043
Over 3 months	**8,417**	4,832
	337,579	296,491

The trade payables are interest-free and generally have payment terms ranging from one to three months. The carrying amounts of the trade and bills payables approximate to their fair values.

26. OTHER PAYABLES AND ACCRUED LIABILITIES

The Group's and the Company's other payables and accrued liabilities are interest-free and have payments terms ranging from one to three months. The carrying amounts of other payables and accrued liabilities approximate to their fair values.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2007			2006		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Finance lease payables (note 28)	**6.18 - 7.00**	**2007**	**6,055**	2.75 - 7.00	2006	6,536
Bank overdrafts - unsecured	**7.75 - 8.25**	**2007**	**20,741**	5.25 - 8.00	2006	206
Bank loans - unsecured	**4.90 - 7.75**	**2007**	**226,041**	2.08 - 7.75	2006	213,621
			252,837			220,363
Non-current						
Finance lease payables (note 28)	**6.25 - 7.00**	**2008 - 2009**	**2,747**	2.75 - 7.00	2007 - 2009	8,791
Bank loans - unsecured	**5.40 - 6.61**	**2008 - 2010**	**17,830**	3.46 - 6.15	2009	17,811
			20,577			26,602
			273,414			246,965

	2007 HK$'000	2006 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**246,782**	213,827
In the second year	**14,624**	8,995
In the third to fifth years, inclusive	**3,206**	8,816
	264,612	231,638
Finance leases repayable:		
Within one year or on demand	**6,055**	6,536
In the second year	**2,725**	6,054
In the third to fifth years, inclusive	**22**	2,737
	8,802	15,327
	273,414	246,965

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

As at 31 March 2006, certain bank loans and other borrowings made to the Group were secured by personal guarantees executed by certain beneficial shareholders up to HK$499,762,000. The personal guarantees executed by certain beneficial shareholders were released after the listing of shares of the Company on the Stock Exchange.

Other interest rate information:

	Fixed rate		**Floating rate**	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Finance lease payables	**2,339**	3,910	**6,463**	11,417
Bank overdrafts	**—**	—	**20,741**	206
Bank loans – unsecured	**—**	—	**243,871**	231,432

The carrying amounts of the Group's borrowings approximate to their fair values. Except for the unsecured bank loan of approximately HK$609,000 which is denominated in the United States dollars, all borrowings are denominated in Hong Kong dollars.

28. FINANCE LEASE PAYABLES

The Group leases certain of its tools and machinery, motor vehicles and office equipment. These leases are classified as finance leases and have remaining lease terms ranging from one to three years (2006: one to four years).

At 31 March 2007, the total future minimum lease payments under finance leases and their present values were as follows:

Group	**Minimum lease payments**		**Present value of minimum lease payments**	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Amounts repayable:				
Within one year	**6,429**	7,346	**6,055**	6,536
In the second year	**2,787**	6,439	**2,725**	6,054
In the third to fifth years, inclusive	**24**	2,801	**22**	2,737
Total minimum finance lease payments	**9,240**	16,586	**8,802**	15,327
Future finance charges	**(438)**	(1,259)		
Total net finance lease payables	**8,802**	15,327		
Portion classified as current liabilities (note 27)	**(6,055)**	(6,536)		
Long term portion (note 27)	**2,747**	8,791		

29. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities and assets during the year is as follows:

Group

	Provision against inventories HK$'000	**Depreciation allowance in excess of related depreciation** HK$'000	**Net deferred tax liabilities** HK$'000
At 1 April 2005, 31 March 2006, 1 April 2006	(254)	5,260	5,006
Deferred tax charged/(credited) to the income statement during the year	(1,514)	1,514	—
At 31 March 2007	(1,768)	6,774	5,006

At 31 March 2007 and 31 March 2006, the Group had no material tax losses available for offsetting against future taxable profits.

At 31 March 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2007 **HK$'000**	2006 HK$'000
At beginning of year	**5,703**	5,496
Additional provision	**275**	207
At 31 March	**5,978**	5,703

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance, as further explained under the heading "Employee benefits" in note 2.4 to the financial statements. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group as at the balance sheet date.

