COMPUTIME GROUP LIMITED

(a company incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Global Coordinator, Bookrunner, Sponsor and Lead Manager

JPMorgan

Financial Advisor to the Company

HSBC

IMPORTANT

If you are in any doubt about this prospectus, you should obtain independent professional advice.

Computime Group Limited
金寶通集團有限公司*

(a company incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Shares under the Global Offering	**:**	**200,000,000 (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**20,000,000 (subject to adjustment)**
Maximum Offer Price	**:**	**HK$2.28 per Share payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%**
Nominal value	**:**	**HK$0.10 each**
Stock code	**:**	**320**

Global Coordinator, Bookrunner, Sponsor and Lead Manager

JPMorgan

Financial Advisor to the Company

HSBC

Co-lead Manager

DBS Asia Capital Limited

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraphs headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around September 29, 2006. The Offer Price will be announced in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable after it is fixed. The Offer Price will be not more than HK$2.28 and is currently expected to be not less than HK$1.83 unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK$2.28 for each Offer Share, together with a brokerage fee of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%, which shall be payable in full on application, subject to refund if the Offer Price should be lower than HK$2.28.

The Global Coordinator, on behalf of the Underwriters, may, with our consent, reduce the indicative offer price range below that stated in this prospectus (which is HK$1.83 to HK$2.28 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **If applications for Hong Kong Offer Shares have been submitted prior to the last day for lodging applications under the Hong Kong Public Offering, then even if the indicative offer price range is so reduced, such applications cannot be subsequently withdrawn solely by virtue of such reduction.** Further details are set out in the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

If, for any reason, the Offer Price is not agreed by October 3, 2006, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure applicants for the subscription for, the Hong Kong Offer Shares, may be terminated by the Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered to QIBs in reliance on an exception from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or to non-U.S. persons outside the United States in accordance with Rule 903 or Rule 904 of Regulation S.

* *For identification purposes only*

September 25, 2006

EXPECTED TIMETABLE[1]

Latest time to lodge **PINK** Application Forms	5:00 p.m. on Wednesday, September 27, 2006
Application lists open[2]	11:45 a.m. on Thursday, September 28, 2006
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, September 28, 2006
Latest time to give **electronic application instructions** to HKSCC[3]	12:00 noon on Thursday, September 28, 2006
Application lists close	12:00 noon on Thursday, September 28, 2006
Expected Price Determination Date[4]	Friday, September 29, 2006
Announcement of the Offer Price, the indication of level of interest in the International Offering and the results of applications in the Hong Kong Public Offering to be published in the South China Morning Post and Hong Kong Economic Times on or before	Friday, October 6, 2006
Dispatch of Share certificates and refund cheques on or before[5]	Friday, October 6, 2006
Dealings in Shares on the Stock Exchange expected to commence on	Monday, October 9, 2006

Notes:

(1) All references to times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Thursday, September 28, 2006, the application lists will not open on that day. Particulars of the arrangements are set out in the section headed "How to apply for Hong Kong Offer Shares — Effect of bad weather conditions on the opening of the application lists" in this prospectus.

(3) Applicants who wish to apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for the Hong Kong Offer Shares — How to apply by giving **electronic application instructions** to HKSCC" in this prospectus.

(4) The Price Determination Date is expected to be on or around Friday, September 29, 2006 and in any event, not later than Tuesday, October 3, 2006. If, for any reason, the Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Hong Kong Public Offering and the International Offering will not become unconditional and will lapse immediately.

(5) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial price per Share payable on application. Applicants for 1,000,000 Shares or more and who have indicated in their Application Forms that they wish to collect refund cheques and Share certificates (as relevant) personally from the Hong Kong Share Registrar may collect refund cheques (where applicable) and Share certificates (where applicable) from Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, October 6, 2006 or any other date notified by us in the newspaper as the date of dispatch of Share certificates/refund cheques. Individual applicants who opt for personal collection must not authorize any other person to make their collection on their behalf. Corporate applicants who opt for personal collection must attend by their authorized representatives, each bearing a letter of authorization from such corporation stamped with the corporation's chop. Both individuals and authorized representatives, as the case may be, must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong

Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque. Uncollected Share certificates and refund cheques will be dispatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms shortly thereafter. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

(6) The Share certificate(s) and/or refund cheque(s) for applicants who apply on **PINK** Application Forms will be sent to the addresses indicated in their Application Forms on the date of dispatch mentioned above or any other date notified by us in the newspaper as the date of dispatch of Share certificates/refund cheques, by ordinary post and at their own risk.

Our Share certificates will become valid certificates of title only if the Hong Kong Public Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its terms. The expected time when the Hong Kong Public Offering will become unconditional is around 8:00 a.m. on Monday, October 9, 2006.

CONTENTS

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorized by the Company, the Sponsor, the Global Coordinator, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading Asia-based provider of electronic control and automation devices and solutions, with worldwide distribution and sales, principally in the Americas and Europe. We research, develop, design and manufacture standard and customized control devices, many of which incorporate advanced technologies such as wireless networking and alternative renewable energy capabilities. These devices, which include sub-assemblies or sub-systems, and end-products for consumers, are sold to brand name vendors and manufacturers of household appliances, consumer electronic products and health care devices, as well as to companies operating in the industrial control and automotive control industries.

Our principal business segments comprise the design, manufacture and sale of the following products:

- *Building and home control products.* We produce climate control and home control products such as thermostats, HVAC controls, indoor air quality controls, control consoles, remote controllers and timers. We also produce thermostats, timers and valves under our "Salus" brand and universal remote controllers under the "One For All" brand.

- *Appliance control products.* We produce control products for a wide range of commonly used appliances such as controls for ovens, refrigerators, washers, dryers, water/air purifiers, and pool and spa products.

- *Commercial and industrial control products.* We produce information and entertainment controls for the commercial and automotive sectors, as well as health care devices for medical testing and drug delivery devices with timer or measurement controls. Our industrial control products include control devices used in access and security controls, industrial energy controls and turbine control devices.

Our control devices are sold to various markets worldwide, including the United States and Europe, and mostly to leading multinational corporations, including companies that own or hold licensing rights to the Chamberlain, Electrolux, General Electric, Trane and Whirlpool brands. In addition, we have, in recent years, been engaged in the development of control devices under our own brand and brands for which we hold exclusive licenses to manufacture and sell under agreed terms and conditions. We sometimes refer to these control devices and electrical appliances as our "branded products" in this prospectus. We market our finished goods through commercial distribution channels and retail channels. In addition, we also manufacture sub-assemblies which we sell directly to equipment manufacturers and engage in trading of certain products. The Group's turnover attributable to its trading activities was less than 5% of the Group's total turnover for each of the years ended March 31, 2004, 2005 and 2006.

Our research and development efforts are steered by our technology advisory committee, which meets every six months to provide strategic directions for our research and development plans. The technology advisory committee comprises Dr. Owyang King, Dr. Wong Ho Ching, Chris, Dr. Ho Kin Lim, John, Mr. Ha Wai Leung and Mr. Auyang Pak Hong, Bernard. Dr. Owyang King is the chairman of our technology advisory committee. Dr. Owyang King graduated from Massachusetts Institute of Technology with a Bachelor's degree and a Doctorate degree in Physics. He is currently the president and chief executive officer of Vishay Siliconix, one of the largest manufacturers of discreet semi-conductors and passive components in the world. Dr. Wong Ho Ching, Chris is a director of the Industrial Centre at Hong Kong

Polytechnic University. He is a fellow of the Hong Kong Institution of Engineering and Technology as well as the Hong Kong Institution of Engineers. He is also a fellow of the Institute of Industrial Engineers and the Institution of Production Engineers. He holds a Master's degree of Science in Engineering from the University of Hong Kong and a Doctorate degree in Management Engineering from Xi'an Jiao Tong University. Dr. Ho Kin Lim, John, is an associate professor of the Manufacturing Engineering and Engineering Management Department at the City University of Hong Kong. He has been a chartered engineer since 1982 and is currently the chairman of the Institute of Measurement and Control (Hong Kong section) as well as a member of various professional engineering bodies. He holds a Bachelor's degree in Computer and Control Systems, a Master's degree in Control Engineering and a Doctorate degree in Computer Integrated Manufacturing Systems.

We have dedicated teams for our research and development efforts. For technology research and development, we had as at the Latest Practicable Date a team of 35 research engineers who focused on the research of advanced technologies and developing innovative devices and solutions based on their research. Since 1993, we have developed a portfolio of technologies for our customers and design expertise in the areas of programmable logic control, wireless control, sensing technologies and energy management.

We also had as at the Latest Practicable Date a dedicated team of 131 engineers, who together with 100 engineers employed at the Processing Factories, focus on product realization and commercialization through turning conceptual designs into deliverable products, design improvements and optimization of production process. Our recent engineering efforts have seen the realization of products such as RF remote sensor thermostats and variable speed motor controls.

We commenced our operations in 1974 and our corporate headquarters are in Hong Kong. As at the Latest Practicable Date, we had three research and development centers, three engineering centers and four sales offices in various parts of the world. Our production facilities are located in Buji town, which is located in the Longgang district, Shenzhen, China. In addition to our production facilities in Buji, we have additional production capacity under our Processing Arrangements with Shenzhen Sino, an independent third party. Under the Processing Arrangements, Shenzhen Sino's obligations include the manufacture of plastic parts and assembly of PCBs and box building of products for us using equipment and raw materials supplied by us. As at the Latest Practicable Date, we employed approximately 4,364 full-time employees at the Buji production facilities, and we have access to a total of 4,431 full-time workers and staff at the Bantian Processing Factory and the Meilin Processing Factory. The Buji production facilities and the Meilin Processing Factory have, in aggregate, 16 SMT lines and 149 assembly lines. For each of the years ended March 31, 2004, 2005 and 2006, we produced approximately 33.9 million units, 76.5 million units and 79.7 million units of control devices, respectively.

Our annual net revenue increased from approximately HK$1,095.7 million in 2004 to approximately HK$1,776.1 million in 2005 and to approximately HK$1,908.5 million in 2006. Our net profit increased from approximately HK$93.0 million in 2004 to approximately HK$132.0 million in 2005 and to approximately HK$140.1 million in 2006.

COMPETITIVE STRENGTHS

We believe our principal competitive strengths include the following:

- Strong focus on technology research and development to deliver innovative solutions.
- Dedicated engineering team with strong focus in product realization, commercialization and improvements.
- Established high-quality and cost-effective manufacturer with flexible production model.
- Ability to provide customized end-to-end solutions to our customers.
- Our business model is designed to enhance the accumulation of product pipelines to provide for better future growth prospects.
- Strategic focus in a fast growing industry and potential for significant growth.
- Strong relationship with premium diversified customer base.
- Experienced management team with in-depth industry experience.

Please refer to “Business — Competitive Strengths” in this prospectus for further details.

BUSINESS STRATEGY

We aim to increase shareholder value by building on and leveraging off our competitive strengths and pursuing the following business development strategies:

- Further strengthen our technology research and development, and engineering capabilities.
- Expand product portfolio to target higher-margin opportunities.
- Build upon and expand our own-brand business.
- Deepen existing customer relationships and expand our global customer base.
- Provide our customers with total solutions for the design, engineering, production and distribution of their products.
- Pursue selective acquisitions to further strengthen our technological expertise, product offerings and distribution channels.
- Attract and retain skilled and experienced professionals.

Please refer to “Business — Business Strategy” in this prospectus for further details.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

Selected combined income statements data:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Sales to external customers:			
Building and home controls	635,120	1,069,196	1,046,603
Appliance controls	267,641	458,660	582,777
Commercial and industrial controls	192,966	248,238	279,095
REVENUE	1,095,727	1,776,094	1,908,475
Cost of sales	(835,842)	(1,428,905)	(1,533,694)
GROSS PROFIT	259,885	347,189	374,781
Other income	4,080	7,199	16,769
Selling and distribution costs	(51,614)	(77,273)	(82,584)
Administrative expenses	(99,892)	(114,519)	(129,828)
Other operating expenses	(1,701)	(2,290)	(8,563)
Finance costs	(10,162)	(13,902)	(22,360)
Share of profits and losses of associates	516	(945)	4,508
PROFIT BEFORE TAX	101,112	145,459	152,723
Tax	(7,740)	(13,108)	(13,878)
PROFIT FOR THE YEAR	93,372	132,351	138,845
ATTRIBUTABLE TO:			
Equity holders of the Company	92,989	132,045	140,127
Minority interests	383	306	(1,282)
	93,372	132,351	138,845
DIVIDENDS:			
Interim	115,514	30,000	50,000
Proposed final	—	—	15,000
	115,514	30,000	65,000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic (HK$ cent)	15.5	22.0	23.4

Selected balance sheet data:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Total non-current assets	139,056	156,287	197,214
Total current assets	473,769	695,812	826,924
Total assets	612,825	852,099	1,024,138
Total current liabilities	(487,271)	(626,876)	(686,490)
Total assets less current liabilities	125,554	225,223	337,648
Total non-current liabilities	(16,694)	(13,545)	(37,311)
Shareholders' funds	108,860	211,678	300,337
Net current assets / (liabilities)	(13,502)	68,936	140,434

GLOBAL OFFERING STATISTICS[(1)]

	Based on an Offer Price of HK$1.83 per Share	**Based on an Offer Price of HK$2.28 per Share**
Market capitalization of the Shares[(2)]	HK$1,464 million	HK$1,824 million
Adjusted net tangible asset value per Share[(3)]	HK$0.75	HK$0.86

Notes:

(1) All statistics are calculated without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted pursuant to the Share Option Scheme or which may be allotted and issued or repurchased by us pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the section headed "Further information about the Company and its Subsidiaries — Written Resolutions of the Sole Shareholder of the Company" in Appendix V to this prospectus.

(2) The calculation of the market capitalization is based on 800,000,000 Shares expected to be in issue immediately following completion of the Global Offering.

(3) The adjusted net tangible asset value per Share is based on 800,000,000 Shares expected to be in issue immediately following completion of the Global Offering and proposed Offer Price range of HK$1.83 to HK$2.28.

