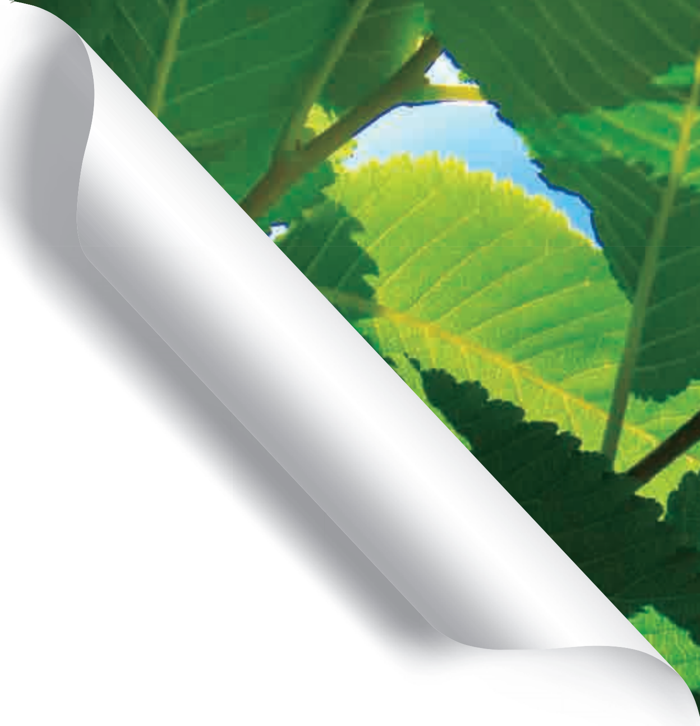

08/09 annual report

COMPUTIME GROUP LIMITED

金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

* For identification purposes only

Computime focuses on research and development of green technologies and products based on 3Es strategy — **Environmentally friendly, Easy to use** and **Energy efficient**.

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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. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Wong Chun Kong

Independent Non-executive Directors
Mr. Luk Koon Hoo
Mr. Patrick Thomas Siewert
Mr. Steven Julien Feniger

Authorised Representatives

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

Executive Committee

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

Audit Committee

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

Remuneration Committee

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

Registered Office

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

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 Fulcrum Group (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

Nomination Committee

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

Company Secretary

Ms. Soon Yuk Tai

Investor Relations

Director, Investor Relations
17th Floor, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong
Email: ir@computime.com

Stock Code

320

Legal Advisor

Richards Butler in Association with Reed Smith LLP

Principal Bankers

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

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Computime Group Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 (the "Year").

The global financial crisis which has continued to drag down the world economy made the financial year 2008/2009 a challenging one for the Group. We experienced skyrocketing raw materials prices, rising labour costs, general inflation and unprecedented foreign exchange fluctuations during the first half of the Year. As the outbreak of the global financial crisis moved into full swing, such negative impacts as plunging consumer confidence, contraction in market demand, a decline in manufacturing output and increased unemployment became more pronounced towards late 2008 and proved to be a major setback in the Group's financial performance. The slump in major markets slowed down the impetus of our sales growth in the second half of the Year, leading to an overall growth of approximately 5.4% in turnover for the full year to HK$2,395,805,000 with a profit attributable to equity holders of the Company reduced to HK$20,548,000. The Group's performance in the United States ("US") market experienced the greatest impact and served to offset the effect of business growth from emerging markets. Nevertheless, backed by the healthy financial position of the Group, the Board has proposed the payment of a final dividend of 1.0 HK cent per share for the Year. This represents a dividend payout ratio of 40% of the current year attributable profit.

Facing these challenges, we have undertaken and will continue steps to retain longstanding customers, capture new accounts, further reduce costs and manage risks to achieve sustained financial strength. We believe our strategy to strengthen the Group's core businesses by refining the management and business structure so as to capitalize on our leading edge products will help mitigate risk during this down-cycle and facilitate accelerated growth once recovery of the global economy becomes a reality. Technology advancement, control solutions innovation and brand development are the cornerstones of the Group's future development as well as the key drivers of continuous growth. Backed by the Group's strong research and development capabilities and solid business platform, we will continue to invest in green technologies, renewable energy products and branded businesses as we have done consistently in the past. The Group will leverage on its advanced product development technologies to cultivate new customers while increasing market share among existing customers.

As we look to the future, we remain positive about the fundamental drivers of our business. Though the downward economic spiral is expected to continue throughout 2009 and it is uncertain about the timing and extent of economic recovery, we believe that challenges always hold opportunities. We are optimistic about the long-term prospects of the Group, in particular we see governments worldwide have been increasingly supporting the consumption and production of renewable energy to reduce dependence on conventional resources. Governments in our major markets such as Germany, Italy, Spain, France, United Kingdom, the US, Australia and China have recently introduced a range of measures in form of incentives and regulations within their economic stimulus packages to promote energy efficiency and renewable energy. As one of the premier developers of professional controls for energy management and renewable energy products, the Group is favorably positioned for future growth under such global trend towards energy saving and green energy.

We are proud of having an experienced leadership team and dedicated colleagues who have contributed a lot to the Group's development, especially in this extremely competitive global environment. Thanks for their great efforts and commitment all the times. Most importantly, I would like to express my gratitude to our fellow shareholders, business partners and customers for their continuous support and trust in us. Riding on the Group's solid foundation built over the years with a sound financial position, we will be able to weather the adversity and turn challenges into growth opportunities.

Auyang Ho
Chairman

Hong Kong, 13 July 2009

Management Discussion and Analysis

Overview

During the Year, the Group faced severe cost pressure from soaring raw material prices, rising labour costs and manufacturing overhead in Mainland China as well as unprecedented foreign exchange fluctuations in the first half of the Year. Though such costs stabilized in the second half of the Year and part of the cost increases was passed to customers, the global economic downturn reduced market demand and customer spending significantly and adversely affected the full year results of the Group. Nevertheless, with continuous efforts in diversifying its business coverage and expanding the distribution network, the Group managed to consolidating its existing client base, gaining new customers and expanding its market share.

Financial Highlights

Turnover

Despite the challenging global economic environment, the Group achieved an increase in turnover by approximately 5.4% to HK$2,395,805,000 during the Year. The growth was mainly contributed by the boost in sales of the Group's appliance controls and commercial and industrial controls business segments in the European and Asian markets. Sales of appliance controls increased by approximately 6.6% to HK$917,891,000 while sales of commercial and industrial controls surged by approximately 18.8% to HK$376,739,000. Sales of building and home controls increased slightly by approximately 0.5% to HK$1,101,175,000, as affected by the soft US market.

The Group achieved a more balanced business profile in terms of geographical coverage. A remarkable sales growth in the European and Asian markets by approximately 17.0% and 28.9% respectively was attained, representing increasing contribution to the Group's total turnover to approximately 37.4% and 16.8% respectively. The Group's sales to the US market were softened by the slowdown in the traditional demand for building and home controls due to the weak housing market. Sales to the Americas decreased by approximately 7.7% during the Year, contributing approximately 45.2% to the Group's total turnover.

Profitability and Margin

Facing the global economic downturn, the Group put in much effort to boost factory productivity by consolidating the production facilities, increasing factory automation and outsourcing low value-added manufacturing processes to streamline the operations. However, the impact of drastic cost increases in raw materials and labour and strong appreciation of the Renminbi ("RMB") in the first half of the Year greatly exceeded the cost savings from factory productivity improvement and adversely affected the Group's full year profitability. The Group's gross profit decreased to HK$258,649,000, representing a year-on-year decline of approximately 29.1%. The gross profit margin was approximately 10.8%, down from approximately 16.0% reported last year.

With more stringent cost control measures in place, major operating expenses as a percentage of turnover continued to decrease during the Year. Selling and distribution costs, finance costs and other operating expenses were improved to 3.1%, 0.3% and 0.9% of the Group's total turnover as compared to approximately 3.5%, 0.6% and 1.8% respectively for the last year. Due to the decrease in gross profit, profit attributable to equity holders of the Company for the Year slumped to HK$20,548,000, as compared to HK$105,351,000 reported last year.

Business Review

Building and Home Controls Business

Building and home controls business remained the Group's largest business segment with sales representing approximately 46.0% of the Group's total turnover during the Year. Sales from this business segment increased slightly by approximately 0.5% or HK$5,042,000 to HK$1,101,175,000 as compared to last year. Segment results for the Year, however, shrunk considerably with segment margin decreased to approximately 1.2% from approximately 8.9% reported last year. The performance was mainly affected by the rapid decline in the US housing market which slowed down the demand for high margin home controls products, since the US was a major revenue source of this business. The surge in materials prices and unfavorable foreign exchange fluctuations in European currencies also posed an impact on the profitability of this segment.

Nevertheless, the drop in the US demand was partially compensated for new customers acquired in other markets. An overall stable segmental sale was attained for the Year, mainly attributed to increase in sales of electronic controls for air conditioning products in Asia as well as growing demand for energy saving products in Europe. The Group's branded businesses continued to grow during the Year. Riding on the increasing market demand for renewable energy products as well as broadening of the Group's product and service offerings to include solar thermal solutions for residential applications, "Salus" branded business was able to achieve a substantial growth in sales by approximately 55.3% over last year, though the difficult European housing market impacted the pace of the brand development. Apart from introducing renewable energy products under "Salus Solar" to widen the Group's client base, the branded businesses are also expanding to include the "Nortus" brand which focuses on the design and development of home automation systems for blinds, shutters and awning.

Appliance Controls Business

Appliance controls business segment contributed approximately 38.3% to the Group's total turnover during the Year and its sales were mostly generated from the European market. This business recorded a segmental sale of HK$917,891,000, representing a year-on-year growth of approximately 6.6% or HK$57,137,000. Being a strong market player with a renowned customer base, the Group benefited from industry consolidation and was able to gain market share from its existing customers as well as new customers in European and Asian markets. These factors explained the sales growth of the business segment during the Year. Yet the segment results were affected by the swelling materials costs while the increase in selling prices to customers was not fully reflected during the Year. The depreciation of the Euro during the Year also lowered the profitability of this segment, resulting in segment margin down to approximately 2.0% as compared with approximately 5.2% in the last year.

Commercial and Industrial Controls Business

Sales of commercial and industrial controls increased remarkably by approximately 18.8% or HK$59,551,000 to HK$376,739,000, contributing approximately 15.7% to the Group's total turnover during the Year. The turnover of this business segment was mainly derived from the Asian and US markets. The considerable turnover growth was driven by growing sales of industrial equipment products in Asia as well as sales generated from new customers. Riding on the Group's competitive edges and the high barrier of entry, the profitability of this business segment was relatively stable with segment margin decreased very slightly from approximately 8.7% in the last year to approximately 8.3% reported for the Year despite the difficult operating environment. The Group was able to pass the cost increase to customers such that the full year segment margin improved as compared with 7.3% reported for the interim period ended 30 September 2008.

Outlook

The coming year is expected to pose greater challenges to the Group in view of the depressed global economy, in particular for its main markets in US and Europe. The negative impact of the global financial crisis will continue for some time, dampening consumer purchasing power and consumption sentiment. Most customers have been affected by shrinking market demand and decline in sales, and have become more cautious in placing orders to cut back on inventory level. Market competition will be intensified, increasing difficulties for enterprises' operations. Although governments worldwide have kicked start an array of economic stimulus programmes and some markets are showing signs of stabilization and improvement in certain economic data, it will take a considerable period of time for a sustained recovery.

Facing the challenging operating environment and turbulent market conditions, the Group has been pursuing and will continue to pursue a prudent yet proactive approach towards business expansion and seek for growth to combat depression. The Group will keep focusing on strengthening its position in core businesses and enlarging its customer base. Management will devote more resources to research and develop emerging technologies and innovative solutions covering the areas of human machine interface, wireless networking, control technologies, sensor technologies as well as power and energy technologies.

Many countries and regions such as the European Union, US and China are supporting the development of renewable energy. This is advantageous to the Group's already adopted strategy of developing and applying green technologies to products to make these environmentally friendly, energy efficient and easy to use. To generate new sources of revenue and pave the way for future development, the Group is on track to expand its offering of new energy management products such as smart grid thermostats, in-home display, solar controls, home automation system, etc. to capture the emerging market of smart energy. Delivering high value-added products with advanced technologies will help the Group to capture new customers in a competitive market as well as fortify the Group's leading position in the control industry.