31. SHARE CAPITAL

	2007 HK$'000
Authorised:	
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**
Issued and fully paid:	
830,000,000 ordinary shares of HK$0.10 each	**83,000**

The following changes in the Company's authorised and issued share capital and share premium took place during the period from 23 June 2006 (date of incorporation) to 31 March 2007:

	Notes	**Number of ordinary shares of HK$0.10 each**	**Nominal value of ordinary shares** HK$'000	**Share premium** HK$'000	**Total** HK$'000
Authorised:					
Upon incorporation	(a)	3,800,000	380	—	380
Increase in authorised share capital	(b)	4,996,200,000	499,620	—	499,620
As at 31 March 2007		5,000,000,000	500,000	—	500,000
Issued and fully paid:					
Allotted and issued at nil paid	(c)	1	—	—	—
On acquisition of CIL – new issue of shares	(d)	399	—	—	—
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of the new shares to the public	(e)	599,999,600	—	—	—
Pro forma share capital as at 31 March 2006		600,000,000	—	—	—
Capitalisation of the share premium account as set out above	(e)	—	60,000	(60,000)	—
New issue of shares	(f)	230,000,000	23,000	501,400	524,400
Share issue expenses		—	—	(54,981)	(54,981)
As at 31 March 2007		830,000,000	83,000	386,419	469,419

31. SHARE CAPITAL *(continued)*

Notes:

(a) Upon incorporation of the Company, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 shares of HK$0.10 each.

(b) Pursuant to the written resolutions of the sole shareholder of the Company passed on 15 September 2006, the authorised share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of additional 4,996,200,000 shares of HK$0.10 each.

(c) On 23 June 2006, 1 share of HK$0.10 was allotted and issued at nil paid. The share was subsequently credited as fully paid at par.

(d) Pursuant to the written resolutions of the sole shareholder of the Company passed on 15 September 2006 and the Group Reorganisation, 399 new shares of HK$0.10 each were further allotted and issued, credited as fully paid at par, in consideration of and in exchange for the acquisition of the entire issued share capital of CIL.

(e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 15 September 2006, an aggregate of 599,999,600 shares of HK$0.10 each of the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of the sum of HK$59,999,960 from the share premium account, to the then existing shareholders of the Company, whose names appeared in the register of members of the Company on 22 September 2006, in proportion to their respective shareholdings. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in (f) below.

(f) In connection with the Company's initial public offering, 230,000,000 shares of HK$0.10 each were issued at a price of HK$2.28 per share for a total cash consideration, before expenses, of HK$524,400,000. Dealings in these shares on the Stock Exchange commenced in October 2006.

32. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Scheme include directors (including executive, non-executive and independent non-executive directors) and employees of the Group, any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group. The Scheme was adopted on 15 September 2006 (the "Adoption Date") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares in issue at any time. The maximum number of shares issued and to be issued under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors of the Company. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to shareholders' approval in advance in a general meeting.

As at the balance sheet date and the date of the approval of these financial statements, the total number of shares which may be issued upon the exercise of the options which may be granted under the Scheme is 80,000,000, representing 10% of the shares of the Company in issue on the Listing Date and approximately 9.6% of the shares of the Company in issue as at the date of this report.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

32. SHARE OPTION SCHEME *(continued)*

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which may commence from the date of offer of the share options, and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheets on the date of offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share options as at 31 March 2007 as the Company has not granted any share options to any eligible participants since the Adoption Date.

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 59 of the financial statements.

The Group's contributed surplus represents (i) the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation of certain subsidiaries of the Group which took place in a prior year, over the nominal value of CIL's shares issued in exchange therefor; and (ii) the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

b) Company

	Notes	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
Upon incorporation		—	—	—	—
Profit for the period (from the incorporation date of 23 June 2006 to 31 March 2007)		—	—	91,209	91,209
Arising on the Group Reorganisation		—	353,435	—	353,435
Capitalisation issue	31(e)	(60,000)	—	—	(60,000)
Issue of shares for cash consideration	31(f)	501,400	—	—	501,400
Share issue expenses		(54,981)	—	—	(54,981)
Special 2007 dividend paid	12	—	—	(35,000)	(35,000)
Interim 2007 dividend	12	—	—	(14,940)	(14,940)
Proposed final 2007 dividend	12	—	—	(31,540)	(31,540)
At 31 March 2007		386,419	353,435	9,729	749,583