DIVIDEND POLICY

After completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant.

We currently do not have a dividend policy. However, final dividends, if any, on the outstanding Shares must be recommended by our Board and approved at our annual general meeting of shareholders. In addition, the Board may declare interim dividends as appear to the Board to be justified by our profits. The payment and the amount of any dividends declared will be subject to our Articles and the Companies Law. We are entitled under our Articles and the Companies Law to pay dividends out of our share premium account provided that on the date the proposed dividend is to be paid, we are able to pay our debts when they fall due in the ordinary course of business.

The timing, amount and form of future dividends, if any, will depend, among other things, on:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;
- contractual restrictions on the payment of dividends by the Company to its shareholders or by subsidiaries to the Company;
- taxation considerations;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

Our ability to pay cash dividends will also depend upon the amount of distributions, if any, received by us from our operating subsidiaries. Under PRC law, dividends may be paid only out of distributable profits, which are the retained earnings of the relevant companies organized in the PRC. We will not ordinarily pay any dividends in a year in which we do not have any distributable earnings.

We can give no assurance that any dividends will be paid. You should consider the risk factors affecting the Group contained in "Risk Factors" and the cautionary notice regarding forward-looking statements contained in "Forward-looking Statements".

FUTURE PLANS

We intend to continue to focus and strengthen our technology research and development and engineering capabilities, enabling us to continue to offer innovative and cost-effective end-to-end solutions to our clients. We also intend to achieve growth by expanding the scope of our business by broadening our product lines for higher-margin industrial and market segments and developing more advanced and higher-margin products. We propose to adhere to our business model, including as described in "Business — Business Strategy".

We believe that continued improvements in our technology and our focus on research and development are essential to our success in the controls industry. We seek to research advanced technologies to deliver innovative products and solutions to distinguish ourselves from our competitors and to satisfy our customers' needs. We also seek to improve our product design and engineering, and to develop and implement more cost-effective manufacturing processes such as adopting more advanced process technologies, to increase our efficiency and reduce our production costs and enhance our competitive position. We aim to continue our investments in research, development, and engineering, and to expand our research capability through a combination of organic growth and acquisitions.

We will regularly evaluate opportunities to enhance our business, including the acquisition of companies and assets which would increase our capacity, enter new product markets, broaden our product offerings and distribution channels, establish new or strengthen customer relationships, or enable us to acquire new technological expertise. We may do this by, among other things, acquiring other controls manufacturing technologies which could enhance our existing in-house engineering, processing or manufacturing expertise. We will continue to seek to acquire, invest in, or form joint ventures or strategic alliances with, companies that provide proprietary and innovative engineering processes, technologies or other advantages to our business.

Currently, we have more than 200 projects in our pipeline in the building and home controls, appliance controls, and commercial and industrial controls segments. Our business model is designed to enhance accumulation of pipeline projects with customers and facilitate discussions for pipeline projects in product areas such as solar renewable energy, wireless networking, and healthcare. The development cycle from the initial development stage to the production stage generally requires between six months to two years. Accordingly, we have been able to accumulate our product pipeline ahead of production, which has enabled us to plan our production more efficiently and identify better opportunities for future growth.

We strive to capture a greater market share in the controls and automation industry. We aim to achieve this by, among other strategies, deepening our relationships with existing key non-branded product customers and expanding our customer base, both by customer type and by end-market application. We also seek to expand our geographical reach to China and other areas and capitalize on opportunities that arise in certain market segments such as health care devices and industrial controls for alternative renewable energy.

We seek to build upon our branded business to complement our existing non-branded business and further enhance our margins. To achieve this, we seek out new product markets, broaden our product offerings, expand our sales teams, increase promotional efforts of existing own-brand products and enhance our sales and distribution channels and geographical reach. In the initial phase, we will focus on countries in Europe and will set up offices and/or distributor arrangements as and when attractive opportunities arise. Leveraging on the success of our existing brands, we intend to further broaden our product portfolio and, in time, introduce other products under our own-brand business.

USE OF PROCEEDS

Based on an Offer Price of HK$2.06 (being the mid-point of the proposed Offer Price range of HK$1.83 to HK$2.28), the net proceeds of the Global Offering (after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$361.0 million. The Directors currently intend to apply the net proceeds from the Global Offering as follows:

(a) 30% of the net proceeds (i.e. approximately HK$108.3 million) for the funding of our equity investment in joint venture or strategic alliance arrangements that we may enter into with third parties; we do have a fixed scope of investment and have not, at this stage, identified specific investments which we would want to participate in;
(b) 30% of the net proceeds (i.e. approximately HK$108.3 million) for expanding our product offerings and our distribution networks;
(c) 20% of the net proceeds (i.e. approximately HK$72.2 million) for acquiring proprietary technologies that are relevant to our business, either through the purchase of such technologies or the purchase of companies that hold the right to use such technologies. In the past, we did not acquire proprietary technologies through such channels. At this stage, we have not identified any third parties having relevant proprietary technologies which we wish to acquire;
(d) 10% of the net proceeds (i.e. approximately HK$36.1 million) for repayment of borrowings in respect of trade facilities offered by certain banks with maximum tenor of 90 days and interest rate ranging from Hong Kong dollar best lending rate to 2.5% over HIBOR; and
(e) 10% of the net proceeds (i.e. approximately HK$36.1 million) for general corporate purposes.

See "Future Plans and Use of Proceeds — Use of Proceeds".

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations. They can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to China; and (iv) risks relating to the Global Offering. Set out below is a summary of the risks referred to above. For more details, please refer to "Risk Factors" of this prospectus.

Risks relating to our business

- A small number of our customers account for a significant portion of our net sales.
- Our margins and profitability may be adversely affected if we are unable to reduce costs or increase prices.
- We have experienced significant growth in the past. We may not be able to maintain such growth in the future.
- We may be adversely affected by product liability exposure claims.
- A large portion of our products are targeted to be used in the development or refurbishment of residential and office buildings and the home appliance industry. If property refurbishment and development activities in the markets where our products are targeted to be used, or the home appliance industry, were to slow down, demand for our products would likely decrease and our business could be adversely affected.
- We rely on our intellectual property, and failure to protect the property may affect our ability to compete.
- We may be involved in litigation disputes over intellectual property.
- We are exposed to risks associated with operating internationally.
- Failure to retain key personnel and skilled employees could adversely affect our operations.
- We rely on the manufacturing support provided by the Processing Factories. Any failure in or interruption of the business at the Processing Factories will adversely affect our results of operations.
- Our business depends on adequate supplies of equipment and raw materials at prices acceptable to us.
- We may be exposed to a risk of inventory obsolescence.
- We may be unable to secure additional funding in the future.
- Our production facilities depend on an adequate supply of electricity.
- We are controlled by Mr. Auyang Ho and his family, and their interests may conflict with your interests.
- A portion of our business is dependent on licenses to use third party patents.
- Fluctuations in exchange rates could adversely affect our business.
- Our production and research and development facilities are located on leased properties.
- We face risks associated with potential acquisitions, investments, strategic partnership or other ventures.

Risks relating to our industry

- Our operating results may be adversely affected by environmental and safety regulations to which we are subject.
- Our failure to compete effectively in the control design and manufacturing industry could result in loss of customers, which could have an adverse effect on our results of operations.
- If we fail to keep pace with technological changes, our business, financial condition and results of operations may be adversely affected.

Risks relating to China

- Political and economic policies of the PRC government could affect our business and results of operations.
- Changes in foreign exchange regulations may adversely affect our results of operations and financial condition.
- There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations.
- Our tax benefits, including preferential corporate tax rates, in the PRC may be reduced or eliminated.

Risks relating to the Global Offering

- There has been no prior public market for our Shares. If an active trading market of our Shares does not develop, the price of our Shares may suffer and may decline below the Offer Price.
- The liquidity and market price of our Shares following the Global Offering may be volatile.
- Our Share price may be affected if additional Shares are sold by our substantial shareholders or are issued by us.
- You may experience dilution because of the issuance of Shares pursuant to the options granted under the Share Option Scheme.
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law and these laws may provide less protection to minority shareholders than the laws of Hong Kong.
- The industry statistics contained in this prospectus are derived from various official government sources that may not be reliable.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of technical terms".

"Americas"	collectively, North America and South America
"Application Form(s)"	**white** Application Form(s), **yellow** Application Form(s) and **pink** Application Form(s), or where the context so requires, any of them, relating to the Global Offering
"Articles of Association" or "Articles"	the articles of association of the Company approved by the written resolution of the sole shareholder of the Company on September 15, 2006 and as amended from time to time
"associated company"	has the meaning ascribed to it under International Accounting Standards 28 "Investments in associates," that is, an enterprise in which an investor has a significant influence and which is neither a subsidiary nor a joint venture (as defined in International Accounting Standards 31 "Interests in joint ventures") of the investor
"associates"	has the meaning ascribed to it under the Listing Rules
"Bantian Processing Arrangement"	the arrangement relating to the operations of the Bantian Processing Factory as evidenced by (i) an agreement dated December 31, 2004 between Shenzhen Sino and Hai Yen Partnership, and (ii) an agreement dated August 22, 2006 among Shenzhen Sino, Hai Yen Partnership and Computime Limited (as approved by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局) on August 23, 2006) pursuant to which Hai Yen Partnership agreed to transfer its rights and obligations under the December 31, 2004 agreement to Computime Limited — see "Business — Production Facilities" for further details
"Bantian Processing Factory"	深圳市嘉來源海燕塑膠電子來料加工廠 (Shenzhen Sino Hai Yen Plastics and Electronics Processing Factory), situated at 中國深圳市龍崗區布吉上水徑 下七塊路 (Xia Qi Kuai Road, Shang Shui Jing Village, Buji Town, Longgang District, Shenzhen, China) — see "Business — Production Facilities" for further details
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands

"Capitalization Issue"	the issue of 599,999,600 Shares to be made upon capitalization of an amount of HK$59,999,960 standing to the credit of the share premium account of the Company referred to under "A. Further Information about the Company and its Subsidiaries — Written Resolutions of the Sole Shareholder of the Company" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended and supplemented from time to time
"Companies Ordinance"	Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended and supplemented from time to time
"Company", "our Company", "we", "us" or "our"	Computime Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on June 23, 2006 under the Companies Law and, except where the context otherwise requires, its subsidiaries after the Reorganization, or where the context refers to any time prior to the date of incorporation, those entities and businesses which were contributed to and conducted by us upon our establishment
"Computime Shenzhen"	金寶通電子(深圳)有限公司 (Computime Electronics (Shenzhen) Co. Limited), a wholly foreign owned enterprise established under the laws of the PRC on July 14, 2003 and a wholly-owned subsidiary of the Company
"connected persons"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"Euro(s)" or " €"	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the treaty on European Union (signed in Maastricht on February 7, 1992)
"FDA"	the United States Food and Drug Administration
"FEIT"	Income Tax Laws of the PRC for Foreign Investment Enterprises and Foreign Entities
"GDP"	gross domestic product (all references to GDP growth rates are to real, as opposed to nominal, GDP growth rates)
"GEM"	the Growth Enterprise Market of the Stock Exchange
"Global Coordinator"	J.P. Morgan Securities Ltd.
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group" or "our Group"	the Company and its subsidiaries
"Hai Yen Partnership"	a partnership between Mr. Auyang Ho and Mr. Leung Man Cho (trading as Hai Yen Enterprises Co., 海燕企業公司 or 香港海燕企業公司)
"HIBOR"	Hong Kong Interbank Offer Rate
"HK dollars" or "HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards issued by HKICPA
"HKIAC"	Hong Kong International Arbitration Centre
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 20,000,000 Shares being initially offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated September 22, 2006 relating to the Hong Kong Public Offering entered into among us and the Hong Kong Underwriters
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"IFRS"	International Financial Reporting Standards
"International Offering"	the offer and sale of the International Offering Shares to QIBs in the United States in reliance on Rule 144A and outside the United States in reliance on Regulation S, as further described in "Structure of the Global Offering"
"International Offering Shares"	the 180,000,000 Shares being initially offered by the Company for subscription at the Offer Price pursuant to the International Offering together, where relevant, with any additional Shares issued or sold pursuant to the exercise of the Over-allotment Option, the number of which is further subject to reallocation as described in "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering whose names are set out in "Underwriting — International Underwriters"
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into among the Company and the International Underwriters on or around September 29, 2006
"Japanese Yen" or "¥"	the lawful currency of Japan
"JPMorgan"	J.P. Morgan Securities (Asia Pacific) Limited, registered under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) as defined under the SFO
"Latest Practicable Date"	September 16, 2006, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares first commence on the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Meilin Processing Arrangement"	the arrangement relating to the operations of the Meilin Processing Factory as evidenced by (i) an agreement dated June 28, 2004 between Shenzhen Sino and Hai Yen Partnership, and (ii) an agreement dated August 22, 2006 among Shenzhen Sino, Hai Yen Partnership and Computime Limited (as approved by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局) on August 23, 2006) pursuant to which Hai Yen Partnership agreed to transfer its rights and obligations under the June 28, 2004 agreement to Computime Limited — see "Business — Production Facilities" for further details
"Meilin Processing Factory"	深圳市嘉來源海燕電子來料加工廠 (Shenzhen Sino Hai Yen Electronics Processing Factory), situated at 中國深圳市福田區梅秀路1號 (No. 1 Mei Xiu Road, Futian District, Shenzhen, China) — see "Business — Production Facilities" for further details
"Memorandum of Association"	the memorandum of association of our Company, as amended from time to time
"NASDAQ"	the NASDAQ National Market in the U.S.
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%) of not more than HK$2.28 and expected to be not less than HK$1.83, such price to be agreed upon by us and the Global Coordinator (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offering Shares
"Over-allotment Option"	the option granted by us to the International Underwriters exercisable by the Global Coordinator on behalf of the International Underwriters pursuant to which the Company may be required to allot and issue up to an additional aggregate of 30,000,000 new Shares (in aggregate representing 15% of the Shares initially being offered under the Global Offering) to cover over-allocations in the International Offering, details of which are described in "Structure of the Global Offering"
"PBOC"	中國人民銀行 (the People's Bank of China), the central bank of the PRC
"PBOC Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day's China interbank foreign exchange market rate and with reference to current exchange rates on the world financial markets