To gain further market penetration, the Group will step up its efforts to enhance "Salus" brand awareness and diversify product variety of temperature controls and solar thermal solutions. With established business operations in the United Kingdom and Germany, the Group will continuously extend the distribution network of "Salus" branded products in other key European countries as well as to explore opportunities for further expansion into Asian markets.

In light of economic adversities, enhancing corporate and risk management is a top priority for the Group. Having integrated the operations of the Meilin processing factory into the Group's production facilities in Buji and Dongguan in Mainland China during the Year, the Group will strive for further enhancement of factory productivity and operational efficiency through increasing the extent of automation and outsourcing non-key manufacturing processes so as to reduce production overhead. The Group will continue to seek for room and measures to lower costs at all levels, maintain prudent financial policies and reinforce cash flow management to ensure it can promptly respond to changes in an uncertain market and seize potential opportunities amid the financial crisis.

Liquidity, Financial Resources and Capital Structure

The Group had a sound financial and liquidity position. As at 31 March 2009, the Group maintained a balance of cash and cash equivalents of HK$569,292,000, majority of which were denominated either in US dollars or Hong Kong dollars and HK$26,925,000 were denominated in RMB. The Group's current ratio improved to 2.05 as at 31 March 2009 from 1.87 as at 31 March 2008.

As at 31 March 2009, total interest-bearing bank and other borrowings were HK$260,645,000, comprising bank loans and overdrafts of HK$260,472,000 and finance lease payables of HK$173,000, of which HK$232,563,000 will be repayable within one year and HK$28,082,000 will be repayable after one year. The majority of these borrowings were denominated either in US dollars or Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 March 2009, total equity attributable to equity holders of the Company amounted to HK$932,952,000. The Group had a net cash balance of HK$308,647,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings such that no gearing ratio was presented.

Treasury Policies

The majority of the Group's sales and purchases are denominated in US dollars and Hong Kong dollars and also denominated in European currencies to a certain extent. Due to the fact that the Hong Kong dollar is pegged to the US dollar, the Group's exposure to this foreign exchange risk is low. Certain production and operating overhead of the Group's production facilities in Mainland China are denominated in RMB. As at 31 March 2009, the Group did not have any outstanding financial instrument nor entered into any financial instrument for hedging purpose. Nevertheless, the Group will closely monitor its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimize the relevant exposures when necessary.

Capital Expenditure and Commitments

During the Year, the Group incurred total capital expenditure of approximately HK$60,850,000, of which HK$56,975,000 was spent for the addition of property, plant and equipment as well as for the deferred expenditure on projects to develop new products whereas HK$3,875,000 was spent on the investment in a jointly-controlled entity.

As at 31 March 2009, the Group had capital commitments contracted but not provided for mainly in respect of the acquisition of property, plant and equipment of HK$3,436,000.

Contingent Liabilities

A subsidiary of the Company is involved in a dispute with a third party, who is alleging that the subsidiary has infringed patent and is seeking for value in dispute of EURO750,000 (equivalent to approximately HK$7,583,000). The Group is now gathering relevant information to defend the claim against the subsidiary. Taking into consideration the advice from the Group's lawyer, the Directors consider that the subsidiary has valid defence against the claim and it is premature to estimate the outcome of the claim and accordingly, no provision was made as at 31 March 2009.

Charges on Assets

As at 31 March 2009, no bank deposit or other assets had been pledged to secure the Group's banking facilities.

Employee Information

As at 31 March 2009, the Group had a total of approximately 4,500 full-time employees. Total staff costs for the Year amounted to HK$213,642,000. 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, 2,658,000 share options remained outstanding 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 of Hong Kong Limited 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 prospectus of the Company dated 25 September 2006. As at 31 March 2009, approximately HK$106,250,000 were utilised for strategic business combinations and acquisitions, approximately HK$15,906,000 for the expansion of the distribution network, approximately HK$44,176,000 for the repayment of bank borrowings and approximately HK$44,176,000 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.

Corporate Social Responsibilities

As a responsible and caring corporate citizen, the Group has long been committed to giving back to the communities in which it conducts business. Whilst striving for business development, the Group also places high priority on supporting community affairs and environmental protection as well as sustaining fair employment practice to shoulder its social responsibilities.

Community

The Group proactively participates in community services to strengthen its ties with the society. Our community initiatives emphasize providing learning opportunities for young people and helping the underprivileged as we have done in the past. This year, the Group continued to collaborate with universities and secondary schools and offered training programs and internship for students. These programs, through experience sharing and group discussion, act as a channel for the youth to gain earlier exposure to the business world.

In caring for the needy, the Group has cooperated with various social institutes in organizing activities for minority groups. During the Year, our colleagues and their families paid a visit to St. James' Settlement Wun Sha Elderly Centre and organized various functions for H.K.S.K.H. St. Christopher's Home children to share fun with them. We also partnered with Hong Kong Rehabilitation Power to provide work opportunities for the disabled. In addition to community services, the Group provides financial donations to charitable organizations. Soon after the Sichuan earthquake in May 2008, we swiftly initiated a fund raising activity among our employees and made donations as a support for the victims.

Environment

The Group spares no effort in environmental protection to aid the combat of global climate change. We adhere to the high standards of our environmental policy across all facets of operations. Apart from conserving energy, preventing pollution and recycling reusable materials where practicable during the course of manufacturing and daily operation, the Group is dedicated to research and develop green technologies and solutions for applications which are environmentally friendly and energy efficient. The Group forms collaborative partnerships with universities and organizations globally and shares research results in renewable energy and environmental protection.

Employees

The Group recognizes that human capital is a key asset to the sustained growth and overall success of its business. In attracting and developing the right people, the Group places great emphasis on providing continuous training and personal development opportunities for our staff such that they are equipped with the professional skills and knowledge to carry out their responsibilities to the highest standards.

As an equal opportunity employer, the Group is committed to treating our employees with fairness and dignity as well as creating a harmonious work environment and healthy corporate culture that encourage open communication, teamwork and sense of belonging. The Group encourages our staff to achieve a healthy work-life balance through organizing various social and recreational activities.

Directors' and Senior Management's Profile

Directors

Executive Director

Auyang Ho, aged 77

Mr. Auyang is an executive Director, the Chairman of the Board and the chairman of both the executive committee and remuneration committee of the Company. He is also a director of certain subsidiaries of the Company. Besides, Mr. Auyang is a director and a shareholder of Solar Power Group Limited, the controlling shareholder 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 Ministry of Railways of the People's Republic of China. 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 41

Mr. Auyang is an executive Director, the Chief Executive Officer, a member of the executive committee and the chairman of the nomination committee of the Company. On 8 September 2008, Mr. Auyang has been appointed as a member of remuneration committee of the Company. He is also a director of certain subsidiaries of the Company. Besides, he is a director and a shareholder of Solar Power Group Limited, the controlling shareholder 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 Young Industrialist Awards of Hongkong 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' Organization, 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, member of the Hong Kong Young Industrialists Council and a committee member of Hong Kong Trade Development Council's Electronics/Electrical Appliances Industries Advisory Committee.

Choi Po Yee, Alice, aged 42

Ms. Choi is an executive Director, the Chief Operating Officer and a member of the executive committee of the Company. She is also a director of certain subsidiaries of the Company. On 8 September 2008, Ms. Choi ceased to be a member of remuneration committee of the Company. Ms. Choi is responsible for overseeing the entire operations and general management of the Group. She 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 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, an associate of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales. Prior to joining the Group, she worked for an international accounting firm and several listed companies in Hong Kong.

Non Executive Director

Kam Chi Chiu, Anthony, aged 47

Mr. Kam is a non-executive Director and a member of the audit committee of the Company. 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 the University of Oxford 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 is also a member of the Panel of Adjudicators of the Obscene Articles Tribunal. Mr. Kam was appointed as a non-executive Director of the Group in November 1993.

Arvind Amratlal Patel, aged 68

Mr. Patel is a non-executive Director and a member of the audit committee 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 The 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 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.

Wong Chun Kong, aged 48

Mr. Wong is a non-executive Director of the Company. He is a solicitor of the High Court of Hong Kong and a Partner of Philip K H Wong, Kennedy Y H Wong & Co., Solicitors & Notaries. Mr. Wong was educated in both Hong Kong and England. He has substantial experience in civil litigation and deals mainly in commercial, personal injuries, banking and administrative law litigation, corporate acquisition and cross-border joint ventures as well as large scale conveyancing projects under home ownership, private sector participation and tenants purchase schemes. He had served as a Deputy Adjudicator in 1998. He is a member of the Passports Appeal Board and an Adjudicator of the Registration of Persons Tribunal of Hong Kong Special Administrative Region. On 10 November 2008, Mr. Wong resigned as a non-executive director of First China Financial Holdings Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Wong was appointed as a non-executive Director of the Company in February 2008.

Independent Non-Executive Director

Luk Koon Hoo, aged 57, *BBS, JP*

Mr. Luk is an independent non-executive Director of the Company, the chairman of the audit committee and a member of both the remuneration committee and nomination committee 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 China Properties Group Limited and Wheelock Properties Limited (both companies listed on the main board of the Hong Kong Stock Exchange) and is an independent non-executive director of Wharf T&T Limited, AXA General Insurance Hong Kong Limited and Octopus Cards Limited. In addition, Mr Luk has been appointed as an independent non-executive director of Hung Hing Printing Group Limited (a company listed on the main board of the Hong Kong Stock Exchange) on 15 August 2008. 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. 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.

Patrick Thomas Siewert, aged 53

Mr. Siewert is an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee 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 has previously served as a director of US-ASEAN Business Council, US-Hong Kong Business Council, The US-China Business Council and board of governors of The American Chamber of Commerce in Hong Kong. He is also a member of the Young Presidents' Organization, Hong Kong, World Presidents' Organization, Hong Kong and the CEO Organization. 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.

Steven Julien Feniger, aged 50

Mr. Feniger is an independent non-executive Director and a member of both the audit committee and remuneration committee of the Company. Mr. Feniger has years of international experience in sourcing, manufacturing and retailing and is based in Hong Kong. At the 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. He is also the Chairman of Apparel Group (Hong Kong) Limited, a garment souring company. 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. Since 1 August 2007, Mr. Feniger become an independent non-executive director of Item Industries Limited. 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 Hong Kong 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. Mr. Feniger was appointed as an independent non-executive Director of the Company in September 2006.

Senior Management

B. Gene Patton, aged 57

Mr. Patton is the Chief Financial Officer of the Group. He is responsible for the overall management of the financial structure and treasury function of the Group while identifying, evaluating and negotiating worldwide acquisition activities. Mr. Patton is a fellow member of The American Institute of Certified Public Accountants. He has over 25 years of experience in corporate finance, business development, and merger and acquisition activities and has held positions as controller and vice president of finance for a number of international publicly traded companies before joining us in March 2008. Mr. Patton obtained his Bachelor Degree in Accounting and Finance from The George Washington University in 1979.

Chan Chi Ming, aged 57

Mr. Chan is the President of the Control Solutions Division of the Group. He joined us in July 2005 and was responsible for the overall management of our appliance controls business. Since March 2008, Mr. Chan has taken up additional responsibilities for overseeing all of our Strategic Business Units, which include Appliance Controls, Building & Home Controls and Commercial & Industrial Controls. 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.

Ha Wai Leung, aged 51

Mr. Ha is the executive vice president of technologies of the Group, and also the president of Cincinnati Holdings Limited, a subsidiary 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.

Phillip John Stevens Cox, aged 63

Mr. Cox is the Chairman of Salus Holdings Limited, holding the Group's branded businesses. This includes CT Global Inc., Salus Controls Plc, Salus Controls GmbH and Salus (Asia) Limited, all wholly-owned subsidiaries of the Group. Mr. Cox joined us in 2001. He is responsible for the performance of our branded businesses while providing strategic direction to our distribution and marketing businesses in North America, Europe, Asia, Australia, New Zealand and Middle East. 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, and has managed business units for companies in North America, Europe and Asia.