The Company's contributed surplus represents the excess of the fair value of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

34. ACQUISITION OF MINORITY INTERESTS

In November 2006, the Group acquired an additional 45% equity interest in Salus Controls GmbH (formerly known as Salus Technologies GmbH) for a total cash consideration of EUR100,000 from the minority shareholder. As a result, the Group increased its equity interests in Salus Controls GmbH (formerly known as Salus Technologies GmbH) from 55% to 100%, resulting in a total positive goodwill of approximately HK$1,744,000 (note 16). This acquisition also constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

35. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transaction

During the year ended 31 March 2006, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$14,998,000.

36. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties, warehouses, factories and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years (2006: two to ten years).

At 31 March 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2007 **HK$'000**	2006 HK$'000
Within one year	**16,457**	13,601
In the second to fifth years, inclusive	**48,463**	51,079
After five years	**16,927**	37,019
	81,847	101,699

Other than the commitments as disclosed above, the Group had no other significant commitments as at 31 March 2007 (2006: Nil).

The Company had no commitments as at 31 March 2007 (2006: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2007

37. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Corporate guarantees given to banks in respect of facilities granted to subsidiaries	**—**	—	**650,494**	576,449
Amount of bank facilities guaranteed by the Company and utilised by subsidiaries	**—**	—	**264,612**	231,638

38. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year:

	Notes	**2007**	2006
		HK$'000	HK$'000
Associates			
Sales of raw materials	(i)	**18,925**	1,637
Sales of finished goods	(i)	**55,913**	56,317
A beneficial shareholder of an associate of the Group			
Sales of finished goods	(i)	**28,455**	45,202
A related company in which certain beneficial shareholders and directors of the Company have beneficial interests			
Sales of finished goods	(ii)	**24,155**	11,618
An investee company			
Sales of finished goods	(ii)	**—**	11,475
A minority shareholder of a subsidiary			
Purchases of raw materials	(iii)	**1,101**	2,813

Notes:

(i) The sales were made with reference to the prices and conditions offered to the major customers of the Group.

(ii) The sales were made at cost plus a percentage of profit mark-up.

(iii) The purchases from Kingdom Fine Metal Limited (the "KFM"), a minority shareholder of a subsidiary, were conducted in accordance with the terms under the agreement entered between the Group and KFM on 18 September 2006. Details of this transaction are set out in note 38(b)(ii) below.

38. RELATED PARTY AND CONNECTED TRANSACTIONS *(continued)*

(b) Transactions with connected persons

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following connected transactions during the year:

(i) The Group granted financial assistance to Salus Controls GmbH (formerly known as Salus Technologies GmbH which ceased to be a connected person in November 2006) during the year.

On 18 September 2006, the Group and Salus Controls GmbH entered into a facility agreement (the "Facility Agreement") pursuant to which the Group granted to Salus Controls GmbH a loan facility of up to a principal amount of HK$12,000,000 for the period from 18 September 2006 up to 31 March 2009. The advances and loan facility granted under the Facility Agreement would accrue interest at 1% over the best lending rate of Hong Kong dollars as quoted by The Hongkong and Shanghai Banking Corporation Limited per annum.

The principal amount of the facility under the Facility Agreement is expected not exceeding the cap of HK$12,000,000 for the period from 18 September 2006 to 31 March 2009.

The principal amount of the facility granted by the Group to Salus Controls GmbH under the Facility Agreement for the period from 18 September 2006 to 14 November 2006 (being the date when Salus Controls GmbH became a wholly-owned subsidiary of the Company) was HK$2,162,000.

(ii) On 18 September 2006, an agreement was entered into between Computime Limited, a wholly-owned subsidiary of the Company, and KFM in respect of the Group's purchase of metal and related components from KFM (the "KFM Agreement"). Under the KFM Agreement, KFM has agreed for a term ending on 31 March 2009 that terms (including prices) upon which materials are provided to the Group shall be on terms no less favourable than those offered to third parties, having regard to the nature, volume and types of materials required.