"PD Trading"	PD Trading (Hong Kong) Limited, a company which is owned 31.84% indirectly by Ms. Leung Yee Li, Lana, our second largest shareholder as at the Latest Practicable Date and, upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), one of our substantial shareholders
"PRC" or "China"	the People's Republic of China and "Chinese" shall be construed accordingly. References in this prospectus to the PRC or China exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Previous Processing Arrangement"	the arrangement relating to the operations of the processing factory located in Meilin, Futian District, China, between 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.) and us that existed prior to its expiry on December 31, 2004
"Price Determination Date"	the date, expected to be on or about September 29, 2006, on which the Offer Price is to be fixed by agreement between us and the Global Coordinator (on behalf of the Underwriters) to determine the Offer Price
"Processing Arrangements"	collectively, the Bantian Processing Arrangement and the Meilin Processing Arrangement
"Processing Factories"	collectively, the Bantian Processing Factory and the Meilin Processing Factory
"QIB"	a "qualified institutional buyer" as defined in Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the group of companies now comprising our Group as described in "A. Further Information About the Company and its Subsidiaries — Reorganization" in Appendix V to this prospectus
"RMB" and "Renminbi"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	中華人民共和國國家外匯管理局 (the State Administration of Foreign Exchange of the PRC), the PRC governmental agency responsible for matters relating to foreign exchange administration
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as the same may be amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by its sole Shareholder on September 15, 2006, a summary of the principal terms of which is set out in "F. Statutory and General Information — Share Option Scheme" in Appendix V to this prospectus
"Shenzhen Sino"	深圳市嘉來源進出口有限公司 (Shenzhen Sino Business Services Co., Limited), an independent third party, and our counterparty to the Processing Arrangements
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"SPGL"	Solar Power Group Limited, a company incorporated in the BVI on May 12, 2006 that is owned as to 67.66% and 32.34% by Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, respectively
"Sponsor"	JPMorgan
"Stamp Duty Ordinance"	the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong, as amended and supplemented from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"Track Record Period"	the three years ended March 31, 2004, 2005 and 2006
"UEI"	Universal Electronics, Inc.
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. GAAP"	generally accepted accounting principles in the United States

"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"WTO"	World Trade Organization
"%"	percent

For the purpose of illustration only and unless otherwise specified in this prospectus, amounts denominated in Renminbi and U.S. dollars have been translated into HK dollars as follows: for or our financial data of 2004, 2005 and 2006, including our income statement, balance sheet and statement of cash flow, amounts denominated in Renminbi have been translated into HK dollars at the exchange rate of RMB1.05 to HK$1.00; amounts denominated in U.S. dollars have been translated into HK dollars at the exchange rate of US$1.00 to HK$7.80.

No representation is made that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates at all.

Certain monetary amounts set out in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures which precede them.

The English names of certain entities referred to in this prospectus are provided for your convenience only. Some of these entities do not have registered English names.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this prospectus in connection with the Company and its business. Some of these may not correspond to standard industry definitions.

"AV"	the acronym for audio and video
"COB"	the acronym for chip on board, a technology that utilizes wire bonding to connect large-scale integrated circuits directly to printed circuit boards
"Enclosures"	housing for finished goods
"Failure Mode Effect Analysis"	a set of analytical tools used to examine potential product or process failures, evaluate risk priorities, and determine remedial actions to avoid identified problems
"HMI controls"	controls which allow communication between the device, machine or system and the people who use it
"HVAC"	the acronym for heating, ventilation and air-conditioning
"IC"	the acronym for integrated circuit
"Ignition controls"	devices which control the electric current or fuel/air mixture which together allow combustion to occur
"infotainment"	means information and entertainment
"IP"	the acronym for intellectual property
"IR"	the acronym for infra red
"LCD"	the acronym for liquid crystal display, a technology used for flat panel displays
"LED"	the acronym for light emitting diode
"MCU"	the acronym for microprocessor control unit
"MGPP"	the acronym for multi-generation product planning, which is a form of critical planning adopted to define the scope of a product or service to be designed currently and to plan the long-term direction for the product or service
"MGTP"	the acronym for multi-generation technology planning, which is a life cycle and long-term focus on technology development. It involves early commitments to long-term building and development of technology platforms to drive the technology focus
"Motor controls"	devices which control the rotational speed of motors

"MP3"	the acronym for MPEG-1 Audio Layer-3, a standard technology and format for compressing a sound sequence into a very small file (about one-twelfth the size of the original file) while preserving the original level of sound quality when it is played
"MPEG"	the acronym for the Moving Picture Experts Group, which develops standards for digital video and digital audio compression
"NPI"	the acronym for new product introduction, which refers to the business process of introducing new products to market. It spans the entire product life cycle from initial identification of market or technology opportunity, conception, design and development to production, market launch, support, enhancement and retirement
"ODM"	Original Design Manufacturer, a company that both designs and manufactures a product for its customers
"OEM"	Original Equipment Manufacturer, the original manufacturer and their designated contract manufacturers
"PC"	the acronym for personal computer
"PCB"	Printed Circuit Board, single or multi-layer boards of circuitry in laminate which provide electrical interconnections and a surface for mounting electronic components
"Power controls"	controls which operate the supply, routing and quality of electric power to the appropriate components of a device
"Program controls"	instructions encoded into a microprocessor or a programmable logic unit which processes inputs and carries out instructions or sequences to operate an appliance
"RF"	the acronym for radio frequency
"SMT"	the acronym for surface mount technology, a method for constructing electronic circuits in which the components are mounted directly onto the surface of printed circuit boards.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Shares we offer in this Global Offering. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. The trading price of our Shares we offer in this Global Offering could decline due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to China; and (iv) risks relating to the Global Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS

A small number of our customers account for a significant portion of our net sales.

A significant portion of our annual net sales is derived from a small number of customers. Our five largest customers for the three years ended March 31, 2004, 2005 and 2006 accounted for 33.2%, 42.9% and 42.0%, respectively, of our turnover. Our single largest customer accounted for approximately 8.9%, 13.6% and 13.8%, of our turnover for each of the three years ended March 31, 2004, 2005 and 2006, respectively.

Our results of operations and financial condition will continue to depend on the following:

- our ability to continue to obtain orders from these customers;
- the financial condition and success of these customers;
- the commercial success of our customers' products which incorporate our control products; and
- the factors affecting the development or refurbishment of residential and office buildings and the home appliance industry, in particular in the United States and Europe.

We cannot guarantee that we will be able to retain any of our largest customers or any other customers. We have in the past been, and may in the future be, requested to reduce prices, and, in an industry downturn, order cancellations may be expected. Any material delay, cancellation or reduction of orders from our major customers could cause our net sales to decline significantly, and, in any such event, our results of operations may be materially and adversely affected.

In addition, we do not have long term contracts or firm purchase commitments with any of our major customers. These customers are not obligated to purchase any minimum amount of our products or to provide us with binding order forecasts for any period. Furthermore, customers can cancel orders or change or delay order volumes. We cannot assure you that any of our present or future customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the amount of manufacturing services ordered from us. If they do, we may not be able to recoup our investments in plant, equipment and human resources, and this could have a material adverse effect on our results of operations.

Our margins and profitability may be adversely affected if we are unable to reduce costs or increase prices.

There is substantial continuing pressure from major customers to reduce costs, including the cost of products purchased from suppliers. In addition, our business requires us to maintain a large fixed cost base and our production processes rely to a large extent on manual labor. Therefore, our profitability is dependent, in part, on our ability to spread fixed production costs over higher production volumes and to control labor costs. If we are unable to generate sufficient production cost savings in the future to offset price reductions and any reduction in consumer demand for home appliances resulting in decreased sales, our margins and profitability would be adversely affected. In addition, our customers require engineering, design or production changes from time to time. In some circumstances, we may not be able to achieve price increases in amounts sufficient to cover the cost of these changes. If this were to happen, our business, financial condition and results of operations could be materially adversely affected.

For the year ended March 31, 2006, our total labor costs of the Buji production facilities and the cost of having workers and staff employed at the Processing Factories, represented 9.6% of our total cost of sales. Under labor protection laws and regulations in the PRC, minimum wage standards are determined by the People's Government of the relevant province, autonomous region and municipality and then submitted to and filed with the Ministry of Labor and Social Security. We are obliged to pay the relevant local minimum wage to our workers in the PRC. If such minimum wage were to increase materially, our labor cost would increase and if we are unable to pass that increased cost on to our customers in the form of higher prices, our business may be adversely affected.

We have experienced significant growth in the past. We may not be able to maintain such growth in the future.

During the Track Record Period, we have expanded our production capacity and customer base, as well as our products range and geographical scope. We expect to continue expanding our operations. During the Track Record Period, we have significantly increased the scope of our operations and increased our revenue from approximately HK$1,095.7 million in 2004 to approximately HK$1,776.1 million in 2005 and to HK$1,908.5 million in 2006. The expansion of our business has, and will continue to, put pressure on our managerial, technical, financial, production, operation and other resources, and requires us to add production capacity, increase our product expertise and areas of operations. We also need to enhance financial and quality controls, recruit and train additional staff, especially in research and development and production line operations, in order to keep pace with our growth. We may need to increase employee compensation levels in order to retain our existing executives and staff and attract the additional personnel we expect we may require.

Our strategy to expand into the global markets subjects us to the risk that business or market disruptions will result in delays and/or increased costs in production or delivery. We cannot assure you that we will be able to manage our future expansion effectively. If we are unable to effectively manage our expanding operations and control increasing labor costs, our profitability may be harmed. Future expansion may result in production problems due to capacity constraints, construction delays, or difficulties in upgrading or expanding production facilities.

We may be adversely affected by product liability exposure claims.

We face an inherent risk of exposure to product liability claims in the event that the failure of our products to perform to specification results, or is alleged to result, in property damage, bodily injury or death. In particular, many of our products provide important control functions to systems and the failure of such control functions could harm people or properties.

In June 2006, Hunter Fan Company, a significant customer for our commercial and industrial controls products and one of our five largest customers for the years ended March 31, 2004 and March 31, 2005, requested that we indemnify it against liability that it may incur in connection with a product liability claim, which was brought by an insurance company that has paid out certain amounts to its insured for property damage suffered as a result of a fire caused by a thermostat purchased from Hunter Fan Company. An expert report commissioned by such insurance company suggested that the fire was caused by a faulty controls device, which was supplied by us to Hunter Fan Company. We expect our liability not to exceed US$20,000 in connection with this incident, and we expect that such liability will be covered by our insurer, but to the extent it is not, SPGL, being our controlling shareholder (within the meaning of the Listing Rules) and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, have agreed to indemnify us on demand for any such liability. We are investigating this claim and have not accepted liability. We cannot assure you that we will not experience additional product liability losses in the future, whether from our customers or third party consumers, or that to the extent our products are defective, we will not incur significant costs in connection with any product recall. See "Business — Legal Proceedings."

Although we maintain worldwide product liability insurance, our financial condition and results of operations would be adversely affected if our insurance does not cover our liabilities, or if we are required to pay higher premiums in the future as a result of these liabilities. A successful product liability claim brought against us in excess of available insurance coverage or a requirement to participate in any product recall may have a material adverse effect on our business and financial results. In addition, we may incur significant resources and time to defend ourselves if legal proceedings are brought against us. If any such claims are made, our reputation may also be adversely affected, which may lead to loss of future business and adversely affect our financial condition and results of operations.

A large portion of our products are targeted to be used in the development or refurbishment of residential and office buildings and the home appliance industry. If property refurbishment and development activities in the markets where our products are targeted to be used, or the home appliance industry, were to slow down, demand for our products would likely decrease and our business could be adversely affected.

Our future success depends to a large extent on continued demand for our products in the development or refurbishment of residential and office buildings and the home appliance industry. For the year ended March 31, 2006, we generated 54.9% and 30.5% of our sales revenue from the sale of our building and home control products and appliance control products, respectively. The growth in the demand of our control products is dependent on general economic conditions, as well as the continued refurbishment or development of residential and office buildings in the world and the U.S. and Europe in particular. If property refurbishment or development activities in these markets were to slow down, it could result in an adverse effect on our business and results of operations.

We believe that there have been substantial changes in the home appliance industry in recent years, including continuing consolidation, decreasing profit margins in certain sectors, technological changes and other trends. We believe these changes have led to increased outsourcing by "white goods" and "brown goods" manufacturers. If the pace of these changes were to slow down, we could experience reduced demand for our products. In addition, the markets for development or refurbishment of residential and office buildings and home appliance industry are sensitive to changes in economic conditions, cyclicality and unforeseen events, including political instability, recession, inflation or other adverse occurrences. Any event that results in decreased demand in these markets or increased pressure on our OEM customers to develop, implement and maintain in-house component facilities, could have an adverse effect on our business, financial condition and results of operations.

We rely on our intellectual property, and failure to protect the property may affect our ability to compete.

Our success depends in part on the proprietary technology contained in our products. Much of the intellectual property in respect of the "Wayfinder" automotive digital compasses and the universal remote controllers sold under the "One For All" brand is licensed from PNI Corporation and UEI, respectively. Also, we own one patent in the United States relating to certain aspects of our products and processes and have a number of additional patent applications pending, although there can be no assurance that pending patent applications will be granted. We currently rely on a combination of patents, copyrights, trade secret laws and trademarks, as well as contractual provisions to establish and protect our intellectual property rights in our products. We cannot be certain that the steps we have taken or will take to protect our intellectual property will adequately protect our proprietary rights, that others will not independently develop or otherwise acquire equivalent or superior technology or that we can maintain such technology as trade secrets. Furthermore, PNI Corporation or UEI may not be able to adequately protect and maintain the value of their intellectual property rights licensed to us. In addition, the laws of some of the countries in which our products are, or may be, developed, manufactured or sold may not protect our products and intellectual property rights to the same extent as the laws of Hong Kong or the United States, or at all. Our failure to protect our intellectual property rights could have an adverse effect on our business, results of operations or financial condition.