Wong Wah Shun, aged 46

Mr. Wong is the President of Salus Holdings Limited. He joined us in March 2009 and is responsible for overseeing the business of the Group's branded products. Mr. Wong has over 20 years of experience in electronic industry. He previously held various senior positions in VTech Telecommunications Limited and his last position with VTech Telecommunications Limited was Chief Executive Officer, Branded Business. Mr. Wong obtained an Executive MBA from the Kellogg School of Management of Northwestern University, a Master's Degree in Business Administration from the University of Strathclyde, a Master's Degree in Engineering Management from City University of Hong Kong and a Master's Degree in Manufacturing Engineering from the University of Warwick. Mr. Wong is a chartered engineer and chartered manager and a member of Institute of Engineering and Technology and a fellow member of Chartered Management Institute, UK.

Sham Ting Kee, aged 48

Mr. Sham is the Executive 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 1985.

Lam Hin Chi, aged 45

Mr. Lam is the Vice President of finance. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants, an associate member of both the Chartered Institute of Management Accountants and the Institute of Chartered Accountants in England and Wales, 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. Mr. Lam has joined us since July 2007. He has over 20 years of experience in finance, auditing and accounting and had worked for an international accounting firm and several listed companies in Hong Kong.

Lam Shuk Yin, aged 45

Ms. Lam is the Vice President of Supply Base Management Division 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, supply chain information technology improvement program and supply chain management in January 2006. Ms. Lam has more than 19 years of experience in business management, manufacturing engineering, operation management and supplier & material management. She obtained a Master's degree in Business Administration from the University of Western Sydney, Australia in 2004.

Soon Yuk Tai, aged 43

Ms. Soon was appointed as the Secretary of the Company in April 2007. She is a director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Soon is a Chartered Secretary and an Associate of both the Institute of Chartered Secretaries and Administrators in United Kingdom and the Hong Kong Institute of Chartered Secretaries. Apart from the Company, Ms. Soon has been providing professional secretarial services to many listed companies.

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 2009.

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 2009 and state of affairs of the Company and the Group as at that date are set out in the sections headed "Consolidated Income Statement", "Balance Sheet" and "Consolidated Balance Sheet" respectively in this annual report.

The Board has resolved to recommend to the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Monday, 7 September 2009 (the "2009 AGM") a final dividend of 1.0 HK cent per share for the year ended 31 March 2009 to be paid on or about Thursday, 8 October 2009 to those Shareholders whose names appear on the register of members of the Company on Monday, 7 September 2009.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 3 September 2009 to Monday, 7 September 2009, 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 2009 and for attending and voting at the 2009 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 Wednesday, 2 September 2009.

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 32 to the financial statements respectively.

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK$273,000.

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 30 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2009, calculated in accordance with statutory provisions applicable in the Cayman Islands, amounted to HK$775,711,000 (excluding the proposed final dividend of HK$8,300,000).

Bank Borrowings

Particulars of the bank borrowings of the Group as at the balance sheet date are set out in note 26 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.

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 year ended 31 March 2009.

Directors

The directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

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

Non-executive Directors:

Mr. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Wong Chun Kong

Independent Non-executive Directors:

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

Pursuant to article 87 of the articles of association of the Company, Mr. Auyang Ho, Mr. Arvind Amratlal Patel and Mr. Luk Koon Hoo will retire from office by rotation at the 2009 AGM and, being eligible, will offer themselves for re-election at the said meeting.

Independence Confirmation

The Company has received annual confirmations of independence from Mr. Luk Koon Hoo, Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger, pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all of these independent non-executive directors remain 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 9 October 2006 unless and until terminated by either party giving to the other not less than three months' prior notice in writing.

The Company has issued respective letters of appointment to the non-executive directors and independent non-executive directors of the Company. The current term of appointment covered by the existing letters of appointment (except for Mr. Wong Chun Kong) is from 14 September 2007 to 8 October 2009. The current term of appointment covered by the letter of appointment issued to Mr. Wong Chun Kong is from 4 February 2008 (date of his appointment) to 8 October 2009. The appointment of all the non-executive directors and independent non-executive directors shall be terminable by two months' prior notice in writing given by either party.

None of the directors being proposed for re-election at the 2009 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. The directors' biographies are also available on the Company's website.

Directors' and Senior Management's Emoluments

A summary of the directors' and senior management's remuneration is set out in notes 8 and 38(d) 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 2009, the interests of the directors of the Company in the shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO"); or as otherwise 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 a controlled corporation	352,500,000 *(Note)*	42.46%

Note: These shares were 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 2009, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2009.

* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2009.*

Directors' Rights to Acquire Shares

Save as disclosed in note 31 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 2009, 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 position 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	74,500,000 *(Note 3)*	8.98%
Ms. Leung Yee Li, Lana	Interest of controlled corporations	208,000,000 *(Note 3)*	25.06%
Mr. Heung Lap Chi, Eugene	Interest of spouse	208,000,000 *(Note 4)*	25.06%
Martin Currie (Holdings) Limited	Interest of controlled corporations	51,296,000 *(Note 5)*	6.18%

Notes:

1. *The interest of SPGL is 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 74,500,000 shares), both companies were wholly-owned by Ms. Leung Yee Li, Lana.*

4. *Mr. Heung Lap Chi, Eugene was deemed to be interested in 208,000,000 shares of the Company through the interest of his spouse, Ms. Leung Yee Li, Lana.*

5. *These shares were held by Martin Currie Inc. (as to 22,098,000 shares) and Martin Currie Investment Management (as to 29,198,000 shares), both were controlled corporations of Martin Currie Ltd., which in turn was a controlled corporation of Martin Currie (Holdings) Limited.*

* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2009.*

Save as disclosed above, as at 31 March 2009, no person, other than the director of the Company 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 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") on 15 September 2006. Details of the Share Option Scheme are set out in note 31 to the financial statements.

Particulars of the movements in share options of the Company for the year ended 31 March 2009 are set out in the table below.

		Number of share options						
Type of participants	**Date of Grant**	**As at 1 April 2008**	**Granted during the year**	**Exercised/ cancelled during the year**	**Lapsed during the year**	**As at 31 March 2009**	**Exercise period**	**Exercise price per share**
Employees in aggregate	27-09-2007	1,076,000	—	—	(150,000)	926,000	31-08-2008 to 30-08-2017	HK$1.75
	27-09-2007	1,076,000	—	—	(150,000)	926,000	31-08-2009 to 30-08-2017	HK$1.75
	27-09-2007	1,076,000	—	—	(150,000)	926,000	31-08-2010 to 30-08-2017	HK$1.75
Total:		3,228,000	—	—	(450,000)	2,778,000		

Note: The vesting period of the share options granted is from the date of grant until the commencement of the exercise period.

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 sales for the year ended 31 March 2009 attributable to the Group's major customers are as follows:

Sales

— the largest customer: 15%

— five largest customers combined: 44%

None of the Company's 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.

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.

Directors' Interest in Competing Business

As at 31 March 2009, 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 Company 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 year ended 31 March 2009. 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 (Chairman of the Audit Committee), Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger and two non-executive directors of the Company, namely Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amratlal Patel, has reviewed the audited financial statements of the Company for the year ended 31 March 2009 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.

Continuing Connected Transaction

The Group has been conducting a transaction with Kingdom Fine Metal Limited ("KFM"), which constitutes a "continuing connected transaction" under the Listing Rules. Details of this transaction as required to be disclosed pursuant to the Listing Rules are set out below.

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 purchases 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.

KFM is a connected person of the Company pursuant to the Listing Rules, both by virtue of being a substantial shareholder of Marcus-Plus International Ltd. (a company which is owned as to 60% by the Company indirectly and 40% by KFM), and an associate of Mr. Sun Kwok Wah, Peter (a director of the Company's non wholly-owned subsidiary and holds 52.9% shareholding interest in KFM). 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 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 for the years ended 31 March 2007, 2008 and 2009, provided that the values of purchases under the KFM Agreement for these years have not exceeded the annual caps of HK$3,800,000, HK$5,130,000 and HK$6,670,000 respectively and provided also that the Company complies with other requirements of Chapter 14A of the Listing Rules.

The values of purchases under the KFM Agreement for the above-mentioned three years were HK$1,101,000, HK$305,000 and HK$350,000 respectively, which have not exceeded the annual caps stated above.

Pursuant to Rule 14A.37 of the Listing Rules, 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 2009 has been entered into (i) in the ordinary and usual course of business of the Group; (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. In addition, pursuant to Rule 14A.38 of the Listing Rules, the auditors of the Company have provided a letter to the Company (with a copy provided to the Stock Exchange) for providing relevant confirmation in relation to the continuing connected transaction under the KFM Agreement.

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 2009 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, 13 July 2009

Corporate Governance Report

The board of directors of the Company (the "Board") is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2009.

Corporate Governance Principles and Practices of the Company

The Board believes that good corporate governance practices are important for enhancing corporate value and investors' confidence and interests. The Company has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of the business of the Company and its subsidiaries (the "Group"), the cornerstone of which is to have an experienced and committed Board and an effective internal control and to enhance its transparency and accountability to shareholders.

The Company has applied the principles set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Board, the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 March 2009. To go further, the Company has also complied with certain recommended best practices set out in the CG Code during the year under review.

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 regularly to ensure that they comply with the statutory and professional standards and align with the latest developments. The key corporate governance principles and practices of the Company are summarized as follows:

A. The Board

A.1 Responsibilities and Delegation

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in the attainment of the objective of creating value to shareholders, and, on behalf of the shareholders, overseeing the Company's financial performance. All directors carry out their duties in good faith and in compliance with the standards of applicable laws and regulations, take decisions objectively and act in the interests of the Company and its shareholders at all times.

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 may involve conflict of interests), 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 expenses, upon reasonable request made to the Board.

The day-to-day management, administration and operation of the Company are led by the Executive Committee and the Chief Executive Officer of the Company. The Board has also delegated a schedule of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

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 foregoing officers and senior management.

A.2 Board Composition

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 (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

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 composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business of the Group and for the exercise of independent judgement. Each executive director supervises specific areas of the Group's business in accordance with his/her expertise. The non-executive directors are of sufficient calibre and number for their views to carry weight and they bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and serving on Board committees, the non-executive directors have made various contributions to the effective direction of the Company.

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

A.3 Chairman and Chief Executive Officer

There are two key aspects of the management of the Company—the management of the Board and the day-to-day management of the Group's business. The Company fully supports that there should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that power is not concentrated in any one individual. Currently, Mr. Auyang Ho, who is the Chairman of the Board, takes up the responsibility of the management of the Board whereas Mr. Auyang Pak Hong, Bernard, the Chief Executive Officer of the Company, is responsible for the day-to-day management of the Group's business. The respective responsibilities between the Chairman of the Board and the Chief Executive Officer have been clearly established and set out in writing and have also been stated in the Company's Corporate Governance Report for the year ended 31 March 2007.

A.4 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 Company has established a Nomination Committee, which 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 such 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 with the Company for an initial term of three years commencing on 9 October 2006. The Company has issued respective letters of appointment to its non-executive directors and independent non-executive directors specifying their term of appointment. The current term of appointment of all the non-executive directors and independent non-executive directors (except for Mr. Wong Chun Kong) is from 14 September 2007 to 8 October 2009. The current term of appointment of Mr. Wong Chun Kong, a non-executive director of the Company, is from 4 February 2008 (date of his appointment) to 8 October 2009. The Company proposed to renew the service contract with the executive directors for a term of 3 years and to renew the letter of appointment with non-executive directors and independent non-executive directors for a term of 2 years.

In addition, in accordance with the Articles, all the directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

A.5 Induction and Continuing Development for Directors

Each newly appointed director of the Company receives an 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 Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key plant sites and/or meetings with the senior management of the Company.

Directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. In addition, the Company has sent the latest version of the "Non-statutory Guidelines on Directors' Duties" published by the Hong Kong Companies Registry to its directors and encourages them to read such Guidelines in order to acquaint themselves with the general duties of directors and the required standard of care, skill and diligence in the performance of his/her functions and exercise of his/her powers as directors.

Besides, continuing briefings and professional development for directors will be arranged whenever necessary.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group, when necessary, 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 meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board 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.