As KFM is a substantial shareholder (holding 40% interest) of Marcus-Plus International Ltd., a non wholly-owned subsidiary of the Company (holding the remaining 60% interest), KFM is considered as a connected person of the Company pursuant to the Listing Rules. Therefore the transaction under the KFM Agreement constitutes a continuing connected transaction of the Company and is subject to reporting and announcement requirements under the Listing Rules.

The values of purchases under the KFM Agreement are expected not exceeding HK$3,800,000, HK$5,130,000 and HK$6,670,000 for the year ended 31 March 2007, year ending 31 March 2008, and year ending 31 March 2009 respectively.

The value of the transaction under the KFM Agreement for the year ended 31 March 2007 was HK$1,101,000.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

38. RELATED PARTY AND CONNECTED TRANSACTIONS *(continued)*

(c) Other transactions with related parties

Before the Company's shares have been listed on the Stock Exchange, certain bank loans and other borrowings made to the Group were secured by personal guarantees executed by certain beneficial shareholders of the Company. These personal guarantees were released after the listing of shares of the Company on the Stock Exchange.

(d) Outstanding balances with related parties

Details of trade balances with associates and a related company as at 31 March 2007 and 2006 are disclosed in notes 19 and 21 to the financial statements, respectively.

(e) Compensation of key management personnel of the Group

	2007 HK$'000	2006 HK$'000
Short term employee benefits	**22,047**	19,336
Post-employment benefits	**104**	151
	22,151	19,487

Further details of directors' emoluments are included in note 8 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, finance leases, cash and bank balances and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk.

Management meets periodically to analyse and formulate measurements to manage the Group's exposure to financial risks. Generally, the Group employs a conservative strategy regarding its risk management.

(i) Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The interest rates and the terms of repayment of the Group's bank and other borrowings are disclosed in note 27. The Group did not use any derivative instruments to hedge against its exposure to interest rate risk.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Foreign currency risk

The Group's exposure to the risk of changes in market rate relates primarily to the Group's trade receivables and certain trade payables which are denominated in US dollar. Due to the fact that the Hong Kong dollar is pegged to the US dollar, the Group's exposure to foreign currency risk is low. Certain production and operating overheads of the Group's production facilities in the PRC are denominated in RMB. Subsequent to 31 March 2007, the Group has entered into a structured foreign exchange forward contract with a licensed bank in Hong Kong in order to reduce the exposure of RMB appreciation.

(iii) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Outstanding receivable balances are monitored on an ongoing basis. In addition, the Group had no significant historical bad debt record during the prior years. Accordingly, the Group's exposure to credit risk is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(iv) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans and finance leases. In addition, banking facilities have been put in place for contingency purposes.

40. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Group acquired an additional 45% equity interest in Salus Controls Plc for a total cash consideration of GBP157,500 (equivalent to approximately HK$2,473,000), from the minority shareholder. As a result, the Group increased its equity interests in Salus Controls Plc from 55% to 100% upon completion. This acquisition also constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 July 2007.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March			
	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**2,003,003**	1,908,475	1,776,094	1,095,727
PROFIT BEFORE TAX	**170,288**	152,723	145,459	101,112
TAX	**(12,101)**	(13,878)	(13,108)	(7,740)
PROFIT FOR THE YEAR	**158,187**	138,845	132,351	93,372
ATTRIBUTABLE TO:				
Equity holders of the Company	**153,185**	140,127	132,045	92,989
Minority interests	**5,002**	(1,282)	306	383
	158,187	138,845	132,351	93,372

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March			
	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,585,346**	1,024,138	852,099	612,825
TOTAL LIABILITIES	**(722,861)**	(723,801)	(640,421)	(503,965)
MINORITY INTERESTS	**(1,318)**	—	(1,374)	(601)
NET ASSETS	**861,167**	300,337	210,304	108,259

The summary of the consolidated results of the Group for each of the three years ended 31 March 2004, 2005 and 2006 and of the assets, liabilities and minority interests as at 31 March 2004, 2005 and 2006 have been extracted from the Company's prospectus dated 25 September 2006. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 2.1 to the financial statements. The consolidated results of the Group for the year ended 31 March 2007 and the consolidated assets and liabilities of the Group as at 31 March 2007 are those set out in the audited financial statements.