We may be involved in litigation disputes over intellectual property.

We could face claims by others that we are improperly using intellectual property owned by them or otherwise infringing their rights in intellectual property. Legal proceedings could subject us to significant liability for damages or invalidate our proprietary rights. In February 2006, we received written notice from a manufacturer based in Italy, Caleffi SpA ("Caleffi") and Altecnic Limited ("Altecnic"), claiming that the heads of certain of thermostatic radiator valves imported by our subsidiary, Salus Controls Plc, into the United Kingdom bears striking resemblance to Caleffi's products, which led them to allege that we have copied the design of the valves. These valves are supplied by a third party vendor which they purport to be based on their own design. We have settled the matter with Caleffi and Altecnic and not been served with a writ of summon in relation to the alleged infringement of design rights. We cannot assure you that we will not face further allegations or potential or actual litigation on infringement of intellectual property rights in the future. Any litigation, regardless of its outcome, would likely be time consuming and expensive to resolve and would divert our management's time and attention. Any potential intellectual property litigation against us, PNI Corporation or UEI could also force us to take specific actions, including:

- ceasing to sell products that use the challenged intellectual property;
- obtaining from the owner of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; and
- redesigning products to avoid using the infringing intellectual property.

We may also need to enforce our patents and other intellectual property rights or the rights of PNI Corporation and UEI, against infringement by third parties. If we were compelled to litigate to assert our intellectual property rights, we could incur substantial legal and court costs and be required to consume substantial time and resources in the process.

We are exposed to risks associated with operating internationally.

Our products are manufactured in China. As our customers are located throughout the world, we ship our products to different parts of the world. In addition, we have increasingly been requested by our customers to ship our products to warehouses designated by them, which are operated by third parties and over which we do not have control. Our operations are subject to a variety of risks that are unique to international operations, including:

- delays in international delivery of products;
- adverse movement of foreign currencies against the HK dollar in which our results are reported;
- import and export regulation changes such as duties and value-added taxes that could erode our profit margins or restrict exports;
- potential restrictions on the transfer of funds;

- longer customer payment cycles and possibly require greater efforts in collecting accounts receivable;
- inflexible employee contracts in the event of business downturns;
- the burden and cost of compliance with foreign laws; and
- the imposition of quotas or trade barriers by countries to which our products are exported.

Any failure to address these risks properly could harm our business, financial condition and results of operations.

Failure to retain key personnel and skilled employees could adversely affect our operations.

Our continued success and ability to expand our operations depend to a large extent upon the efforts and abilities of key managerial and technical employees with the requisite expertise. Our key personnel include our executive Directors, Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard and Ms. Choi Po Yee, Alice, and members of our senior management, Mr. Ha Wai Leung, Mr. Cox, Phillip John Stevens, Mr. Sham Ting Kee, Mr. Chan Chi Ming, Mr. Li Chi Kin, Andrew and Mr. Yeung Tak Bun. Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, possess more than 30 years and 15 years of experience in the controls and automation industries, respectively while Ms. Choi has more than 15 years of experience in accounting and financial management. Each of Messrs. Ha, Cox, Sham, Chan, Li and Yeung has more than 15 years of experience in the electronics and manufacturing industries. Losing the services of key personnel could harm us. Our business also depends upon our ability to continue to attract and retain senior managers and skilled employees, particularly those skilled design and process engineers involved in the manufacture of existing products and the development of new products and processes. The competition for such personnel is intense, and the failure to retain key personnel or attract key personnel could harm our operations.

Additionally, there have been instances of shortages in the labor supply in Shenzhen, the Guangdong Province and the southern parts of China generally. In the event that the shortage of labor continues or intensifies in the future, we may have difficulties recruiting or retaining labor at relatively low costs for our production facilities or at the Processing Factories and, accordingly, our ability to maintain sufficient labor levels to satisfy our production needs may be impaired. In such event, our business and results of operations may be adversely affected.

We rely on the manufacturing support provided by the Processing Factories. Any failure in or interruption of the business at the Processing Factories will adversely affect our results of operations.

Two of our production facilities, the Bantian Processing Factory and the Meilin Processing Factory, are operated under the Processing Arrangements, which either party may terminate upon three months' prior notice, subject to the parties' negotiation and approvals of local authorities, although no early termination or interruption of processing arrangements has taken place. In the event that any of the Processing Arrangements is terminated prior to its expiry, the relevant processing factories will cease to process the relevant raw materials or components for us. This may cause a material adverse impact on the results of our operations.

Furthermore, the Processing Arrangements carry with them risks associated with the possibility that the relevant PRC partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions or requests or contrary to our policies or objectives; (iii) be unable or unwilling to fulfill their obligations under the relevant Processing Arrangements; or (iv) have financial difficulties. Although we have not to date experienced any significant problems with respect to our PRC partners under the Processing Arrangements, there can be no assurance that we will not experience problems in the future. The occurrence of such problems may have an adverse effect on our business and prospects.

Under the terms of the Processing Arrangements, our PRC partner is responsible for the operation and management of the Processing Factories and is answerable for a number of responsibilities and potential liabilities, including but not limited to employment of workers and management personnel for operation and to assist with the customs clearance procedures for import and export of our products. However, in practice, we often participate more actively in the management and operation of the Processing Factories than is contemplated under the Processing Arrangements. We cannot assure you that such practice will not increase any of our exposures beyond those contemplated under the Processing Arrangements.

On October 6, 2004, the processing factory under the Previous Processing Arrangement experienced a labor strike. Newspaper articles reported that our then processing agent, 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.), was in breach of applicable labor laws in China for, among other items, failing to pay its workers wages that were not less than the statutory minimum, not entering into employment contracts on terms that complied with Chinese law, not providing certain of its employees with social insurance benefits and for requiring its employees to work hours that were considered excessive under Chinese law. As a result of these reported breaches, 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.) was reportedly fined approximately RMB1.96 million. In connection with the labor strike, we are not aware of any of our employees being involved in, and none of our employees was or found guilty of, the breaches of laws associated with 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.). The processing agreement in relation to the Previous Processing Arrangement expired on December 31, 2004. The Group did not assume any legal liabilities or incur any material loss as a result of the breach committed by 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.). We have since entered into the Meilin Processing Arrangement with Shenzhen Sino and we are now more actively involved in the management and operation of the Processing Factories. To the best of our knowledge, Shenzhen Sino is a company that is not affiliated with 深圳市美芝工業公司 (Shenzhen Meizhi Industry Co.). We believe our Processing Factories are currently in compliance with applicable Chinese laws and that employee relations at our Processing Factories are good. However, as we do not own or control these operations, we cannot assure you that this is and will remain the case. Since the production processes at the Processing Factories are not fully automated and still rely to a large extent on manual operations, strikes, agitations, work stoppages or boycotts could result in slow-downs or closures of the production facilities and adversely affect our business and results of our operations.

Our business depends on adequate supplies of equipment and raw materials at prices acceptable to us.

Our manufacturing operations depend upon obtaining delivery of equipment on a timely basis and adequate supplies of raw materials. The principal materials used in our production process are plastic parts, PCBs, MCUs, ICs and LEDs. In the ordinary course of business, we purchase most of our raw materials and components from a limited group of suppliers, both foreign and domestic. To maintain competitive operations, we must obtain from these suppliers, in a timely manner, sufficient quantities of acceptable materials and equipment at acceptable prices. We purchase all of our materials on a purchase order basis and have no long-term contracts with any suppliers. From time to time, particularly during industry upturns, vendors have extended lead times or limited the supply of required materials to us because of vendor capacity constraints and, consequently, we have experienced difficulty in obtaining acceptable materials on a timely basis. In addition, particularly during industry upturns, prices that we pay for materials may increase due to increased industry demand. This increase could negatively impact our operating results especially if we are unable to pass this cost on to our customers. Further, if any of our vendors were to cease operations for any reason, we might experience difficulty in obtaining acceptable materials from alternative vendors on a timely, cost-effective basis.

In addition, from time to time we may reject materials and supplies that do not meet our specifications, resulting in declines in output or device yields. We cannot assure you that we will be able to obtain sufficient quantities of raw materials and other supplies of an acceptable quality. If our ability to obtain sufficient quantities of raw materials and other supplies in a timely manner is substantially diminished or if there are significant increases in the costs of raw materials, it could materially harm our company.

Although we have identified alternative sources for many materials, some of our customers require us to complete a rigorous approval process with new vendors before we can utilize the new vendor. We cannot predict how much time this approval process will take to complete and we may not be able to utilize alternative sources on a timely or cost-effective basis. Our business and results could be negatively impacted if our ability to obtain sufficient quantities of materials and other supplies in a timely, cost-effective manner is substantially diminished or if there are significant increases in the cost of materials that we are unable to pass on to our customers.

We may be exposed to a risk of inventory obsolescence.

We typically place orders to our suppliers of certain components up to 12 weeks prior to the anticipated delivery date for a product. Occasionally, we would purchase raw materials and components based on our customers' rolling forecast and in cases where there is a longer lead time required to purchase the relevant materials or components, we have in the past placed orders with our suppliers prior to receiving an order for our products. Therefore, our orders to our suppliers are, to an extent, based on our forecasts of demand from our customers. If we incorrectly estimate customer demand, we may misallocate resources, resulting in, among other things, excess inventory. Alternatively, any unexpected changes in the product design and engineering as demanded by our customers may also render our inventory obsolete. Inventory obsolescence may require us to make adjustments to write down our inventory to the lower of cost or net realizable value, and our operating results could be adversely affected.

We may be unable to secure additional funding in the future.

From time to time, our plans may change due to changing circumstances, the development of our business, unforeseen contingencies or new opportunities. If our plans do change, we may need to obtain additional external financing to meet our capital expenditure plans, which may include commercial bank borrowings or the sale of equity or debt securities. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. There can be no assurance that we will be able to raise adequate financing to fund our future capital requirements on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our development and expansion plans and have a material adverse effect on our business and financial results.

Our production facilities depend on an adequate supply of electricity.

We consume substantial amounts of electricity supplied by the Shenzhen city's grid in our manufacturing processes. We, like other companies operating in Shenzhen, have in the past experienced interruptions and limitations of electricity supply. We maintain backup power generators for the purpose of providing electricity to our machinery and equipment until they can be safely turned off in order to reduce any damage to such machinery and equipment. There can be no assurance that we will always have adequate supplies of electricity to meet our requirements or that our results of operations or financial condition will not be adversely affected as a result.

We are controlled by Mr. Auyang Ho and his family, and their interests may conflict with your interests.

Immediately following the Global Offering, SPGL will control approximately 44.06% of our total issued share capital, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of any options which may be granted under the Share Option Scheme. Accordingly, SPGL will, for the foreseeable future, through its voting control, be able to exercise substantial influence over our operations and business strategy. Such voting control may discourage certain types of transactions, including those involving an actual or potential change of control of our Company. In the event that there is a divergence of our strategic and other interests from those of SPGL in the future, SPGL may exercise control over our company in ways that conflict with the interests of our other shareholders.

A portion of our business is dependent on licenses to use third party patents.

We rely on third party technology and patents for the production of a number of our products and are, pursuant to patent and intellectual property licensing agreements, required to make one-time or periodic royalty payments. For example, we rely on an exclusive license granted by PNI Corporation to use its patented technology in the manufacture of our "Wayfinder" automotive digital compasses and an additional exclusive license granted by UEI to manufacture universal remote controllers under the brand "One For All". If one or more of our technology licensing agreements are terminated by the licensor or not renewed upon their expiration, or if we are unable to obtain additional technology licenses at competitive prices or at all, our business, financial condition and results of operations could be materially and adversely affected.

Fluctuations in exchange rates could adversely affect our business.

Our foreign exchange risk arises mainly from the mismatch between the currencies of our sales, purchases and operating expenses. For the year ended March 31, 2006, most of our turnover is principally denominated in U.S. dollars and for the same period, approximately 44.7% and 52.7%, respectively, of our total purchases, are denominated in U.S. dollars and Hong Kong dollars. Changes in the rate of exchange between these currencies affect our gross and operating profit margins and could result in foreign exchange and operating losses.

We cannot predict the impact of future exchange rate fluctuations on our financial condition or results of operations. We currently enjoy a measure of natural hedging with respect to our foreign exchange exposure because the majority of both of our costs and revenues are denominated in U.S. dollars and Hong Kong dollars. We also attempt to hedge any remaining exposure through forward exchange contracts, foreign currency options and currency swaps or other derivative or other contracts.

The Hong Kong Monetary Authority has recently announced a broader range in which it will permit the Hong Kong dollar to trade. It has set an upper limit for the Hong Kong dollar at a level of HK$7.75 to US$1.00 and has indicated that it will gradually ease the lower limit for the Hong Kong dollar to a level of HK$7.85 to US$1.00. It has also indicated its intention to maintain the Hong Kong dollar within this range. However, there is no assurance that the Hong Kong government would not change the linked rate or abandon the link altogether. As at July 21, 2005, the Renminbi was no longer pegged to the U.S. dollar but rather to a basket of currencies. On July 21, 2005, this revaluation resulted in the Renminbi appreciating against the U.S. dollar and the Hong Kong dollar by approximately 2%. Should there be significant changes in the exchange rates of U.S. dollar against the Hong Kong dollar and the Renminbi, our financial condition and results of operations may be adversely affected.

Our production and research and development facilities are located on leased properties.

The production, and research and development facilities of our operating subsidiaries are located on leased properties. Further details of the properties owned or leased by us are set out in the property valuation report prepared by Sallmanns (Far East) Limited, attached as Appendix III of this prospectus. In addition, the leases for the premises on which the Bantian Processing Factory and Meilin Processing Factory are situated have been entered into between the respective processing factories and the lessors of those properties. There is no assurance that these leases will be renewed upon expiry or on terms and conditions acceptable to us. If these leases cannot be renewed, we will have to find new properties for our facilities, which may not be as suitable for our business. Any failure to renew our existing leases or the leases of the Processing Factories on favorable terms or locate suitable new properties could adversely affect our financial condition, results of operations and prospects.