A.6.2 Directors' Attendance Records in Board Meetings

The Board has met regularly during the year ended 31 March 2009 at approximately quarterly intervals for reviewing and discussing on the financial and operating performance of the Group and other related matters. The attendance records of each director at these four Board meetings are set out below:

Name of Director	Attendance/ Number of Board Meetings
Executive directors	
Mr. Auyang Ho	4/4
Mr. Auyang Pak Hong, Bernard	4/4
Ms. Choi Po Yee, Alice	4/4
Non-executive directors	
Mr. Kam Chi Chiu, Anthony	4/4
Mr. Arvind Amratlal Patel	4/4
Mr. Wong Chun Kong	3/4
Independent non-executive directors	
Mr. Luk Koon Hoo	4/4
Mr. Patrick Thomas Siewert	4/4
Mr. Steven Julien Feniger	4/4

A.7 Model Code for 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 in relation to 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. Each director has been given a copy of the Own Code. The Company will notify its directors and relevant employees in advance in respect of the restricted period on dealings in the Company's securities, if the period is known to the Company.

Specific enquiry has been made of the Company's directors and all of them have confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the period from 1 April 2008 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 for the period from 1 April 2008 to the date of this report.

B. 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 have been 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 practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

All 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.

B.1 Remuneration Committee

The Remuneration Committee comprises a total of five members, being two executive directors, namely, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard and three independent non-executive directors, namely, Mr. Luk Koon Hoo, Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger. Accordingly, a majority of the members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Auyang Ho.

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 of the Board and the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

During the year ended 31 March 2009, the Remuneration Committee has met twice and performed the following major works:

- Review and recommendation of the remuneration packages of directors of the Company and of chief officers and senior management of the Group; and

- Review and recommendation of performance-based remuneration and bonus for chief officers and senior management of the Group.

Details of the remuneration of each director of the Company for the year ended 31 March 2009 are set out in note 8 to the financial statements contained in this annual report.

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

Name of Remuneration Committee Member	**Attendance/ Number of Meetings**
Mr. Auyang Ho *(Chairman)*	2/2
Mr. Auyang Pak Hong, Bernard *(Note 1)*	N/A
Ms. Choi Po Yee, Alice *(Note 2)*	1/2
Mr. Luk Koon Hoo	2/2
Mr. Patrick Thomas Siewert	2/2
Mr. Steven Julien Feniger	2/2

Notes:

1. *Mr. Auyang Pak Hong, Bernard was appointed as a member of the Remuneration Committee on 8 September 2008. No Remuneration Committee meeting has been held from the date of his appointment to 31 March 2009.*

2. *Ms. Choi Po Yee, Alice resigned as a member of the Remuneration Committee on 8 September 2008. A total of 2 Remuneration Committee meetings were held from 1 April 2008 to the date of her resignation.*

B.2 Audit Committee

The Audit Committee comprises a total of five members, being the three independent non-executive directors, namely Mr. Luk Koon Hoo, Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger and two non-executive directors, namely Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amratlal Patel. The chairman of the Audit Committee is Mr. Luk Koon Hoo who possesses the 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 are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 March 2009, the Audit Committee met four times together with the Company's external auditors and/or the senior management and performed the following major works:

— Review of the financial statements, results announcements and reports for the year ended 31 March 2008 and for the six months ended 30 September 2008, the accounting principles and practices adopted by the Group and the relevant audit findings;

— Review and discussion with the auditors of a report on the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures;

— Consideration of the internal audit plan and report;

— Review and confirmation of the Company's Continuing Connected Transaction for the year ended 31 March 2008 pursuant to the Listing Rules; and

— Review of the scope of audit work, auditors' fees and terms of engagement and recommendation on re-appointment of auditors for the year ended 31 March 2009.

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 four Audit Committee meetings are set out as follows:

Name of Audit Committee Member	**Attendance/ Number of Meetings**
Mr. Luk Koon Hoo *(Chairman)*	4/4
Mr. Patrick Thomas Siewert	4/4
Mr. Steven Julien Feniger	4/4
Mr. Kam Chi Chiu, Anthony	4/4
Mr. Arvind Amratlal Patel	4/4

B.3 Nomination Committee

Pursuant to the recommended best practice of the CG Code, the Company has established a Nomination Committee. The Nomination Committee comprises a total of three members, being one executive director, namely, Mr. Auyang Pak Hong, Bernard and two independent non-executive directors, namely, Mr. Luk Koon Hoo and Mr. Patrick Thomas Siewert. Accordingly, the Company has complied with the recommended best practice of the CG Code in having a majority of the Committee members being independent non-executive directors. The chairman of the Nomination Committee is Mr. Auyang Pak Hong, Bernard.

The principal duties of the Nomination Committee are reviewing and giving recommendation on the composition of the Board, formulating relevant procedures for nomination and appointment of directors, identifying qualified individuals to become members of the Board, monitoring the appointment and succession planning of directors, and assessing the independence of the independent non-executive directors.

The Company has adopted a memorandum of directors' nomination criteria, procedure and process for providing a formal, considered and transparent procedure to the Board for evaluating and selecting candidates for directorships. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. The Human Resources Department of the Company will assist and an external recruitment agency may be engaged in carrying out the recruitment and selection process where necessary.

During the year ended 31 March 2009, the Nomination Committee has met once and performed the following major works:

— Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

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

— Recommendation on the re-appointment of retiring directors at the 2008 annual general meeting of the Company.

In accordance with article 87 of the Articles, Mr. Auyang Ho, Mr. Arvind Amratlal Patel and Mr. Luk Koon Hoo will retire from office by rotation at the 2009 annual general meeting ("2009 AGM"). All the above retiring directors, being eligible, will offer themselves for re-election at the 2009 AGM. The Nomination Committee recommended the re-appointment of these three retiring directors at the 2009 AGM. The Company's circular, sent together with this annual report, contains detailed information of these retiring directors pursuant to the Listing Rules requirements.

The attendance records of the above Nomination Committee meeting are set out as follows:

Name of Nomination Committee Member	Attendance/ Number of Meeting
Mr. Auyang Pak Hong, Bernard *(Chairman)*	1/1
Mr. Luk Koon Hoo	1/1
Mr. Patrick Thomas Siewert	1/1

B.4 Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Mr. Auyang Ho, acting as the Chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

During the year ended 31 March 2009, a total of 14 Executive Committee meetings were held and all of the three executive directors of the Company have attended these meetings.

C. Directors' Responsibilities for Financial Reporting in respect of the Financial Statements

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2009.

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 make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

D. 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 and effective internal control system to safeguard the interests of the shareholders and the assets of the Company. The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2009. The review covered financial, operational and compliance controls and risk management functions.

During the year under review, the Audit Committee has discussed with the external auditors and the senior management and internal audit team of the Group on the adequacy and effectiveness of the internal control system and made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal audit team reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Audit Committee and the Board on any findings and measures to address the variances and identified risks.

E. External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2009 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 external auditors for the year ended 31 March 2009 and their corresponding remuneration is as follows:

Nature of services	**Amount** *HK$'000*
Audit services	1,267
Non-audit services	
(i) Tax services	296
(ii) Services rendered in connection with the Company's interim report	112

F. Communications with Shareholders and Investors

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at www.computime.com as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may write directly to the Company's principal place of business at 17th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong or via email to hq@computime.com for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to answer questions raised. At the 2008 annual general meeting, all of the afore-mentioned chairmen were present and that the meeting was conducted bilingually in English and Cantonese.

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 Group's developments.

G. Shareholders' Rights

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Upon implementation of amendments in the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholder meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.computime.com) immediately after the relevant general meetings.

Independent Auditors' Report

ERNST & YOUNG
安 永

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 41 to 107, which comprise the consolidated and Company balance sheets as at 31 March 2009, 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 auditors' 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.

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

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 2009 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
13 July 2009

Consolidated Income Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**2,395,805**	2,274,075
Cost of sales		**(2,137,156)**	(1,909,321)
Gross profit		**258,649**	364,754
Other income	5	**25,969**	25,988
Selling and distribution costs		**(73,637)**	(80,656)
Administrative expenses		**(156,459)**	(143,012)
Other operating expenses		**(22,687)**	(41,413)
Finance costs	6	**(8,240)**	(13,426)
Share of profits and losses of associates		**1,575**	4,765
Share of loss of a jointly-controlled entity		**(732)**	—
PROFIT BEFORE TAX	7	**24,438**	117,000
Tax	10	**(3,915)**	(11,695)
PROFIT FOR THE YEAR		**20,523**	105,305
ATTRIBUTABLE TO:			
Equity holders of the Company	11	**20,548**	105,351
Minority interests		**(25)**	(46)
		20,523	105,305
DIVIDENDS	12	**8,300**	41,500
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
Basic		**2.5 HK cents**	12.7 HK cents
Diluted		**N/A**	N/A

Consolidated Balance Sheet

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**167,757**	187,462
Goodwill	*15*	**38,164**	38,164
Club debenture		**705**	705
Intangible assets	*16*	**45,302**	31,412
Interests in associates	*18*	**9,610**	9,376
Interest in a jointly-controlled entity	*19*	**3,143**	—
Deferred tax asset	*29*	**700**	—
Total non-current assets		**265,381**	267,119
CURRENT ASSETS			
Inventories	*20*	**412,608**	455,306
Trade receivables	*21*	**355,978**	471,724
Prepayments, deposits and other receivables	*22*	**40,259**	32,538
Amounts due from associates	*38*	**—**	6,827
Tax recoverable		**1,307**	160
Cash and cash equivalents	*23*	**569,292**	568,819
Total current assets		**1,379,444**	1,535,374
CURRENT LIABILITIES			
Trade and bills payables	*24*	**328,157**	434,978
Other payables and accrued liabilities	*25*	**99,775**	116,206
Interest-bearing bank and other borrowings	*26*	**232,563**	228,098
Derivative financial instrument	*27*	**—**	34,358
Amounts due to associates	*38*	**2,073**	—
Amount due to a jointly-controlled entity	*38*	**1,639**	—
Amounts due to minority shareholders		**160**	160
Tax payable		**9,429**	8,417
Total current liabilities		**673,796**	822,217
NET CURRENT ASSETS		**705,648**	713,157
TOTAL ASSETS LESS CURRENT LIABILITIES (to be continued)		**971,029**	980,276

	Notes	**2009 HK$'000**	2008 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES (continued)		**971,029**	980,276
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*26*	**28,082**	40,856
Deferred tax liabilities	*29*	**9,129**	9,631
Total non-current liabilities		**37,211**	50,487
Net assets		**933,818**	929,789
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*30*	**83,000**	83,000
Reserves	*32*	**841,652**	822,658
Proposed final dividend	*12*	**8,300**	23,240
		932,952	928,898
Minority interests		**866**	891
Total equity		**933,818**	929,789

Auyang Ho
Director

Auyang Pak Hong, Bernard
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

		Attributable to equity holders of the Company									
	Notes	**Issued capital** HK$'000 (note 30)	**Share premium*** HK$'000	**Contributed surplus*** HK$'000 (note 32(a))	**Share option reserve*** HK$'000	**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 2008		83,000	386,419	1,879	650	14,602	419,108	23,240	928,898	891	929,789
Exchange realignment and total income and expense recognised directly in equity		—	—	—	—	6,088	—	—	6,088	—	6,088
Profit for the year		—	—	—	—	—	20,548	—	20,548	(25)	20,523
Total income and expense for the year		—	—	—	—	6,088	20,548	—	26,636	(25)	26,611
Equity-settled share option arrangements	*31*	—	—	—	658	—	—	—	658	—	658
Final 2008 dividend paid		—	—	—	—	—	—	(23,240)	(23,240)	—	(23,240)
Proposed final 2009 dividend	*12*	—	—	—	—	—	(8,300)	8,300	—	—	—
At 31 March 2009		83,000	386,419	1,879	1,308	20,690	431,356	8,300	932,952	866	933,818