We face risks associated with potential acquisitions, investments, strategic partnership or other ventures.

We believe it may become increasingly important for us to acquire or make investments in complementary businesses, facilities, technologies, services or products, or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. From time to time, we have had discussions with companies regarding our acquiring, investing in or partnering with their businesses, products, services or technologies, and we regularly engage in such discussions in the ordinary course of our business. We may not be able to identify suitable acquisition, investment or strategic partnership candidates, which may place us at a disadvantage if our competitors are able to grow their market share through acquisitions. If we do identify suitable candidates, we may not be able to complete those transactions on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in integrating that company's personnel, products, operations and technology. In addition, the key personnel of the acquired company may decline to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

RISKS RELATING TO OUR INDUSTRY

Our operating results may be adversely affected by environmental and safety regulations to which we are subject.

We are required to comply with local and foreign laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste materials; the emission and discharge of waste materials into soil, air or water; and the health and safety of employees. We are also required to obtain and comply with environmental permits for certain operations. There can be no assurance that we will at all times be in complete compliance with such laws, regulations and permits. If we violate or fail to comply with the requirements, we could be fined or otherwise sanctioned by regulators. In some instances, such a fine or sanction could be material. In addition, these requirements may become stringent over time and there can be no assurance that we will not incur material environmental costs or liabilities in the future.

We are also subject to laws requiring the clean-up of contaminated property. Under these laws, we could be held liable for costs and damages relating to contamination at our past and present facilities and at third party sites to which these facilities send waste material.

Our failure to compete effectively in the control design and manufacturing industry could result in loss of customers, which could have an adverse effect on our results of operations.

We research, develop, design and manufacture advanced technologies for control products. We compete against many domestic and foreign companies in the industry, some of which have substantially greater manufacturing, financial, research and development, and marketing resources than we do, and some of which may have lower cost structures than we have as a result of their geographical location or the services they provide. The competitive pressures faced by us come principally from the following:

- our existing competitors, which continually seek to improve on the performance of their current products, reduce their current product sales prices, and introduce new products that may offer greater performance and improved pricing;
- OEMs that sell or spin off their manufacturing operations, thereby increasing the number of independent design and manufacturing competitors;
- our current and prospective OEM customers, which continually evaluate the merits of manufacturing products internally; and
- distribution companies and others that may seek to enter the manufacturing field.

Our gross margins are influenced by changes in the average selling prices of our products, our product sales mix and the cost of goods sold. The average selling prices of our products are subject to downward pressures due to the highly competitive industry in which we operate. Competition could cause us to experience downward pressure on prices, fewer customer orders, reduced margins, the inability to take advantage of new business opportunities and the loss of market share.

If we fail to keep pace with technological changes, our business, financial condition and results of operations may be adversely affected.

Changes in technologies may render certain of our products obsolete. Our ability to anticipate changes in technology and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. There can be no assurance that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including the lack of market acceptance, delays in new product development and failure of products to operate properly.

The success of our own brand products, including Salus brand electronics products, will depend greatly on our ability to anticipate and respond to emerging consumer demands on a timely basis. Any delay in the development of commercially successful products with reliable quality and advanced features may adversely affect our business. In addition, advances in technology typically lead to rapid declines in sales volumes for products made with older technologies and may lead to certain products becoming less competitive in the marketplace, or obsolete. We cannot provide assurance that we will be able to continue to successfully develop new products through our research and development efforts or by obtaining technology licenses, or that we will keep pace with technological changes in the marketplace.

RISKS RELATING TO CHINA

Political and economic policies of the PRC government could affect our business and results of operations.

Substantially all of our assets are located in China. Accordingly, our results of operations, financial position and prospects are subject to a significant degree to economic, political and legal developments in China. The PRC economy differs from the economies of most developed countries in a number of respects, including:

- its structure;
- level of government involvement;
- level of development;
- level of capital reinvestment;
- control of foreign exchange; and
- allocation of resources.

In recent years, the PRC government has implemented economic reform measures emphasizing decentralization, utilization of market forces in the development of the PRC's economy and a high level of management autonomy. Before its adoption of reform and open door policies beginning in 1978, China was primarily a planned economy. Since that time, the PRC government has been reforming the PRC economic system, and has also begun reforming the government structure in recent years. These reforms have resulted in significant economic growth and social progress. Although the PRC government still owns a significant portion of the productive assets in China, economic reform policies implemented since the late 1970s have emphasized autonomous enterprises and the utilization of market mechanisms. Factors that may cause the PRC government to modify, delay or even discontinue the implementation of certain reform measures include political changes and political instability and such economic factors as changes in rates of national and regional economic growth, unemployment and inflation. Although we believe these reforms will have a positive effect on our overall and long-term development, changes in China's political, economic and social conditions, laws, regulations and policies may have an adverse effect on our current or future business, results of operations or financial condition.

Changes in foreign exchange regulations may adversely affect our results of operations and financial condition.

In 2005, China revalued the exchange rate of the Renminbi to the U.S. dollar and abolished the Renminbi to U.S. dollar peg applied in the past. There can be no assurance that in the future China will not revalue the Renminbi or permit its substantial appreciation. Any increase in the value of the Renminbi might adversely affect the growth of the Chinese economy as well as the competitiveness of various industries in China, including the industry in which the Group operates, which could in turn affect the financial condition and results of operations of the Group.

Currently, the revenues of the Group are denominated mainly in U.S. dollars, while the expenses and assets of the Group are denominated mainly in U.S. dollars, Hong Kong dollars and Renminbi. Consequently, fluctuations in exchange rates may adversely affect the values, translated or converted into Hong Kong dollars, of the Company's earnings and financial positions.

In the future, the Group may expand its business into other jurisdictions, which may result in revenues, expenses and assets in other currencies. Accordingly, exchange rate fluctuations with respect to other currencies could have a material adverse effect on the business, financial condition and operations of the Group in the future.

There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations.

The PRC legal system is based on statutory law. Under this system, prior court decisions may be cited as persuasive authority but do not have binding precedential effect. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organization and governance, property title, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively new and evolving, and because of the limited volume of published cases and judicial interpretations and the non-binding nature of prior court decisions, the interpretation and enforcement of these laws, regulations and legal requirements involve some uncertainties.

Our tax benefits, including preferential corporate tax rates, in the PRC may be reduced or eliminated.

Business enterprises in the PRC are generally subject to the state enterprise income tax calculated at the rate of 30% and the local enterprise income tax calculated at the rate of 3%, in each case of their pre-tax profits. According to FEIT, foreign investment enterprises engaging in production with an operating term exceeding 10 years normally enjoy full exemption from state enterprise income tax in the first two years starting with the first year in which taxes would otherwise be paid after (taking into account available tax-loss carry forwards) and a 50% reduction in each of the following three years. Foreign investment enterprises engaging in production that are established in special economic zones or coastal open economic zones of the PRC are also entitled to preferential corporate earnings tax rates under the relevant tax laws applicable to these zones. Once the tax holiday period expires, state enterprise income tax will be charged based on the applicable preferential corporate earnings tax rate for such special economic zones or coastal or open economic zones.

Our indirectly wholly-owned subsidiary, Computime Shenzhen, is a "foreign investment enterprise" under PRC law with operating terms of over 10 years and is located in special economic zone. It will be entitled to the benefit of the two-year full exemption and three-year 50% reduction in state enterprise income tax and preferential tax corporate earnings rate of 15% respectively beginning in the first year in which it would otherwise pay taxes. It is also exempted or entitled to be exempted from the local enterprise income tax rate of 3%. As Computime Shenzhen has yet to record pre-tax profits since it started operations, the tax holiday period has yet to begin.

There can be no assurance that existing PRC income tax law, its application or its interpretation will remain in effect or will not change, in which case we may be required to pay the higher state enterprise income tax rate of 30% generally applicable to PRC companies, or such other rate as is required by the PRC law. To the extent that there are any such changes, our financial condition and results of operations would be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares. If an active trading market of our Shares does not develop, the price of our Shares may suffer and may decline below the Offer Price.

Prior to the Global Offering, there was no public market for our Shares. The initial Offer Price range for our Shares was the result of negotiations among our Company and the Global Coordinator on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our

Shares will develop following the Global Offering or that our Shares will always be listed and traded on the Stock Exchange. We cannot assure you that an active trading market will develop or be maintained following the completion of the Global Offering, or that the market price of our Shares will not decline below the Offer Price.

The liquidity and market price of our Shares following the Global Offering may be volatile.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our turnover, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products and services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. In addition, shares of other comparable companies listed on the Stock Exchange have experienced substantial price volatility in the past, and it is likely that from time to time, the Shares will be subject to changes in price that may not be directly related to our financial or business performance.

Our Share price may be affected if additional Shares are sold by our substantial shareholders or are issued by us.

We will have two substantial shareholders immediately after the Global Offering. Further details are set out in "Statutory and General Information — Substantial Shareholders" in Appendix V to this prospectus. Furthermore, our Directors have been granted a general unconditional mandate to issue Shares with an aggregate nominal value of not more than 20% of the aggregate nominal value of the ordinary share capital immediately following completion of the Global Offering. Further details are set out in the section headed "Share Capital — General Mandate to Issue Shares". The Company has undertaken to the Global Coordinator (on behalf of the Hong Kong Underwriters) not to, without the prior written consent of the Global Coordinator, from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date, offer, issue, sell or contract or enter into any option or repurchase any shares or debt capital or other securities or securities convertible into or exchangeable into any securities of the Company. SPGL, our controlling shareholder and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, have undertaken to the Global Coordinator on behalf of the International Underwriters that except pursuant to the Global Offering, the Over-allotment Option or the stock borrowing arrangement, dispose of, or enter into any agreement to dispose of, or create any options, rights, interest or encumbrances in respect of any of the Shares held by them. In addition, SPGL, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, have given an undertaking to the Stock Exchange pursuant to Rule 10.07(1) of the Listing Rules details of which are set out in "Underwriting — Undertakings". Under note (2) of such rule, these entities may pledge or grant their shares in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a *bona fide* commercial loan.

Ms. Leung Yee Li, Lana, Crystalplaza Limited and Little Venice Limited have agreed with the Underwriters not to, subject to certain exceptions, dispose of or hedge any of our securities which are substantially similar to the Shares or which are convertible or exchangeable into securities which are substantially similar to the Shares during the period from the date of their respective agreements continuing through to the date 180 days after the Listing Date, except with the prior written consent of the Global Coordinator (on behalf of the Underwriters). The above restrictions do not apply to the grant of any option by the Company pursuant to the Share Option Scheme, nor to the loan of any Shares by SPGL to the Underwriters pursuant to certain stock borrowing arrangements. In addition, each of Ms. Leung Yee Li, Lana, Crystalplaza Limited and Little Venice Limited is, during the 180-day period, permitted to use its Shares in the Company as collateral for bona fide commercial loans obtained by it from certain banks and financial institutions.

We cannot assure you that our substantial shareholders or controlling shareholder will not dispose of the Shares held by them or that we will not issue Shares pursuant to the general mandate, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by the substantial shareholder, or the availability of Shares for sale by the substantial shareholder, the issuance of Shares by the Company, or the availability of the general mandate to our Directors, may have on the market price of our Shares. Sales or issuance of substantial amounts of Shares by the substantial shareholder or us, or the market perception that such sales or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

You may experience dilution because of the issuance of Shares pursuant to the options granted under the Share Option Scheme.

We may grant share options to eligible participants under the Share Option Scheme, amongst which includes employees and directors of our Company and our subsidiaries. The exercise of share options under the Share Option Scheme will result in the increase in the number of Shares in issue, and thereby may result in dilution to the percentage of ownership of the Shareholders, and the earnings per Share and net asset value per Share depending on the exercise price.

You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law and these laws may provide less protection to minority shareholders than the laws of Hong Kong.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Companies Law and other Cayman Islands laws. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of Hong Kong. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. A summary of Cayman Islands law on "Protection of Minorities" is set out in Appendix IV "Summary of the Constitution of the Company and Cayman Islands Companies Law" to this prospectus.

The industry statistics contained in this prospectus are derived from various official government sources that may not be reliable.

Statistical and other information relating to controls and related industries contained in this prospectus has been compiled from research prepared by various official government publications which are generally believed to be reliable. However, we cannot guarantee the quality or accuracy of such official source material. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. Neither we, the Global Coordinator, the Sponsor nor any of the Underwriters have verified the accuracy of the information contained in such sources. We make no representation as to the accuracy of this information, which may not be consistent with other information compiled elsewhere. Accordingly, the industry information and statistics contained herein may not be accurate and should not be unduly relied upon.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. These forward-looking statements include, but are not limited to, statements relating to:

- our operations and business prospects;
- future developments, trends and competition in the controls market in the U.S., Europe and elsewhere;
- products under development or planning;
- our strategy, business plans, objectives and goals;
- our capital expenditure plans;
- our dividend distribution plans;
- the prospective financial information regarding the Group's business;
- our future financial condition and results of operations;
- the amount and nature of, and potential for, future development of our business;
- general economic conditions in the U.S., Europe, the PRC and elsewhere; and
- changes to regulatory and operating conditions in the markets in which we operate.

In some cases, we use words such as "believe", "seek", "intend", "anticipate", "estimate", "project", "forecast", "plan", "potential", "will", "may", "should", "going forward", "expect" and other similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, factors disclosed under "Risk Factors" and elsewhere in this prospectus and the following:

- demand for new homes and electronic products, particularly in the United States;
- changes in the general operating environment of the global controls industry;
- general economic, market and business conditions in the United States, the PRC, Hong Kong and globally;
- the effects of competition on the demand for and the prices of our products;
- the development of new products or technologies affecting our current and future business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to us. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Sponsor, the Global Coordinator, HSBC, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

ROLE OF THE FINANCIAL ADVISOR

HSBC is acting as our financial advisor in respect of the Global Offering. The appointment of HSBC is at our own initiative and not pursuant to any requirement of the Listing Rules. The role of HSBC is separate and distinct from our appointment of the Sponsor. HSBC's role is to provide general advice to us on matters relating to the Listing and the Global Offering, including assisting us in the review of this prospectus; working together with our other professional advisors with respect to documents submitted to the Stock Exchange for the purpose of the Listing; advising us on certain matters relating to the structure of the Listing and the Global Offering; and advising on issues relating to pricing and valuation of our Company.

JPMorgan is acting as our Sponsor in our application for Listing and we understand that they will take full responsibility in performing its duties in accordance with the Listing Rules. JPMorgan has confirmed to us that they have not relied on the work done by HSBC. The role of a financial advisor is different from the role of the Sponsor. The Sponsor is required under the Listing Rules to be appointed by us to assist us with our initial application for Listing. The Sponsor must be acceptable to the Stock Exchange and perform its duties with impartiality in accordance with the Listing Rules, and must be independent from us.

SELLING RESTRICTIONS

Each person acquiring the Offer Shares will be required to confirm, or by his acquisition of the Offer Shares be deemed to confirm, that he is aware of the restrictions on the offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

The Offer Shares are offered for subscription and sale solely on the basis of the information contained and representations made in this prospectus. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Sponsor, the Global Coordinator, HSBC, the Underwriters, any of their respective directors, agents, employees or advisors or any other persons or parties involved in the Global Offering.

Prospective applicants for Offer Shares should consult their financial advisors and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, on the Main Board the Shares in issue and to be issued pursuant to the Capitalization Issue, the Offer Shares (including any Shares which may fall to be issued or sold under the Over-allotment Option) and any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme. Dealings in our Shares on the Stock Exchange are expected to commence on Monday, October 9, 2006.

Save as disclosed herein, no part of the Shares or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(l) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

HONG KONG BRANCH REGISTER OF MEMBERS AND STAMP DUTY

The Company's principal register of members will be maintained by its principal registrar, Butterfield Fund Services (Cayman) Limited, in the Cayman Islands and the Company's branch register of members will be maintained by Computershare Hong Kong Investor Services Limited, its branch registrar in Hong Kong.

Dealings in the Shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is HK$2 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the Shares being sold or transferred.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in the Shares. It is emphasized that none of the Company, the Global Coordinator, the Underwriters, the Sponsor, any of their respective directors, agents or advisors or any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, Shares.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, agree to purchase or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong and certain other jurisdictions, the stabilization price must not exceed the offer price. In other jurisdictions, the stabilization price may or may not be higher than the initial public offer price.

In connection with the Global Offering, the Global Coordinator, as stabilizing manager, or any person acting for it, on behalf of the Underwriters, may over-allocate Shares or effect any other transactions (including stock borrowing arrangement) with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements and any stabilizing activity will be entered into in accordance with the stabilizing laws, rules and regulations in place in Hong Kong. In covering such over-allocations, the Global Coordinator may exercise the Over-allotment Option at any time from the Listing Date up to (and including) the date which is the 30th day after the last date for lodging of Application Forms under the Hong Kong Public Offering, or make (or agree, offer or attempt to make) open-market purchases in the secondary market. The Global Coordinator or any person acting for it may also sell or agree to sell any Shares acquired in the course of any stabilization action in order to liquidate any position that has been established by such action. However, there is no obligation on the Global Coordinator or any person acting for it to conduct any such stabilizing action which, if taken, may be discontinued at any time at the absolute discretion of the Global Coordinator. Any such stabilizing activity is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option, being 30,000,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilization) Rules includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price, (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price, (iii) subscribing, purchasing, or agreeing to subscribe or purchase, shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, Shares for the sole purpose of preventing or minimizing any reduction in the market price, (v) selling or agreeing to sell Shares to liquidate any long position held as a result of those purchases in (iv) and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

The Global Coordinator or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares. The size of the long position, and the time period for which the Global Coordinator or any person acting for it will maintain such a position is at the discretion of the Global Coordinator or any person acting for it and is uncertain. In the event that the Global Coordinator or any person acting for it liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilization action by the Global Coordinator, or any person acting for it, is not permitted to support the price of the Offer Shares for longer than the stabilizing period which begins on the commencement of trading of the Offer Shares after this prospectus is issued and the Offer Price is announced and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to expire on October 28, 2006, and that after this date, when no further stabilizing action may be taken, demand for the Shares, and therefore its price, could fall. A public announcement will be made within seven days after the end of the stabilizing period in accordance with the Securities and Futures (Price Stabilizing) Rules.

Investors should be aware that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action. Stabilization bids for or transactions effected in the course of the stabilizing action by the Global Coordinator, or any person acting for it, may be at a price at or below the Offer Price and therefore at or below the price paid for the Shares by subscribers or purchasers.

Further details with respect to stabilization and the Over-allotment Option are set out in "Structure of the Global Offering".

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to apply for Hong Kong Offer Shares — Pricing and Allocation" and on the relevant Applications Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering".

DIRECTORS

Name	Address	Nationality
Executive Directors		
Auyang Ho	Flat A, 8th Floor Medallion Heights 45 Conduit Road Mid-levels Hong Kong	Chinese
Auyang Pak Hong, Bernard	Flat A, 6th Floor Grenville House 1-3 Magazine Gap Road Hong Kong	Chinese
Choi Po Yee, Alice	Flat D, 2nd Floor 29 Thomson Road Wanchai Hong Kong	Chinese
Non-executive Directors		
Wong Ying Ho, Kennedy	Lower Townhouse No. 8 La Hacienda 29 Mount Kellett Road The Peak Hong Kong	Chinese
Kam Chi Chiu, Anthony	Flat D, 12th Floor Dragon View 39 MacDonnell Road Hong Kong	British
Patel, Arvind Amratlal	3319 Osprey Lane Port Charlotte Florida 33953 USA	American

Name	Address	Nationality
Independent non-executive Directors		
Luk Koon Hoo	Flat A, 16th Floor Block 6 Cavendish Heights 33 Perkins Road Jardine's Lookout Hong Kong	Chinese
Siewert, Patrick Thomas	5A, House 2 Mountain Court 11 Plantation Road The Peak Hong Kong	American
Feniger, Steven Julien	1155, Tower 8, Parkview 88 Tai Tam Reservoir Road Hong Kong	British

PARTIES INVOLVED

Sponsor	J.P. Morgan Securities (Asia Pacific) Limited 28th Floor, Chater House 8 Connaught Road Central Hong Kong
Global Coordinator, Bookrunner and Lead Manager	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
Financial advisor to the Company	The Hongkong and Shanghai Banking Corporation Limited 15th Floor, HSBC Main Building 1 Queen's Road Central Hong Kong
Auditors and reporting accountants	Ernst & Young 18th Floor, Two International Finance Centre 8 Finance Street Central Hong Kong

Our legal advisors

as to Hong Kong law:
Richards Butler
20th Floor, Alexandra House
16-20 Chater Road
Central
Hong Kong

as to U.S. law:
Dorsey & Whitney
Suite 3008, One Pacific Place
88 Queensway
Hong Kong

as to PRC law:
King & Wood PRC Lawyers
47th Floor
Shun Hing Square
Diwang Commercial Center
5002 Shennan Road East
Shenzhen 518008
PRC

as to Cayman Islands law:
Conyers Dill & Pearman
Century Yard, Cricket Square
Hutchins Drive
George Town
Grand Cayman
Cayman Islands
British West Indies

Legal advisors to the Underwriters

as to Hong Kong and U.S. law:
Skadden, Arps, Slate, Meagher & Flom
42nd Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Property valuer

Sallmanns (Far East) Limited
22nd Floor, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

Receiving bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong
	DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive PO Box 2681 GT George Town, Grand Cayman British West Indies
Principal place of business in Hong Kong	17th Floor Great Eagle Centre No.23 Harbour Road Hong Kong
Website of the Company	www.computime.com
Company secretary	Li Ngai CPA, CFA
Qualified accountant	Li Ngai CPA, CFA
Authorized representatives	Auyang Pak Hong, Bernard Choi Po Yee, Alice
Audit committee members	Luk Koon Hoo *(Chairman)* Patel, Arvind Amratlal Kam Chi Chiu, Anthony Siewert, Patrick Thomas Feniger, Steven Julien
Remuneration committee members	Auyang Ho *(Chairman)* Choi Po Yee, Alice Luk Koon Hoo Siewert, Patrick Thomas Feniger, Steven Julien
Nomination committee members	Auyang Pak Hong, Bernard *(Chairman)* Luk Koon Hoo Siewert, Patrick Thomas
Technology advisory committee members	Dr. Owyang King *(Chairman)* Dr. Wong Ho Ching, Chris Dr. Ho Kin Lim, John Auyang Pak Hong, Bernard Ha Wai Leung
Principal share registrar and transfer office	Butterfield Fund Services (Cayman) Limited Butterfield House 68, Fort Street P.O. Box 705 George Town Grand Cayman British West Indies

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
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Hong Kong BNP Paribas Hong Kong Branch 63rd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong Industrial and Commercial Bank of China (Asia) Ltd. 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong Standard Chartered Bank (Hong Kong) Limited 13th Floor, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong
Compliance advisor	DBS Asia Capital Limited 22nd Floor, The Center 99 Queen's Road Central Hong Kong

This section contains information and statistics relating to our Group's industry and related industry sectors. Our Group has derived such information and data from official government sources. Reasonable care has been exercised by the Directors in the exercise of extracting and repeating such information. You should not place undue reliance on the information in this section.

Overview

The term "control and automation devices" refers to mechanisms or components which guide or regulate the operation of an apparatus, machine or a network of machines (collectively, "end-product"). Depending on the required application, control and automation devices are designed with a range of functionalities and form factors, and are made of different base materials. With technological advancement and reduction in the cost of electronic components, mechanical control and automation devices have largely been replaced by electronic control and automation devices. Most of the control and automation devices are currently made of several basic types of electronic components. These components can be broadly described to fall into one of the following categories:

Input. The key input component is a sensor module that identifies and accepts external stimulation such as physical contacts, motion or temperature changes.

Processing. Controls employ mechanical, electromechanical or electronic methods, known as "relays", to convert an input into an output. Timers, MCUs and programmable logic controllers ("PLCs") are frequently used to interpret inputs and effect the correct outputs based on predetermined algorithm. PLCs can be customized to process complex sensory inputs, and are generally the core component technology that facilitates the functions of control and automation systems.

Output. The output of a control or automation device is primarily linked to an electronic circuit such as for turning a device on or off or moving it up or down, or a motor control.

With the addition of peripheral components such as modules, casings, functional mechanical components, electronic outputs, these control and automation devices then form full control and automation systems that are often further integrated and embedded into different end-products. Common examples of such end-products include household white and brown goods, consumer electronics appliances and mass manufacturing systems.

Major Control and Automation Applications

The application of control and automation devices is very broad, and spans across several industries and addressable end-markets. In general, the end-markets which require control and automation solutions include appliances, building and home controls, commercial controls, industrial applications, automotive components, factory and process automation.

Some areas which are currently under development as potential future applications of control and automation devices include home automation solutions, wireless networking, power management, human interface controls and biometrics. These markets will likely have niche applications in the near future. As technology advances, we believe the applicability of control and automation systems will grow in size, as well as in scope.

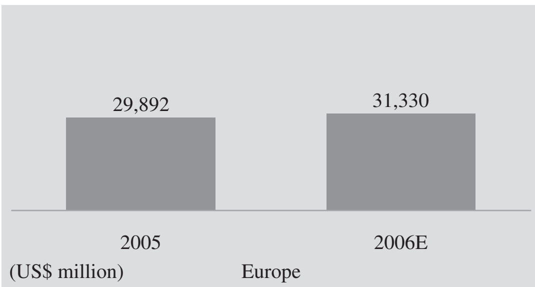
We believe that the following principal factors will continue to drive the growth of the control and automation industry, as well as the demand for our products and services:

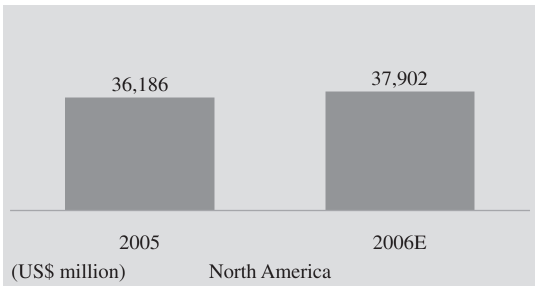
- ***General economic conditions and end-product markets*** — The market for control and automation systems in Europe and North America generally correlates to the performance of end-product markets: building and home control, appliance control and commercial and industrial controls. These are affected by a wide range of macroeconomic factors such as consumer confidence, income levels and conditions in the construction industry, including the level of new housing starts. These are key factors for increasing consumption, which will drive demand for the end-product markets, which in turn supports the growth of the control and automation systems industry.
- ***Increasing application and adoption of end-products*** — Control and automation devices are being applied in an increasingly wide range of applications, as consumers continue to purchase a growing range of appliances, electronic products, devices and gadgets. For example, the relatively recent introductions of automated applications in medical, health care and educational sectors have been broadly accepted by consumers. As technology advances, the increased applicability and adoption of control and automation-based products will continue to drive growth of the control and automation products market.
- ***Increasing complexity of end-products*** — In general, the end-products for control and automation devices are becoming increasingly more complex. Product evolution essentially integrates increased functionality, efficiency, sophistication and integration with other devices into manufactured goods. These more complex end-products require more sophisticated control components, which further drives continued and growing demand for control and automation devices.

The primary end-market categories that are applicable to our Company are building and home control products, appliance control products, and commercial and industrial control products. The control and automation systems market for our Company's products, in Europe and North America, is expected to increase to approximately US$69.2 billion in 2006, up approximately 4.8% from approximately US$66.1 billion in 2005, according to Frost & Sullivan. Within this market, the electronic control and automatic system (i.e. non-mechanical) area, which the Company focuses on is expected to grow at a compound annual growth rate of approximately 24.9% from 2005 to 2010, according to Frost & Sullivan.