		Attributable to equity holders of the Company									
	Notes	**Issued capital** HK$'000 (note 30)	**Share premium*** HK$'000	**Contributed surplus*** HK$'000 (note 32(a))	**Share option reserve*** HK$'000	**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 2007		83,000	386,419	1,879	—	3,072	355,257	31,540	861,167	1,318	862,485
Exchange realignment and total income and expense recognised directly in equity		—	—	—	—	11,530	—	—	11,530	—	11,530
Profit for the year		—	—	—	—	—	105,351	—	105,351	(46)	105,305
Total income and expense for the year		—	—	—	—	11,530	105,351	—	116,881	(46)	116,835
Acquisition of minority interests	*34*	—	—	—	—	—	—	—	—	(381)	(381)
Equity-settled share option arrangements	*31*	—	—	—	650	—	—	—	650	—	650
Final 2007 dividend paid		—	—	—	—	—	—	(31,540)	(31,540)	—	(31,540)
Interim 2008 dividend paid	*12*	—	—	—	—	—	(18,260)	—	(18,260)	—	(18,260)
Proposed final 2008 dividend	*12*	—	—	—	—	—	(23,240)	23,240	—	—	—
At 31 March 2008		83,000	386,419	1,879	650	14,602	419,108	23,240	928,898	891	929,789

* *These reserve accounts comprise the consolidated reserves of HK$841,652,000 (2008: HK$822,658,000) in the consolidated balance sheet.*

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**24,438**	117,000
Adjustments for:			
Bank interest income	*5*	**(4,597)**	(12,587)
Finance costs	*6*	**8,240**	13,426
Loss on disposal of items of property, plant and equipment	*7*	**233**	618
Fair value loss on derivative financial instrument	*7*	**—**	34,358
Depreciation	*7*	**43,620**	36,095
Amortisation of deferred expenditure	*7*	**21,874**	13,554
Provision against inventories	*7*	**12,479**	689
Impairment of trade receivables	*7*	**4,965**	135
Impairment of interests in an associate	*7*	**1,513**	—
Equity-settled share option expenses	*7*	**658**	650
Share of profits and losses of associates		**(1,575)**	(4,765)
Share of loss of a jointly-controlled entity		**732**	—
		112,580	199,173
Decrease/(increase) in inventories		**30,219**	(24,603)
Decrease in trade receivables		**112,193**	42,537
Decrease/(increase) in prepayments, deposits and other receivables		**(7,721)**	7,264
Decrease in balances with associates		**8,900**	11,233
Decrease in a derivative financial instrument		**(34,358)**	—
Increase/(decrease) in trade and bills payables		**(106,821)**	48,547
Increase/(decrease) in other payables and accrued liabilities		**(16,431)**	2,096
Increase in an amount due to a jointly-controlled entity		**1,639**	—
Cash generated from operations		**100,200**	286,247
Hong Kong profits tax paid		**(5,225)**	(3,492)
Overseas tax paid		**(27)**	(4,193)
Dividends paid		**(23,240)**	(49,800)
Net cash inflow from operating activities (to be continued)		**71,708**	228,762

	Notes	2009 HK$'000	2008 HK$'000
Net cash inflow from operating activities (continued)		**71,708**	228,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**4,597**	12,587
Purchases of items of property, plant and equipment		**(21,211)**	(22,184)
Proceeds from disposal of items of property, plant and equipment		**462**	900
Additions to deferred expenditure	16	**(35,764)**	(27,689)
Dividend received from an associate		**272**	996
Acquisition of minority interests		**—**	(2,665)
Acquisition of subsidiaries	33	**—**	(94,565)
Investment in a jointly-controlled entity		**(3,875)**	—
Decrease in non-pledged bank deposits with original maturity of more than three months when acquired		**—**	15,500
Net cash outflow from investing activities		**(55,519)**	(117,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**20,000**	46,679
Increase/(decrease) in trust receipt and packing loans		**18,913**	(53,740)
Repayment of bank loans		**(44,198)**	(20,275)
Capital element of finance lease rental payments		**(2,960)**	(6,259)
Interest paid	6	**(8,069)**	(12,952)
Interest element of finance lease rental payments	6	**(171)**	(474)
Net cash outflow from financing activities		**(16,485)**	(47,021)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(296)**	64,621
Cash and cash equivalents at beginning of year		**568,755**	502,965
Effect of foreign exchange rate changes, net		**833**	1,169
CASH AND CASH EQUIVALENTS AT END OF YEAR		**569,292**	568,755
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**199,746**	156,321
Time deposits with original maturity of less than three months when acquired	23	**369,546**	412,498
Bank overdrafts	26	**—**	(64)
		569,292	568,755

Balance Sheet

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	*17*	**543,504**	550,276
CURRENT ASSETS			
Prepayments, deposits and other receivables	*22*	**244**	345
Tax recoverable		**130**	—
Cash and cash equivalents	*23*	**324,554**	336,854
Total current assets		**324,928**	337,199
CURRENT LIABILITIES			
Other payables and accrued liabilities	*25*	**1,421**	1,487
Tax payable		**—**	199
Total current liabilities		**1,421**	1,686
NET CURRENT ASSETS		**323,507**	335,513
Net assets		**867,011**	885,789
EQUITY			
Issued capital	*30*	**83,000**	83,000
Reserves	*32*	**775,711**	779,549
Proposed final dividend	*12*	**8,300**	23,240
Total equity		**867,011**	885,789

Auyang Ho
Director

Auyang Pak Hong, Bernard
Director

Notes to Financial Statements

31 March 2009

1. Corporate Information

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.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. 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 principally engaged in research and development, design, manufacture and trading of electronic control products.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("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. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 Impact of New and Revised Hong Kong Financial Reporting Standards

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

2.2 Impact of New and Revised Hong Kong Financial Reporting Standards (continued)

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in 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.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendment to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*[1]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[2]

2.3 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards (continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** and *Improvements to HKFRSs 2009*** which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, the amendments are effective for annual periods beginning on or after 1 January 2009 and for annual periods beginning on or after 1 January 2010, respectively, although there are separate transitional provisions for each standard.

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 July 2008*
[4] *Effective for annual periods beginning on or after 1 October 2008*
[5] *Effective for annual periods ending on or after 30 June 2009*

* *Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.*

** *Improvements to HKFRSs 2009 contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.*

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 while the adoption of HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKAS 27 Amendments, HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's 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.

2.4 Summary of Significant Accounting Policies (continued)

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture; or

(b) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture.

Jointly-controlled entity

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in a jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of the jointly-controlled entity is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and the jointly-controlled entity are eliminated to the extent of the Group's interest in the jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates, except where unrealised losses provide evidence of an impairment of the asset transferred. 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.

2.4 Summary of Significant Accounting Policies (continued)

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 the 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. The Group performs its annual impairment test of goodwill as at 31 March. 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.

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

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.

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 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.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets other than goodwill (continued)

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 an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but 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 an 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 jointly-controlled entity;

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

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

(f) 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 (d) or (e); or

(g) 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.

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.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

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:

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 least 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 from one to three years, commencing from the date when the products are put into commercial production.

2.4 Summary of Significant Accounting Policies (continued)

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.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as 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 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.

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 less any allowance for impairment. 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.

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. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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 by adjusting the allowance account. 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 and significant changes in the technological, market, economic or legal environment that have an adverse effect on 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.

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.

2.4 Summary of Significant Accounting Policies (continued)

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

Financial liabilities including trade and bills payables, other payables, interest-bearing bank and other borrowings, amounts due to associates and an amount due to a jointly-controlled entity 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. The related interest expense is recognised within "finance costs" in the income statement.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities 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 liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

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.

2.4 Summary of Significant Accounting Policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liability when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to 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.

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 that are readily convertible into known amounts of cash, 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 expenditure 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.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

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.

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.

2.4 Summary of Significant Accounting Policies (continued)

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; and

(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.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 Summary of Significant Accounting Policies (continued)

Share-based payment transactions (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other 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.

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.

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 dates 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

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

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 judgement 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 2009 was HK$38,164,000 (2008: HK$38,164,000). More details are given in note 15.

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 engages in the research and development, design, manufacture, trading and distribution of building and home control products;

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

(c) the commercial and industrial controls segment engages 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 for the Group's business segments for the years ended 31 March 2009 and 2008:

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Segment revenue:								
Sales to external customers	**1,101,175**	1,096,133	**917,891**	860,754	**376,739**	317,188	**2,395,805**	2,274,075
Segment results	**13,380**	97,735	**18,677**	44,931	**31,159**	27,737	**63,216**	170,403
Bank interest income							**4,597**	12,587
Other income (excluding bank interest income)							**21,372**	13,401
Corporate and other unallocated expenses							**(57,350)**	(70,730)
Finance costs							**(8,240)**	(13,426)
Share of profits and losses of associates	**1,575**	4,765	**—**	—	**—**	—	**1,575**	4,765
Share of loss of a jointly-controlled entity	**(732)**	—	**—**	—	**—**	—	**(732)**	—
Profit before tax							**24,438**	117,000
Tax							**(3,915)**	(11,695)
Profit for the year							**20,523**	105,305
Assets and liabilities								
Segment assets	**337,412**	338,927	**300,000**	371,047	**74,423**	115,228	**711,835**	825,202
Interests in associates	**9,610**	16,203	**—**	—	**—**	—	**9,610**	16,203
Interest in a jointly-controlled entity	**3,143**	—	**—**	—	**—**	—	**3,143**	—
Corporate and other unallocated assets							**920,237**	961,088
Total assets							**1,644,825**	1,802,493
Segment liabilities	**21,579**	20,515	**15,133**	23,498	**662**	1,072	**37,374**	45,085
Corporate and other unallocated liabilities							**673,633**	827,619
Total liabilities							**711,007**	872,704
Other segment information:								
Capital expenditure	**41,089**	33,614	**12,769**	12,188	**6,992**	7,327	**60,850**	53,129
Corporate and other unallocated amounts							**—**	102,752
							60,850	155,881
Amortisation of deferred expenditure	**14,116**	7,216	**4,686**	3,496	**3,072**	2,842	**21,874**	13,554
Depreciation	**20,898**	20,142	**15,830**	10,452	**6,892**	5,501	**43,620**	36,095
Impairment of trade receivables	**748**	135	**3,175**	—	**1,042**	—	**4,965**	135
Impairment of interests in an associate	**1,513**	—	**—**	—	**—**	—	**1,513**	—
Provision against inventories	**6,067**	696	**4,681**	(240)	**1,731**	233	**12,479**	689

4. Segment Information (continued)

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments for the years ended 31 March 2009 and 2008:

	2009 HK$'000	2008 HK$'000
Segment revenue:		
Sales to external customers:		
The Americas	**1,082,001**	1,172,021
Europe	**896,225**	766,122
Asia	**402,625**	312,247
Other regions	**14,954**	23,685
Total	**2,395,805**	2,274,075

5. Revenue and Other Income

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 of the Group is as follows:

	2009 HK$'000	2008 HK$'000
Bank interest income	**4,597**	12,587
Engineering fee income	**17,309**	4,406
Handling and testing fee income	**1,019**	5,246
Sale of materials	**481**	952
Sundry income	**2,563**	2,797
Total	**25,969**	25,988

6. Finance Costs

	Group 2009 HK$'000	Group 2008 HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**8,069**	12,952
Finance leases	**171**	474
Total	**8,240**	13,426

7. Profit Before Tax

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

	Notes	2009 HK$'000	2008 HK$'000
Cost of inventories sold#		**2,124,677**	1,908,632
Depreciation	*14*	**43,620**	36,095
Research and development costs:			
Amortisation of deferred expenditure##	*16*	**21,874**	13,554
Current year expenditure		**15,156**	17,415
		37,030	30,969
Provision against inventories		**12,479**	689
Minimum lease payments under operating leases of land and buildings		**39,821**	33,739
Loss on disposal of items of property, plant and equipment		**233**	618
Auditors' remuneration		**1,267**	1,516
Employee benefits expense# (including directors' remuneration — note 8):			
Wages, salaries and other benefits		**210,684**	188,999
Pension scheme contributions		**1,430**	1,831
Provision for untaken paid leave		**870**	309
Equity-settled share option expense		**658**	650
		213,642	191,789
Foreign exchange differences, net**		**14,854**	5,467
Impairment of trade receivables**	*21*	**4,965**	135
Impairment of interests in an associate**	*18*	**1,513**	—
Fair value loss on derivative financial instrument**	*27*	**—**	34,358

7. Profit Before Tax (continued)

\# *Employee benefits expense of HK$138,544,000 (2008: HK$110,181,000) is also included in "Cost of inventories sold" above.*

\#\# *The amortisation of deferred expenditure for the year is included in "Administrative expenses" on the face of the consolidated income statement.*

** *Included in "Other operating expenses" on the face of the consolidated income statement.*

At 31 March 2009, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2008: Nil).