The following table presents a breakdown of the market size data between Europe and North America:

Major Region Sales of Control and Automation Systems in Building and Home Controls, Appliance Controls, and Commercial and Industrial Controls





Source: Frost & Sullivan, June 2006

As can be seen from the following table, appliance control products represent the largest segment of the control and automation systems market, accounting for approximately 60.4% of the Europe and North America control and automation systems total market size in 2006.

Segment Breakdown of Sales of Control and Automation Systems in Europe and North America

Revenue (US$ million)	2005	2006E	Y-O-Y Growth (%)
Building and Home Control	5,388	5,800	7.6%
Appliances	40,130	41,783	4.1%
Commercial and Industrial Applications	20,560	21,649	5.3%

Source: Frost & Sullivan, June 2006

Building and Home Control and Equipment

The building and home control segment consists of solutions tailored to regulate environmental and other settings within residential or commercial buildings. Standard applications of these controls exist in HVAC equipment. Under the broader framework of building automation systems, controllers are used in other building applications as well, such as lighting, security, supervisory, and other application specific controllers.

According to Frost & Sullivan, the building and home controls market in Europe and North America has grown from a market size of approximately US$4.5 billion in 2002 to approximately US$5.4 billion in 2005, at a compound annual growth rate of approximately 6.3% and is expected to grow at approximately 7.7% to an estimated market size of approximately US$5.8 billion in 2006.

The following table presents a breakdown of the revenue data for the building and home controls market in Europe and North America:

Building and home control

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	1,753	1,824	1,904	1,985	2,127
North America	2,750	2,942	3,158	3,402	3,673
Building and home controls total	4,503	4,766	5,063	5,388	5,800

Source: Frost & Sullivan, June 2006

HVAC equipment is primarily divided into heating equipment such as warm air furnaces and heat pumps, cooling equipment such as unitary air conditioners and room air conditioners, thermostats which maintain the temperature of a system, and other equipment used for controlling humidification, air handling and air quality.

According to Frost & Sullivan, the HVAC controls market in Europe and North America has grown from a market size of approximately US$1.6 billion in 2002 to approximately US$1.8 billion in 2005, and is expected to grow at approximately 6.7% to an estimated market size of US$2.0 billion in 2006.

The following table presents a breakdown of the revenue data for the HVAC controls market in Europe and North America:

HVAC controls

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	665	687	709	733	769
North America	895	958	1,027	1,105	1,192
HVAC controls total	1,560	1,645	1,736	1,838	1,961

Source: Frost & Sullivan, June 2006

We believe that consumers, in particular those in Europe and North America, consider temperature controls in the home to be a necessity. Thus, demand for HVAC systems is driven by a variety of factors including trends in building construction activity, prices of various fuels, technological developments, replacement rates and useful life spans of different types of heating and cooling equipment. Overall demographic trends, changes in climate patterns, macroeconomic variables, and governmental regulations regarding issues such as refrigerants and system efficiency also affect demand.

Building Automation Systems ("BAS") are a growing market for the application of control and automation devices. Building automation is a programmed, computerized, "intelligent" network of electronic devices that monitor and control the mechanical and lighting systems in a building. The intent is to automate the functions of a building in order to improve the comfort of building occupants and the security of both the buildings and the occupants.

Components of an integrated BAS system include:

- Supervisory controllers, including alarms, fire, trending and scheduling
- Programmable controllers, including lighting and water heaters/chillers
- Application specific controllers, including door entry control
- Application software, which serves as a system integration software connecting different control systems within the full BAS system

The BAS market is expected to grow at an overall steady rate since these systems are increasingly prevalent due to the cost savings achievable through reducing energy consumption and improving building efficiency.

According to Frost & Sullivan, the market for building automation systems in Europe and North America has grown from a market size of approximately US$2.9 billion in 2002 to approximately US$3.5 billion in 2005, and is expected to grow at approximately 8.2% to an estimated market size of US$3.8 billion in 2006.

The following table represents a breakdown of the revenue data for the BAS market in Europe and North America:

BAS

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	1,087	1,137	1,195	1,252	1,358
North America	1,855	1,984	2,132	2,297	2,482
Building automation systems total	2,943	3,121	3,326	3,549	3,840

Source: Frost & Sullivan, June 2006

There is growing demand for integrated building automation, particularly in the commercial building segment, due to increased emphasis on having customized solutions for security, indoor climatic controls, energy efficiency and ease of monitoring/maintenance.

Appliance control products

Control and automation systems are used to drive many household appliance products, of which there are several primary classes:

- "White goods" — These are large residential appliances, including items such as air conditioners, dishwashers, freezers, refrigerators, stoves, water heaters and furnaces, washing machines and dryers. These appliances employ control and automation solutions in the forms of modules, including motors, thermostats, controller boards and combustion and ignition devices for boilers and burners.
- "Brown goods" — These are semi-portable appliances such as blenders, bread makers, electric kettles, electric can openers, food processors, microwave ovens, mixers, rice cookers, toasters and waffle irons.
- Water-use and control markets — These include valves and control systems for professional plumbing applications, as well as discretionary applications of water control and automation in spas and pools.
- Other applications include personal care products, floor care appliances, consumer electronics, business appliances, outdoor appliances and commercial appliances.

In relation to the appliance controls market, our focus is on the market for the control and automation components within the larger appliances market.

According to Frost & Sullivan, the market for appliance controls in Europe and North America was estimated to have a total value of approximately US$40.1 billion in 2005 and is expected to grow at approximately 4.1% to an estimated market size of US$41.8 billion in 2006. There was insufficient accessible data available for the appliance sector for the year 2004.

The following table presents a breakdown of the revenue data for the white and brown goods markets, the water-use and control markets, and markets for other applications in Europe and North America:

Appliance control and automation devices

Revenue (US$ million)	2005	2006E
Europe	18,078	18,822
North America	22,052	22,961
Appliances total	40,130	41,783
Breakdown by category:		
White and Brown goods	4,400	4,823
Europe	1,900	2,037
North America	2,500	2,786
Water-use and control markets	2,706	2,791
Europe	1,416	1,461
North America	1,290	1,330
Others *(Note 1)*	33,024	34,169
Europe	14,762	15,324
North America	18,262	18,845

Source: Frost & Sullivan, June 2006

Note:

(1) This category includes personal care appliances, floor care appliances, consumer electronics appliances and outdoor appliances.

We believe there are two primary drivers of demand for appliances: the housing cycle and the appliance replacement cycle. In addition, factors such as income growth, home sales, and consumer confidence are important drivers over shorter periods of time. Strong residential construction in North America over the past few years has been a major factor in buoying appliance shipments. On average, the replacement cycle of essential appliances ranges from nine to 15 years. However, innovative appliance products that offer improved performance, convenience, energy efficiency and brand image can encourage consumers with discretionary income to replace appliances in shorter cycles. Other factors such as income growth, home sales, and consumer confidence more strongly affect the latter segment as necessity appliances have a high level of market saturation.

Commercial and industrial applications

Commercial and industrial controls are a much broader segment within which many applications of control and automation solutions are categorized. These include, but are not limited to, automotive applications, educational applications, medical applications, industrial controls, infotainment controls and some segments of factory and process automation.

According to Frost & Sullivan, the total market for commercial and industrial controls in the relevant product segments in Europe and North America has grown from a market size of approximately US$18.1 billion in 2002 to approximately US$20.6 billion in 2005, and is expected to grow at approximately 5.3% to an estimated market size of US$21.6 billion in 2006.

The following table presents the breakdown of the revenue for commercial and industrial controls and automation devices in Europe and North America:

Commercial and industrial control and automation devices

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	8,619	8,974	9,389	9,829	10,381
North America	9,459	9,813	10,263	10,731	11,268
Total	18,078	18,787	19,652	20,560	21,649

Source: Frost & Sullivan, June 2006

Manufacturing controls — Control devices are used in a wide range of manufacturing-related applications to facilitate automated production and processes within modern mechanized procedures. This segment is principally composed of manufacturing-related PLCs, HMI systems and Manufacturing Execution Systems ("MES").

According to Frost & Sullivan, the market for manufacturing controls in Europe and North America has grown from a market size of approximately US$13.6 billion in 2002 to approximately US$15.2 billion in 2005, and is expected to grow at approximately 4.7% to an estimated market size of US$15.9 billion in 2006.

The following table presents the breakdown of the revenue for manufacturing control and automation devices in Europe and North America:

Manufacturing control and automation devices

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	6,382	6,612	6,887	7,165	7,544
North America	7,239	7,454	7,746	8,037	8,379
Manufacturing total	13,621	14,065	14,633	15,202	15,923

Source: Frost & Sullivan, June 2006

Automotive controls — Automakers integrate vast electronics systems into a vehicle, most of which are outsourced to other companies for manufacturing. These include, but are not limited to, transmissions, ignition systems, remote type pressure monitoring systems, navigation systems, instrumentation and gauges, heating and air conditioning systems, automatic windows and doors, and in-car entertainment systems.

According to Frost & Sullivan, the market for automotive controls in Europe and North America has grown from a market size of approximately US$3.5 billion in 2002 to approximately US$4.3 billion in 2005, and is expected to grow at approximately 6.8% to an estimated market size of US$4.5 billion in 2006.

The following table presents the breakdown of revenue of the automotive controls and automation devices market in Europe and North America:

Automotive control and automation devices

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	1,797	1,900	2,014	2,139	2,280
North America	1,748	1,860	1,983	2,119	2,266
Automotive total	3,545	3,760	3,997	4,258	4,546

Source: Frost & Sullivan, June 2006

Medical monitoring/diagnostic control — In the medical segment, high quality control solutions have led to products for both monitoring and basic diagnostics. For example, monitoring of blood glucose level tests has shown applicability to diabetic patients. Simple diagnostic products such as pregnancy tests have also shown both technological applicability and wide acceptance among consumers. The markets and competition for these products are difficult to measure, but are heavily dependent on quality (and often, FDA approval), ease of use and accuracy.

According to Frost & Sullivan, the market for medical controls in Europe and North America has grown from a market size of approximately US$621 million in 2002 to approximately US$734 million in 2005, and is expected to grow at approximately 6.9% to an estimated market size of US$784 million in 2006.

The following table presents the breakdown of revenue of the medical controls and automation devices market in Europe and North America:

Medical control and automation devices

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	297	311	329	350	375
North America	324	340	360	383	410
Medical total	621	651	689	734	784

Source: Frost & Sullivan, June 2006

Infotainment applications, including the information and entertainment sectors, have been one of the major drivers of the control and automation industry. The most ubiquitous control device in this market is the remote controller for consumer electronics and other electronic devices. Most of these remote controllers communicate to their respective devices via infra red signals and via radio signals. These devices are increasing in complexity to integrate more devices into one remote control, or simultaneously automating home electronics (lighting, curtains, security and others).

According to Frost & Sullivan, the market for home entertainment controls in Europe and North America has grown from a market size of approximately US$292 million in 2002 to approximately US$366 million in 2005, and is expected to grow at approximately 7.9% to an estimated market size of US$395 million in 2006.

The following table presents the breakdown of revenue of the home entertainment and control and automation devices market in Europe and North America:

Home entertainment control and automation devices

Revenue (US$ million)	2002	2003	2004	2005	2006E
Europe	143	151	159	175	182
North America	149	159	174	192	213
Home entertainment total	292	310	333	366	395

Source: Frost & Sullivan, June 2006

Education technology involves tools which are designed to assist in instruction or training used to improve performance. These include many software tools to assist learning, and from a hardware perspective involve traditional display technologies and overhead projection methods. These systems are becoming increasingly sophisticated and include higher technologies such as wireless question and answer systems, electronic white board systems, and optical pens.

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis of the end-product markets, which are applicable to us. We paid a total of US$23,000 to Frost & Sullivan for its services. Frost & Sullivan compiled a spreadsheet of data dated June 15, 2006, which consists of historical data for the period from 2000 to 2005, where available, and forecasts for the period from 2006 to 2010, of control and automation market size in Europe and North America in respect of building and home control segments, appliance controls segments and commercial and industrial controls segments. The methodology combines primary and secondary research to provide a composite analysis of the market. Please refer to the section headed "Other Information — Frost & Sullivan" in Appendix V to this prospectus for further details.

REGULATORY MATTERS

Based on article 2 and article 4 of the *Circular of the Ministry of Foreign Trade and Economic Cooperation on Printing and Distributing the Interim Measures for the Management of Examination and Approval of Processing Trade* (Wai Jing Mao Guan Fa [1999] No.314) (《對外貿易經濟合作部關於印發〈加工貿易審批管理暫行辦法〉的通知》([1999] 外經貿管發第314號)), any import and export enterprises, foreign invested enterprises and service companies which have obtained the operation license for processing, subject to the approval of State or local economic and trade authority, can enter into the processing agreement with a foreign company.

According to article 2, article 5 and article 8 of the *Regulations of Guangdong Province on Businesses Concerning Processing and Assembling for Foreigners* (《廣東省對外加工裝配業務條例》) promulgated and amended in 1993 and in 2004 respectively, any business operation in Guangdong province whereby a PRC enterprise provides manufacturing or assembly services at an agreed processing fee to a foreign entity who supplies the PRC enterprise amongst others, the raw materials, components, packaging materials, equipment or machinery for the production process, must be evidenced in the form of a written processing agreement and shall be subject to the approval of the chief economic and trade authority of Guangdong province or its delegated authorities. A processing agreement shall mainly include the following terms and conditions:

- rights, duties and obligations of each party
- particulars of the raw materials provided by the foreign party
- particulars of the end products and its acceptance requirements
- particulars of the technological support including, without limitation, expertise, equipment or machinery provided by the foreign party
- venue, time and method of delivery
- calculation of the processing fee and the terms and condition for the payment

Pursuant to article 25 of the *Regulations of Guangdong Province on Businesses Concerning Processing and Assembling for Foreigners* (《廣東省對外加工裝配業務條例》), the business and corporate tax on the income of the processing factory generated from the processing fee would be exempted for three years but such tax exemption is subject to further approval by the relevant authority thereafter.