8. Directors' Remuneration

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

	Group	
	2009	2008
	HK$'000	HK$'000
Fees	**975**	1,110
Other emoluments:		
Salaries, allowances and benefits in kind	**8,290**	7,150
Bonuses*	**—**	500
Pension scheme contributions	**24**	24
Total	**9,289**	8,784

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

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

8. Directors' Remuneration (continued)

The remuneration of each of the directors for the year ended 31 March 2009 is set out below:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Mr. Auyang Ho	—	1,430	—	1,430
Mr. Auyang Pak Hong, Bernard	—	4,000	12	4,012
Ms. Choi Po Yee, Alice	—	2,860	12	2,872
	—	8,290	24	8,314
Non-executive directors				
Mr. Wong Chun Kong	135	—	—	135
Mr. Kam Chi Chiu, Anthony	167	—	—	167
Mr. Arvind Amratlal Patel	172	—	—	172
	474	—	—	474
Independent non-executive directors				
Mr. Luk Koon Hoo	167	—	—	167
Mr. Patrick Thomas Siewert	167	—	—	167
Mr. Steven Julien Feniger	167	—	—	167
	501	—	—	501
Total	975	8,290	24	9,289

8. Directors' Remuneration (continued)

The remuneration of each of the directors for the year ended 31 March 2008 is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonuses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Auyang Ho	—	1,430	—	—	1,430
Mr. Auyang Pak Hong, Bernard	—	3,120	—	12	3,132
Ms. Choi Po Yee, Alice	—	2,600	500	12	3,112
	—	7,150	500	24	7,674
Non-executive directors					
Mr. Wong Ying Ho, Kennedy (resigned on 4 February 2008)	101	—	—	—	101
Mr. Wong Chun Kong (appointed on 4 February 2008)	24	—	—	—	24
Mr. Kam Chi Chiu, Anthony	151	—	—	—	151
Mr. Arvind Amratlal Patel	317	—	—	—	317
	593	—	—	—	593
Independent non-executive directors					
Mr. Luk Koon Hoo	174	—	—	—	174
Mr. Patrick Thomas Siewert	169	—	—	—	169
Mr. Steven Julien Feniger	174	—	—	—	174
	517	—	—	—	517
Total	1,110	7,150	500	24	8,784

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2008: two) directors, details of whose emoluments are set out in note 8 above. Details of the remuneration of the remaining three (2008: three) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**5,824**	5,275
Equity-settled share option expense	**128**	109
Pension scheme contributions	**36**	36
Total	**5,988**	5,420

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

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**2**	3
HK$2,000,001 to HK$2,500,000	**1**	—
Total	**3**	3

During the year ended 31 March 2008, share options were granted to non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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.

On 25 April 2008, the Hong Kong Special Administrative Region approved the Hong Kong profits tax rate to be reduced from 17.5% to 16.5% from the year of assessment 2008/2009 onwards. The change in the Hong Kong profits tax rate will directly affect the Group's effective tax rate prospectively from 2008. According to HKAS 12 *Income Taxes*, deferred tax assets and deferred tax 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, and the Group's deferred tax has been adjusted accordingly.

Under the Corporate Income Tax Law (the "New CIT Tax Law") of the People's Republic of China (the"PRC"), which became effective from 1 January 2008, enterprises are subject to corporate income tax ("CIT") at a rate of 25%. Under the New CIT Tax Law, for those enterprises benefiting from lower preferential tax rates, such preferential rates will be gradually phased out by increasing them over the next five years.

Computime Electronics (Shenzhen) Co. Ltd. and Asia Electronics Technologies (Dongguan) Company Limited, wholly-owned subsidiaries of the Company, are entitled to a preferential tax treatment with full tax exemption from CIT for the two years starting from the first profitable year, after deducting the tax losses carried forward, and are granted a 50% reduction in tax for the three years thereafter. Accordingly, Computime Electronics (Shenzhen) Co. Ltd was entitled to a 50% reduction in tax as its fifth profitable year of operation, while Asia Electronics Technologies (Dongguan) Company Limited was fully exempted from CIT for the current year as it was its second profitable year of operation.

	Group	
	2009	2008
	HK$'000	HK$'000
Current — Hong Kong		
Charge for the year	**4,371**	5,532
Underprovision in prior years	**126**	—
Current — Mainland China and other regions	**620**	1,663
Deferred *(note 29)*	**(1,202)**	4,500
Total tax charge for the year	**3,915**	11,695

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:

	2009					
	Hong Kong		Mainland China and other regions		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	31,948		(7,510)		24,438	
Tax at the statutory tax rates	5,271	16.5	(1,877)	25.0	3,394	13.9
Differential tax rates for specific jurisdictions	—	—	(1,206)	16.0	(1,206)	(4.9)
Effect on opening deferred tax of change in rates	(550)	(1.7)	—	—	(550)	(2.3)
Adjustments in respect of current tax of previous periods	126	0.4	—	—	126	0.5
Profits and losses attributable to a jointly-controlled entity and associates	(139)	(0.5)	—	—	(139)	(0.6)
Net profits from operation not subject to tax	(2,808)	(8.8)	—	—	(2,808)	(11.5)
Income not subject to tax	(642)	(2.0)	—	—	(642)	(2.6)
Expenses not deductible for tax	1,874	5.9	434	(5.8)	2,308	9.5
Tax losses not recognised	163	0.5	3,269	(43.5)	3,432	14.0
Tax charge at the Group's effective rate	3,295	10.3	620	(8.3)	3,915	16.0

10. Tax (continued)

	2008					
	Hong Kong		Mainland China and other regions		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	86,944		30,056		117,000	
Tax at the statutory tax rates	15,215	17.5	9,918	33.0	25,133	21.5
Differential tax rates for specific jurisdictions	—	—	(8,624)	(28.7)	(8,624)	(7.4)
Profits and losses attributable to associates	(834)	(1.0)	—	—	(834)	(0.7)
Net profits from operation not subject to tax	(3,907)	(4.5)	—	—	(3,907)	(3.3)
Income not subject to tax	(2,203)	(2.5)	—	—	(2,203)	(1.9)
Expenses not deductible for tax	1,761	2.0	369	1.2	2,130	1.8
Tax charge at the Group's effective rate	10,032	11.5	1,663	5.5	11,695	10.0

The share of tax attributable to associates of nil (2008: HK$503,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

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 2009 includes a profit of HK$3,804,000 (2008: HK$70,816,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. Dividends

Dividends attributable to the year

	Notes	**2009 HK$'000**	2008 HK$'000
Interim — Nil (2008: HK$0.022) per ordinary share	*32(b)*	**—**	18,260
Proposed final — HK$0.01 (2008: HK$0.028) per ordinary share	*32(b)*	**8,300**	23,240
Total		**8,300**	41,500

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

Dividends attributable to the previous financial year, approved and paid during the year

	2009 HK$'000	2008 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year — HK$0.028 (2008: HK$0.038) per ordinary share	**23,240**	31,540

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$20,548,000 (2008: HK$105,351,000) and the weighted average of 830,000,000 ordinary shares in issue (2008: 830,000,000 ordinary shares) during the year.

Diluted earnings per share amount for the years ended 31 March 2009 and 31 March 2008 have not been disclosed as the share options granted and outstanding during the years had an anti-dilutive effect on the basic earnings per share for the years.

14. Property, Plant and Equipment

Group

	Note	Leasehold improvements 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 2009							
At 1 April 2008:							
Cost		63,120	94,923	249,949	3,612	9,606	421,210
Accumulated depreciation		(33,480)	(66,206)	(125,127)	(1,046)	(7,889)	(233,748)
Net carrying value		29,640	28,717	124,822	2,566	1,717	187,462
At 1 April 2008, net of accumulated depreciation		29,640	28,717	124,822	2,566	1,717	187,462
Additions		5,140	8,630	6,161	219	1,061	21,211
Disposals and write-offs		—	(245)	(231)	(219)	—	(695)
Depreciation provided during the year	*7*	(10,731)	(8,865)	(23,031)	(427)	(566)	(43,620)
Exchange realignment		483	250	2,628	38	—	3,399
At 31 March 2009, net of accumulated depreciation		24,532	28,487	110,349	2,177	2,212	167,757
At 31 March 2009:							
Cost		69,358	103,048	259,647	3,644	10,667	446,364
Accumulated depreciation		(44,826)	(74,561)	(149,298)	(1,467)	(8,455)	(278,607)
Net carrying value		24,532	28,487	110,349	2,177	2,212	167,757

14. Property, Plant and Equipment (continued)

Group

	Notes	Leasehold improvements 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 2008							
At 1 April 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 amount		30,773	26,071	115,923	2,400	—	175,167
At 1 April 2007, net of accumulated depreciation		30,773	26,071	115,923	2,400	—	175,167
Acquisition of subsidiaries	*33*	1,479	2,635	16,921	16	—	21,051
Additions		3,207	7,829	8,798	1,081	1,860	22,775
Disposals and write-offs		(58)	(141)	(714)	(605)	—	(1,518)
Depreciation provided during the year	*7*	(6,504)	(8,334)	(20,726)	(388)	(143)	(36,095)
Exchange realignment		743	657	4,620	62	—	6,082
At 31 March 2008, net of accumulated depreciation		29,640	28,717	124,822	2,566	1,717	187,462
At 31 March 2008:							
Cost		63,120	94,923	249,949	3,612	9,606	421,210
Accumulated depreciation		(33,480)	(66,206)	(125,127)	(1,046)	(7,889)	(233,748)
Net carrying value		29,640	28,717	124,822	2,566	1,717	187,462

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$10,638,000 (2008: HK$12,313,000).

15. Goodwill

		Group	
	Notes	**2009** **HK$'000**	2008 HK$'000
Cost and net carrying amount at beginning of year		**38,164**	1,744
Acquisition of minority interests	*34*	—	2,284
Acquisition of subsidiaries	*33*	—	34,136
Cost and net carrying amount at 31 March		**38,164**	38,164

Impairment testing of goodwill

Goodwill acquired through business combinations is principally related to the Asia Electronics entity cash-generating unit for impairment testing.

The recoverable amount of the Asia Electronics entity cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management, with cash flows beyond the five-year period being extrapolated. The discount rate applied to the cash flow projections is 5%.

The carrying amount of goodwill allocated to the Asia Electronics entity cash-generating unit was HK$34,136,000 (2008: HK$34,136,000) as at 31 March 2009.

Certain key assumptions were used in the value in use calculation of the Asia Electronics entity cash-generating unit for 31 March 2009. Management determined the value assigned to the budgeted gross margins based on the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements. Changes in revenue and costs are based on past practices and expectations of future changes in the market. The discount rate used is before tax and reflects specific risks relating to the relevant units.

16. Intangible Assets

		Group	
	Note	**2009 HK$'000**	2008 HK$'000
At beginning of year:			
Cost		**163,695**	136,006
Accumulated amortisation		**(132,283)**	(118,729)
Net carrying amount		**31,412**	17,277
At beginning of year, net of accumulated amortisation		**31,412**	17,277
Additions		**35,764**	27,689
Amortisation provided during the year	*7*	**(21,874)**	(13,554)
At 31 March, net of accumulated amortisation		**45,302**	31,412
At 31 March:			
Cost		**199,459**	163,695
Accumulated amortisation		**(154,157)**	(132,283)
Net carrying amount		**45,302**	31,412

17. Interests in Subsidiaries

	Company	
	2009 HK$'000	2008 HK$'000
Unlisted investments, at cost	**353,435**	353,435
Due from subsidiaries	**190,069**	196,841
Total	**543,504**	550,276

Except for the amount of HK$64,949,000 (2008: HK$57,199,000) due from a subsidiary which bears interest at rates mutually agreed by the parties with reference to the market rates, the amounts due from subsidiaries are unsecured, interest-free and have no specific terms of repayment.

17. 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 Limited	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
金寶通電子(深圳)有限公司 Computime Electronics (Shenzhen) Co. Ltd.*#	Mainland China	US$9,000,000	100%	Manufacture and trading of electronic control products
Clovis Limited	Hong Kong	HK$1	100%	Trading of electronic control products
Cincinnati Wireless Solutions Limited	United States of America	US$1	100%	Provision of engineering and research and development support services
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

17. 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	GBP1,000,000	100%	Distribution and trading of electronic control products
Salus Controls GmbH*	Germany	EURO25,000	100%	Distribution and trading of electronic control products
Asia Electronics HK Technologies Limited ("AEHK")	Hong Kong	HK$23,250,000	100%	Trading of electronic control products
Asia Electronics Technologies (Dongguan) Co. Ltd. ("AEDG")*#	Mainland China	US$3,000,000	100%	Manufacture of electronic control products

* *Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network*

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

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

During the year ended 31 March 2008, the Group acquired the entire equity interests in AEHK and AEDG from an independent third party, and the remaining 45% interests in Salus Controls Plc from the minority shareholder. Further details of these acquisitions are included in notes 33 and 34 to the financial statements, respectively.

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.

18. Interests in Associates

	Group 2009 HK$'000	Group 2008 HK$'000
Share of net assets	**9,565**	7,818
Goodwill on acquisition	**1,558**	1,558
	11,123	9,376
Provision for impairment *(note 7)*	**(1,513)**	—
Total	**9,610**	9,376

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

Particulars of the principal associate are as follows:

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

* *Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network*

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 the Group between 1 January and 31 March.

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

	2009 HK$'000	2008 HK$'000
Assets	**80,049**	72,773
Liabilities	**54,579**	47,474
Revenue	**209,554**	244,456
Profit	**4,934**	19,145

19. Interest in a Jointly-Controlled Entity

	Group	
	2009 **HK$'000**	2008 HK$'000
Share of net assets	**3,143**	—

Particulars of a jointly-controlled entity are as follows:

Company	Particulars of issued shares held	Place of incorporation/ registration	Percentage of attributable equity interest held by the Group	Principal activity
Nortus Technology Limited	Registered capital of US$10 each	British Virgin Islands	50%	Investment holding

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	2009 **HK$'000**	2008 HK$'000
Share of a jointly-controlled entity's assets and liabilities:		
Current assets	**3,284**	—
Non-current assets	**179**	—
Current liabilities	**(320)**	—
Net assets	**3,143**	—
Share of a jointly-controlled entity's results:		
Total expenses and loss after tax	**(732)**	—

20. Inventories

	Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**260,420**	288,761
Work-in-progress	**49,358**	62,183
Finished goods	**102,830**	104,362
Total	**412,608**	455,306

21. Trade Receivables

	Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**362,084**	472,865
Impairment	**(6,106)**	(1,141)
Total	**355,978**	471,724

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	
	2009	2008
	HK$'000	HK$'000
Within 1 month	**328,670**	412,870
1 to 2 months	**12,662**	22,791
2 to 3 months	**5,487**	11,366
Over 3 months	**9,159**	24,697
Total	**355,978**	471,724

21. Trade Receivables (continued)

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**1,141**	—
Acquisition of a subsidiary	**—**	1,006
Impairment losses recognised *(note 7)*	**4,965**	135
At 31 March	**6,106**	1,141

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$6,106,000 (2008: HK$1,141,000) with a carrying amount of HK$16,761,000 (2008: HK$24,906,000). The individually impaired trade receivables relate to balances that were in disputes. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**287,686**	332,237
Less than 1 month past due	**38,086**	57,586
1 to 3 months past due	**17,143**	32,298
Over 3 months past due	**2,408**	24,697
Total	**345,323**	446,818

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

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

21. Trade Receivables (continued)

Included in the Group's trade receivables are amounts due from the Group's associates and a related company, in which certain beneficial shareholders and directors of the Company have beneficial interests, of HK$6,785,000 (2008: HK$11,378,000) and HK$6,900,000 (2008: HK$4,345,000), respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

22. Prepayments, Deposits and Other Receivables

The Group's and the Company's prepayments, deposits and other receivables are interest-free.

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

23. Cash and Cash Equivalents

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**199,746**	156,321	**239**	532
Time deposits	**369,546**	412,498	**324,315**	336,322
Total	**569,292**	568,819	**324,554**	336,854

At the balance sheet date, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to HK$26,925,000 (2008: HK$18,002,000). 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 banks 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 bank balances are deposited with creditworthy banks with no recent history of default.

24. Trade and Bills Payables

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

	Group	
	2009	2008
	HK$'000	HK$'000
Within 1 month	**310,164**	406,541
1 to 2 months	**10,998**	20,734
2 to 3 months	**1,220**	3,697
Over 3 months	**5,775**	4,006
Total	**328,157**	434,978

The trade payables are interest-free and generally have payment terms ranging from one to three months.

25. Other Payables and Accrued Liabilities

The Group's and the Company's other payables and accrued liabilities are interest-free and have payment terms ranging from one to three months.

26. Interest-Bearing Bank and Other Borrowings

Group

	2009			2008		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Finance lease payables *(note 28)*	**3.50 – 6.25**	**2009**	**99**	3.50 – 6.25	2008	2,826
Bank overdrafts — unsecured	**5.00 – 5.50**	**2009**	**—**	5.25 – 7.50	2008	64
Bank loans — unsecured	**0.70 – 6.36**	**2009**	**232,464**	1.95 – 7.47	2008	225,208
			232,563			228,098
Non-current						
Finance lease payables *(note 28)*	**3.50 – 6.25**	**2010–2011**	**74**	3.50 – 6.25	2009–2011	307
Bank loans — unsecured	**0.70 – 6.36**	**2010–2013**	**28,008**	1.95 – 7.47	2009–2013	40,549
			28,082			40,856
			260,645			268,954

26. Interest-Bearing Bank and Other Borrowings (continued)

	2009 HK$'000	2008 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**232,464**	225,272
In the second year	**9,336**	12,541
In the third to fifth years, inclusive	**18,672**	28,008
	260,472	265,821
Finance leases repayable:		
Within one year or on demand	**99**	2,826
In the second year	**74**	159
In the third to fifth years, inclusive	**—**	148
	173	3,133
Total	**260,645**	268,954

Other interest rate information:

	Fixed rate		**Floating rate**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Finance lease payables	**173**	1,053	**—**	2,080
Bank overdrafts	**—**	—	**—**	64
Bank loans — unsecured	**—**	—	**260,472**	265,757

Except for an unsecured bank loan of approximately HK$15,846,000 (2008: HK$16,554,000) which is denominated in the United States dollars, all borrowings are denominated in Hong Kong dollars.

27. Derivative Financial Instrument

The derivative financial instrument represents a structured foreign exchange forward contract with a creditworthy bank. The carrying amount of the derivate financial instrument was the same as its fair value.

As at 31 March 2008, the Group has a structured foreign exchange forward contract to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of this derivative not qualifying for hedge accounting amounting to HK$34,358,000 was charged to the income statement during the year ended 31 March 2008.

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 two years (2008: one to three years).

At 31 March 2009, 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**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Amounts repayable:				
Within one year	**113**	2,900	**99**	2,826
In the second year	**77**	178	**74**	159
In the third to fifth years, inclusive	**—**	155	**—**	148
Total minimum finance lease payments	**190**	3,233	**173**	3,133
Future finance charges	**(17)**	(100)		
Total net finance lease payables	**173**	3,133		
Portion classified as current liabilities	**(99)**	(2,826)		
Long term portion	**74**	307		

29. Deferred Tax

The movements in deferred tax liabilities and asset during the year are as follows:

Deferred tax liabilities
Group

	Provision against inventories HK$'000	**Depreciation allowance in excess of related depreciation** HK$'000	**Deferred expenditure** HK$'000	**Net deferred tax liabilities** HK$'000
At 1 April 2007	(1,768)	6,774	—	5,006
Acquisition of a subsidiary *(note 33)*	—	125	—	125
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	846	(194)	3,848	4,500
At 31 March 2008 and 1 April 2008	(922)	6,705	3,848	9,631
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	88	(1,804)	1,214	(502)
At 31 March 2009	(834)	4,901	5,062	9,129

Deferred tax asset
Group

	Losses available for offsetting against future taxable profits HK$'000
At 1 April 2007, 31 March 2008 and 1 April 2008	—
Deferred tax credited to the income statement during the year *(note 10)*	(700)
At 31 March 2009	(700)

29. Deferred Tax (continued)

The Group has unrecognised tax losses arising in Hong Kong of HK$987,000 (2008: Nil) and in other region of HK$13,073,000 (2008: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 March 2009, there was no significant unrecognised deferred tax liability (2008: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, a jointly-controlled entity 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. Share Capital

Share

	2009 HK$'000	2008 HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
830,000,000 ordinary shares of HK$0.10 each	**83,000**	83,000

31. 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 under the Scheme (including both exercised and outstanding options) 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.

31. Share Option Scheme (continued)

Share options granted 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 the 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 date of this report, the total number of shares available for issue under the Scheme is 77,342,000, representing approximately 9.3% of the shares of the Company in issue as at the date of this report.

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 10 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 Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business 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.

The following share options were outstanding under the Scheme during the year:

	Weighted average exercise price HK$ per share	**Number of options**
At 1 April 2007	—	—
Granted during the year	1.75	3,648,000
Lapsed during the year	1.75	(420,000)
At 31 March 2008 and 1 April 2008	1.75	3,228,000
Lapsed during the year	1.75	(450,000)
At 31 March 2009		2,778,000

31. Share Option Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the balance sheet date are as follows:

2009

Number of options '000	**Exercise price*** HK$ per share	**Exercise period**
926	1.75	31 August 2008 to 30 August 2017
926	1.75	31 August 2009 to 30 August 2017
926	1.75	31 August 2010 to 30 August 2017
2,778		

2008

Number of options '000	**Exercise price*** HK$ per share	**Exercise period**
1,076	1.75	31 August 2008 to 30 August 2017
1,076	1.75	31 August 2009 to 30 August 2017
1,076	1.75	31 August 2010 to 30 August 2017
3,228		

* *The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.*

No share options were granted during the year ended 31 March 2009. During the year ended 31 March 2008, the fair value of the share options granted was HK$2,263,000. A share option expense of HK$658,000 (2008: HK$650,000) was recognised in the income statement during the year ended 31 March 2009.

At the balance sheet date, the Company had 2,778,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 2,778,000 additional ordinary shares of the Company and additional share capital of HK$278,000 and share premium of HK$4,584,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 2,658,000 share options outstanding under the Scheme, which represented approximately 0.32% of the Company's shares in issue as at that date.

32. 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 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	**Share option reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2007		386,419	353,435	—	9,729	749,583
Equity-settled share option arrangements		—	—	650	—	650
Profit for the year		—	—	—	70,816	70,816
Interim 2008 dividend	*12*	—	—	—	(18,260)	(18,260)
Proposed final 2008 dividend	*12*	—	—	—	(23,240)	(23,240)
At 31 March 2008 and 1 April 2008		386,419	353,435	650	39,045	779,549
Equity-settled share option arrangements		—	—	658	—	658
Profit for the year		—	—	—	3,804	3,804
Proposed final 2009 dividend	*12*	—	—	—	(8,300)	(8,300)
At 31 March 2009		386,419	353,435	1,308	34,549	775,711

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.

33. Business Combination

In July 2007, the Group entered into an agreement with an independent third party to acquire 100% equity interest in AEHK, which in turn owns 100% equity interest in AEDG (collectively the "AEHK Group"), for a cash consideration of US$5,500,000 (equivalent to approximately HK$42,625,000). As part of the obligations as to the completion of this transaction, the Group was required to repay AEHK's outstanding loan of US$7,500,000 (equivalent to approximately HK$58,125,000), together with all interests thereon, totalling approximately HK$59,112,000, provided by the then shareholder of AEHK. The AEHK Group principally designs, manufactures and markets electronic controls for air-conditioners, major appliances and industrial and spa and pool products, and has established an extensive customer network spanning Europe, Asia, the Middle East and Australia.

The fair values of the identifiable assets and liabilities of the AEHK Group and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Fair value recognised on acquisition** HK$'000	**Previous carrying amount** HK$'000
Plant and equipment	*14*	21,051	21,051
Inventories		37,526	37,526
Trade receivables		107,402	107,402
Prepayments, deposits and other receivables		5,045	5,045
Cash and cash equivalents		8,187	8,187
Trade payables		(47,188)	(47,188)
Other payables and accrued liabilities		(13,727)	(13,727)
Interest-bearing bank borrowings		(49,222)	(49,222)
Tax payable		(333)	(333)
Deferred tax liabilities	*29*	(125)	(125)
Net assets acquired		68,616	68,616
Goodwill on acquisition	*15*	34,136	
		102,752	
Satisfied by:			
Cash consideration		42,625	
Direct costs attributable to the acquisition		1,015	
Repayment of a shareholder's loan		59,112	
		102,752	

33. Business Combination (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries was as follows:

	HK$'000
Cash consideration	(102,752)
Cash and cash equivalents acquired	8,187
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(94,565)

Since its acquisition, the AEHK Group contributed HK$163,175,000 to the Group's turnover and HK$16,906,000 to the consolidated profit for the year ended 31 March 2008.

Had the combination taken place at the beginning of the year ended 31 March 2008, the revenue of the Group and the profit of the Group for the year ended 31 March 2008 would have been HK$2,378,211,000 and HK$103,789,000, respectively.

34. Acquisition of Minority Interests

During the year ended 31 March 2008, the Company acquired the remaining 45% equity interest in Salus Controls Plc at a total cash consideration of GBP157,500 from the minority shareholder. As a result of the acquisition, the Group increased its holdings in Salus Controls Plc from 55% at 31 March 2007 to 100% at 31 March 2008, resulting in a goodwill of approximately HK$2,284,000 (note 15). This acquisition constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

35. 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 (2008: one to ten years).

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**18,608**	21,767
In the second to fifth years, inclusive	**52,413**	58,253
After five years	**—**	10,098
Total	**71,021**	90,118

36. Commitments

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for:		
Establishment of a joint venture operation	**—**	12,788
Leasehold improvements	**204**	1,759
Plant and machinery	**2,804**	25
Others	**428**	407
Total	**3,436**	14,979

	Company	
	2009	2008
	HK$'000	HK$'000
Authorised, but not contracted for:		
Investment in a subsidiary	**—**	5,038

37. Contingent Liabilities

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

(a) Banking facilities

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Corporate guarantees given to banks in respect of facilities granted to subsidiaries	**—**	—	**777,149**	773,801
Amount of bank facilities guaranteed by the Company and utilised by subsidiaries	**—**	—	**260,472**	265,821

(b) A subsidiary of the Company is involved in a dispute with a third party, who is alleging that the subsidiary has infringed patent and is seeking for value in dispute of EURO750,000 (equivalent to approximately HK$7,583,000). The Group is now gathering relevant information to defend the claim against the subsidiary. Taking into consideration the advice from the Group's lawyer, the Directors consider that the subsidiary has valid defence against the claim and it is premature to estimate the outcome of the claim and accordingly, no provision was made as at 31 March 2009.

38. Related Party and Connected Transactions

In addition to the transactions and balances set out elsewhere in these financial statements, the Group had the following significant related party transactions during the year.

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

	Notes	**2009 HK$'000**	2008 HK$'000
Associates			
Sales of raw materials	*(i)*	**21,227**	24,478
Sales of finished goods	*(i)*	**37,217**	31,627
A beneficial shareholder of an associate of the Group			
Sales of finished goods	*(i)*	**22,895**	8,939
A related company in which certain beneficial shareholders and directors of the Company have beneficial interests			
Sales of finished goods	*(ii)*	**58,224**	35,821
A minority shareholder of a subsidiary			
Purchases of raw materials	*(iii)*	**350**	305

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 into between the Group and KFM on 18 September 2007. Details of this transaction are set out in note 38(b) below.

38. Related Party and Connected Transactions (continued)

(b) Transactions with connected persons

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

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 purchases of metal and related components from KFM (the "KFM Agreement"). Under the KFM Agreement, KFM has agreed for a term ended 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 to not exceed HK$3,800,000, HK$5,130,000 and HK$6,670,000 for the year ended 31 March 2007, year ended 31 March 2008 and year ended 31 March 2009, respectively.

The value of the transaction under the KFM Agreement for the year ended 31 March 2009 was HK$350,000.

(c) Outstanding balances with related parties

	Notes	**2009 HK$'000**	2008 HK$'000
Balances due from:			
Associates	*(i)*	—	6,827
Balances due to:			
Associates	*(i)*	**(2,073)**	—
A jointly-controlled entity	*(ii)*	**(1,639)**	—

Notes:

(i) The balances with associates are unsecured, non-interest-bearing and have no specific terms of repayment.

(ii) The balance with a jointly-controlled entity is unsecured, non-interest-bearing and has no specific terms of repayment.

38. Related Party and Connected Transactions (continued)

(d) Compensation of key management personnel of the Group

	2009	2008
	HK$'000	HK$'000
Short term employee benefits	**20,988**	24,825
Post-employment benefits	**120**	156
Total	**21,108**	24,981

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

39. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2009

Financial assets

	Group		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Club debenture	**—**	**705**	**705**
Trade receivables	**355,978**	**—**	**355,978**
Financial assets included in prepayments, deposits and other receivables	**27,599**	**—**	**27,599**
Cash and cash equivalents	**569,292**	**—**	**569,292**
Total	**952,869**	**705**	**953,574**

39. Financial Instruments by Category (continued)

2009 (continued)
Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	**328,157**
Financial liabilities included in other payables and accruals	**73,141**
Interest-bearing bank and other borrowings	**260,645**
Amounts due to associates	**2,073**
Amount due to a jointly-controlled entity	**1,639**
Amounts due to minority shareholders	**160**
Total	**665,815**

2008
Financial assets

	Group		
	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Club debenture	—	705	705
Trade receivables	471,724	—	471,724
Amounts due from associates	6,827	—	6,827
Financial assets included in prepayments, deposits and other receivables	28,151	—	28,151
Cash and cash equivalents	568,819	—	568,819
Total	1,075,521	705	1,076,226

39. Financial Instruments by Category (continued)

2008 (continued)
Financial liabilities

	Financial liabilities at fair value through profit or loss — held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	—	434,978	434,978
Financial liabilities included in other payables and accruals	—	80,375	80,375
Interest-bearing bank and other borrowings	—	268,954	268,954
Derivative financial instrument	34,358	—	34,358
Amounts due to minority shareholders	—	160	160
Total	34,358	784,467	818,825

All the Company's financial assets as at 31 March 2008 and 2009, including amounts due from subsidiaries, deposits and other receivables, and cash and cash equivalents are categorised as loans and receivables.

All the Company's financial liabilities as at 31 March 2008 and 2009, including other payables are categorised as financial liabilities at amortised cost.

40. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank loans, finance leases, cash and bank balances and time 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 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.

40. Financial Risk Management Objectives and Policies (continued)

(i) Interest rate risk

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

The interest rates and the terms of repayment of the Group's bank and other borrowings are disclosed in note 26. The Group did not use any derivative instruments to hedge against its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on interest-bearing bank borrowings and bank deposits) and the Group's equity.

	Increase/ (decrease) in basis points %	**Increase/ (decrease) in profit before tax** HK$'000	**Increase/ (decrease) in equity** HK$'000
2009			
Hong Kong dollar	**0.5**	**(1,171)**	**(1,171)**
United States dollar	**0.5**	**2,493**	**2,493**
Hong Kong dollar	**(0.5)**	**1,171**	**1,171**
United States dollar	**(0.5)**	**(2,493)**	**(2,493)**
2008			
Hong Kong dollar	0.5	(1,078)	(1,078)
United States dollar	0.5	2,475	2,475
Hong Kong dollar	(0.5)	1,078	1,078
United States dollar	(0.5)	(2,475)	(2,475)

(ii) Foreign currency risk

The Group's exposure to the risk of changes in market exchange rate relates primarily to the Group's sales and purchases which are denominated in United States dollar. Due to the fact that the Hong Kong dollar is pegged to the United States dollar, the Group's exposure to foreign currency risk is low. Certain production and operating overheads of the Group's production facilities in Mainland China are denominated in RMB.

40. Financial Risk Management Objectives and Policies (continued)

(ii) Foreign currency risk (continued)

The following table demonstrates the sensitivity of certain trade receivables and trade payables which are denominated in RMB and Euro at the balance sheet date to a reasonably possible change in the respective exchange rates, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities, including trade and other receivables, bank balances and trade and other payables).

	Increase/ (decrease) in RMB/Euro rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	HK$'000	HK$'000
2009			
If Hong Kong dollar weakens against RMB	**5**	**(46)**	**(46)**
If Hong Kong dollar weakens against Euro	**5**	**1,323**	**1,323**
If Hong Kong dollar strengthens against RMB	**(5)**	**46**	**46**
If Hong Kong dollar strengthens against Euro	**(5)**	**(1,323)**	**(1,323)**
2008			
If Hong Kong dollar weakens against RMB	5	(799)	(799)
If Hong Kong dollar weakens against Euro	5	2,519	2,519
If Hong Kong dollar strengthens against RMB	(5)	799	799
If Hong Kong dollar strengthens against Euro	(5)	(2,519)	(2,519)

(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, amounts due from associates and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sectors. There are no significant concentrations of credit risk with the Group as the customer bases of the Group's trade receivables were widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

40. Financial Risk Management Objectives and Policies (continued)

(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.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Group

2009

	Within 1 year HK$'000	**1 to 2 years HK$'000**	**2 to 5 years HK$'000**	**Total HK$'000**
Trade and bills payables	**328,157**	**—**	**—**	**328,157**
Financial liabilities included in other payables and accruals	**73,141**	**—**	**—**	**73,141**
Amounts due to associates	**2,073**	**—**	**—**	**2,073**
Amount due to a jointly-controlled entity	**1,639**	**—**	**—**	**1,639**
Amounts due to minority shareholders	**160**	**—**	**—**	**160**
Interest-bearing bank and other borrowings	**233,265**	**9,937**	**19,199**	**262,401**
Total	**638,435**	**9,937**	**19,199**	**667,571**

2008

	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total HK$'000
Trade and bills payables	434,978	—	—	434,978
Financial liabilities included in other payables and accruals	80,375	—	—	80,375
Derivative financial instruments	34,358	—	—	34,358
Amounts due to minority shareholders	160	—	—	160
Interest-bearing bank and other borrowings	228,098	12,700	28,156	268,954
Total	777,969	12,700	28,156	818,825

The Company's financial liabilities included other payables of HK$1,387,000 (2008: HK$1,487,000) which were repayable within one year.

40. Financial Risk Management Objectives and Policies (continued)

(v) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 31 March 2008.

The Group's capital comprises all components of equity. As at 31 March 2009, the Group had net cash of HK$308,647,000 (2008: HK$299,865,000), representing total cash and cash equivalents less total interest-bearing bank and other borrowings.

The Group is subject to capital requirements imposed by various banks for banking facilities granted. During the year, the Group complied with the capital requirements imposed by these banks.

41. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 13 July 2009.

Financial Summary

Results

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**2,395,805**	2,274,075	2,003,003	1,908,475	1,776,094
PROFIT BEFORE TAX	**24,438**	117,000	170,288	152,723	145,459
TAX	**(3,915)**	(11,695)	(12,101)	(13,878)	(13,108)
PROFIT FOR THE YEAR	**20,523**	105,305	158,187	138,845	132,351
ATTRIBUTABLE TO:					
Equity holders of the Company	**20,548**	105,351	153,185	140,127	132,045
Minority interests	**(25)**	(46)	5,002	(1,282)	306
	20,523	105,305	158,187	138,845	132,351

Assets, Liabilities and Minority Interests

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,644,825**	1,802,493	1,585,346	1,024,138	852,099
TOTAL LIABILITIES	**(711,007)**	(872,704)	(722,861)	(723,801)	(640,421)
NET ASSETS	**933,818**	929,789	862,485	300,337	211,678
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**932,952**	928,898	861,167	300,337	210,304
MINORITY INTERESTS	**866**	891	1,318	—	1,374
TOTAL EQUITY	**933,818**	929,789	862,485	300,337	211,678

The summary of the consolidated results of the Group for each of the two years ended 31 March 2005 and 2006 and of the assets, liabilities and minority interests as at 31 March 2005 and 2006 have been extracted from the Company's prospectus dated 25 September 2006 (the "Prospectus"). 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 the Prospectus. The consolidated results of the Group for the years ended 31 March 2009, 2008 and 2007 and the consolidated assets and liabilities of the Group as at 31 March 2009, 2008 and 2007 are those set out in the audited financial statements.