Furthermore, according to the *Notice of the State Council on Policy Adjustment for Import Tax on Equipment and Machineries* (《國務院關於調整進口設備稅收政策的通知》), *Notice of the Ministry of Foreign Trade and Economic Cooperation and General Administration of Customs on Relevant Issues Concerning the Import of equipment for Processing Trade* (《對外貿易經濟合作部、海關總署關於加工貿易進口設備有關問題的通知》), *Notice on Relevant Issues Concerning Further Clarifying the Lifting of the Customs Regulation over the Non-priced Imported Equipment Provided by Foreigners under Processing Trade (Shu Fa Fa [2001] 420)* (《海關總署、對外貿易經濟合作部、國家質量監督檢驗檢疫總局關於進一步明確加工貿易項下外商提供的不作價進口設備解除海關監管有關問題的通知 (2001)》) and *Notice of the General Administration Of Customs, Ministry Of Foreign Trade and Economic Cooperation, and General Administration of Quality Supervision, Inspection and Quarantine on Relevant Issues Concerning Further Clarifying the Lifting of the Customs Regulation over the Non-priced Imported Equipment Provided by Foreigners under the Item of Processing Trade (Shu Fa Fa [2002] 348)* (《海關總署、對外貿易經濟合作部、國家質量監督檢驗檢疫總局關於進一步明確加工貿易項下外商提供的不作價進口設備解除海關監管有關問題的通知 (2002) 》), the import tax on the equipment or the machineries except for those listed in the *Catalogue of the Import Commodities Without Tax Exemption for Foreign Invested Projects* (外商投資項目不予免稅的進口商品目錄) for the processing arrangement provided by the foreign party to the processing factory would be exempted and subject to the monitoring of the customs for five years after the importation.

History

Computime Ltd. was incorporated in Hong Kong in 1974. Our first production facility focused primarily on the design and manufacture of electronic clocks and timing devices. We commenced production of climate control devices, appliance control devices, as well as commercial and industrial control devices in 1982, 1987 and 1995 respectively.

Our key milestones are as follows:

1974	Computime Limited co-founded by Mr. Auyang Ho in Hong Kong to design and manufacture electronic clocks and timing devices
1976	the Group received the Chinese Manufacturers' Association of Hong Kong New Product Award
1980	established a production factory in Guangzhou, China(Note 1)
1982	launched new control devices, including digital appliance timers and digital thermostats and established our sales presence in Los Angeles, the U.S.(Note 2)
1984	moved operations to Shenzhen, China
1986	commenced the design and production of appliance control products
1987	developed "one-stop" production process whereby production, printing and packaging would be handled in-house
1992	Computime Enterprises Limited was established to engage in the provision of sub-contracting services whilst Volta Investments Limited was established to provide management services; CTG Trading Limited and Seccom Technologies Limited were established to engage in the trading of electronics products; and recorded our first sales to General Electric
1994	recorded first sales of pre-programmed programmable thermostats
1998	Mr. Auyang Pak Hong, Bernard became president of our Company; we obtained exclusive license from UEI to manufacture and sell universal remote controllers under the "One For All" brand, with sole distribution rights in the U.S.; and recorded first sales of radio frequency fan, light control products using technology of dual processor fan and light control system
1999.	Computime (N.A.) Technology Centre, Inc. was established to provide administrative customer service, engineering and research and development support services and, recorded first sales of thermostats with voltage boosting system and thermostats with temporary reset technology
2000	established sales presence in Europe and Japan
2001	set up appliance control development center in Meilin, Shenzhen and recorded our first sales to Electrolux
2002	we built our product reliability laboratory in Meilin, Shenzhen; registered with FDA to manufacture medical devices; CK Technologies Company Limited was established to engage in trading of electronic products; and recorded our first sales to Chamberlain
2003.	Computime Shenzhen(Note 3) was established to engage in the manufacturing and trading of electronic products and CT Global Inc. was established to engage in the distribution and trading of electronic products in the U.S.
2004	set up our engineering and production facilities in Buji, Shenzhen and entered into the Bantian Processing Arrangement and the Meilin Processing Arrangement; and recorded first sales of products with automatic matching of transmitter and receiver of RF products that connect to the same power line

2004	we set up our climate controls development center in Meilin, Shenzhen, introduced thermostat products and valve products under our "Salus" brand; opened new offices in Robertown and Bala, the United Kingdom; Salus Controls Plc and Salus Technologies GmbH were established to distribute and trade electronic products; recorded our first sales to Whirlpool and Trane; and recorded first sales of thermostats with remote sensing technology and thermostats with proportional control technique for floor heating
2005	established our North America headquarters in Chicago and commenced the manufacture and sale of "Wayfinder" brand compasses
2006	set up our corporate research and development center in a technology park in Nanshan, Shenzhen

Notes:

(1) The factory at Guangzhou ceased operations in 1984.

(2) We closed our sales outlet in Los Angeles in 1984.

(3) The registered capital of Computime Shenzhen was US$9,000,000 of which US$8,302,708 was paid up as at July 21, 2005 and the remaining US$697,292 was paid up as at July 12, 2006.

Our Group was co-founded by Mr. Auyang Ho with the incorporation of Computime Limited (one of our main operating subsidiaries) in Hong Kong on May 21, 1974. Mr. Auyang Ho then owned 50% interest in Computime Limited. Mr. Wong Wing Keung and Mr. Leung Man Cho each acquired 25% interest in Computime Limited in July 1979. Mr. Auyang Ho continued to hold 50% interest in Computime Limited.

On January 2, 1992, the shareholders of Computime Limited established Computime International Limited. On April 4, 1993, Computime International Limited (the intermediate holding company of our Group) acquired the entire issued share capital of Computime Limited. Immediately after such acquisition, Computime International Limited was owned as to 50% by Mr. Auyang Ho and 25% each by Mr. Wong Wing Keung and Mr. Leung Man Cho.

From 1993 to 2003, there had been a number of changes in the shareholding structure of Computime International Limited, whereby new shareholders (including our current shareholders) were introduced and certain shareholders have adjusted and/or restructured their interest in Computime International Limited.

On October 7, 1993, Mr. Wong Ying Ho, Kennedy (one of our non-executive Directors) acquired, through Welltake Enterprises Ltd., 8.5% interest in Computime International Limited. He disposed of his entire interest in Welltake Enterprises Ltd. to Mr. Auyang Pak Hong, Bernard on August 31, 1996 (see below).

On the same day, Ms. Leung Yee Li, Lana (one of our substantial shareholders) through Crystalplaza Limited and Little Venice Limited acquired an aggregate of 30% interest in Computime International Limited.

On April 28, 1994, having transferred his interest in Computime International Limited to Cheer Fountain Limited (which is held for the benefit of a discretionary trust, the discretionary objects of which include family members of Mr. Wong Wing Keung), Mr. Wong Wing Keung ceased to have any other interest in Computime International Limited.

On July 15, 1994, Mr. Auyang Ho transferred his 38.5% interest in Computime International Limited to Everbright Offshore Ltd. (which was held for the benefit of a discretionary trust, the discretionary objects of which include certain family members of Mr. Auyang Ho until May 15, 2003 and thereafter was wholly-owned by Mr. Auyang Ho).

Mr. Auyang Pak Hong, Bernard first acquired 8.5% interest in Computime International Limited on August 31, 1996, through the acquisition of the entire issued share capital of Welltake Enterprises Ltd. from Mr. Wong Ying Ho, Kennedy. Since then, between January 29, 1997 and December 2, 2003, he through

Welltake Enterprises Ltd. and Bosen Investments Limited (which is also wholly-owned by him) increased his interest in Computime International Limited through purchases of interests from other shareholders of Computime International Limited (including Mr. Leung Man Cho's entire interest in Computime International Limited) and increased his interest in Computime International Limited to 19%.

From December 2, 2003 until the completion of the Reorganization, there has been no further changes in the shareholding structure of Computime International Limited. During that period, Computime International Limited was owned as to 39.75% by Mr. Auyang Ho (through Everbright Offshore Ltd.), as to 31% by Ms. Leung Yee Li, Lana (through Crystalplaza Limited and Little Venice Limited), as to 19% by Mr. Auyang Pak Hong, Bernard (through Welltake Enterprises Ltd. and Bosen Investments Limited) and as to 10.25% by Cheer Fountain Limited.

The Company was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on June 23, 2006. As part of the Reorganization, the Company became the holding company of our Group.

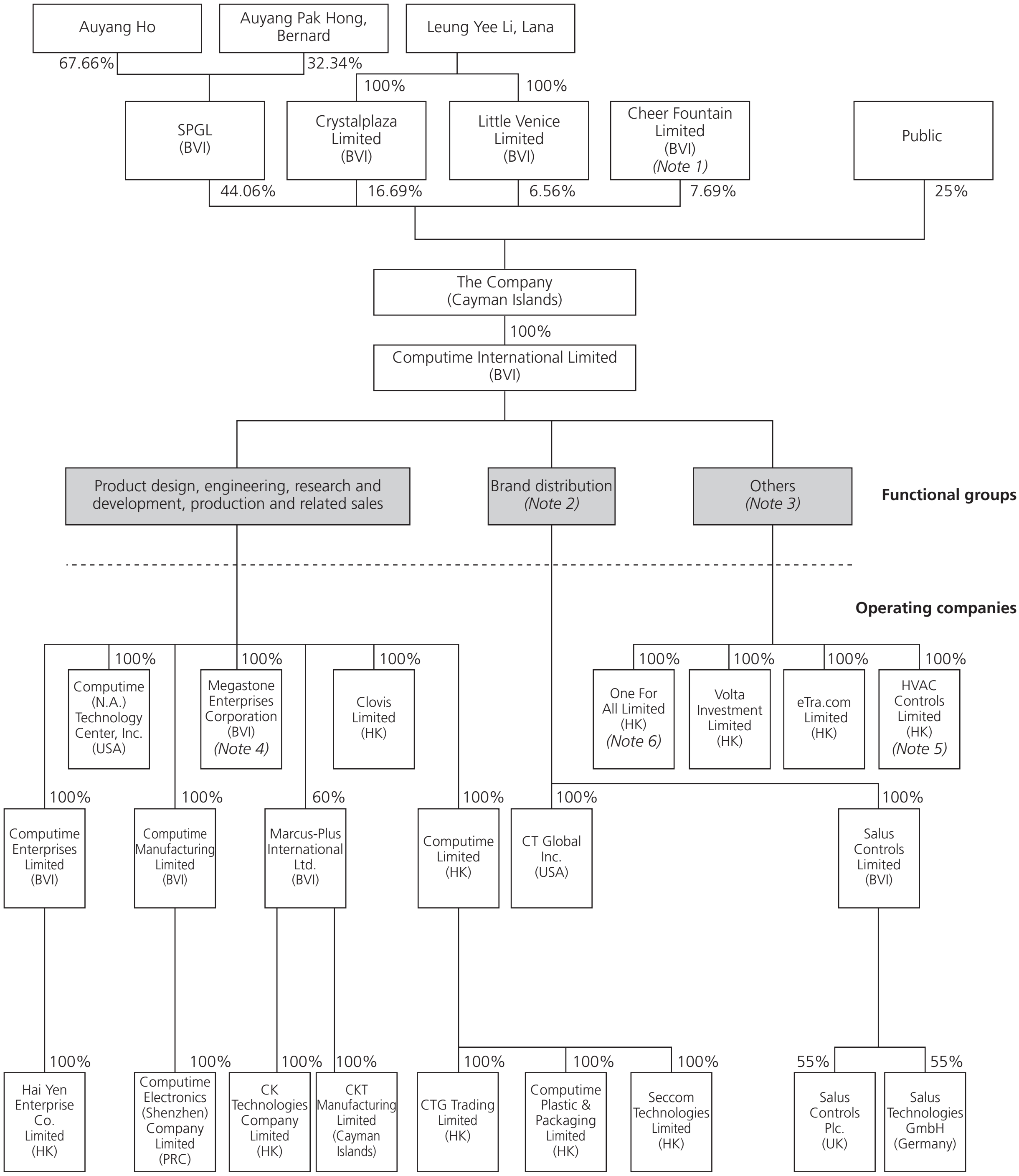
In preparation for the listing of our Shares on the Stock Exchange, we have undergone the Reorganization through which we rationalized further our Group structure and streamlined the focus of our Group's core products (so that the Company, which was incorporated in the Cayman Islands as an exempted company on June 23, 2006, became the holding company of our Group and the Group's entire interests in Computime Electronic Inc., Computime Industrial Limited and Fullbest Worldwide Limited, all wholly-owned subsidiaries of our Group and dormant companies, and an effective 24% interest in Boyd Asia Limited (which engages in manufacturing of insulation products and high-end labels), were disposed of). The shareholding structure of our Group (whereby the interests of Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard were consolidated and held through SPGL) was also reorganized.

See "Changes in Share Capital of the Company" and "Reorganization" under "Further Information about the Company and its Subsidiaries" in Appendix V to this prospectus for further details regarding the steps for Reorganization.

Mr. Auyang Pak Hong, Bernard is the son of Mr. Auyang Ho. Mr. Wong Ying Ho, Kennedy and Mr. Kam Chi Chiu, Anthony are brothers-in-law. Apart from the family relationship between Mr. Auyang Pak Hong, Bernard and Mr. Auyang Ho, and Mr. Wong Ying Ho, Kennedy and Mr. Kam Chi Chiu, Anthony, none of the Directors and the existing shareholders of the Company have any relationship with each other.

Corporate Structure

The following chart illustrates the corporate structure of the Group immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

(1) Cheer Fountain Limited is wholly-owned by Trustcorp Limited, a company incorporated in Jersey, the Channel Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Mr. Wong Wing Keung.

(2) This refers to non-manufacturing brand distribution.

(3) Investment holding company and inactive companies (see note 5 below).

(4) Megastone Enterprises Corporation holds 40% interest in Chamberlain Computime Investments Ltd. which holds 100% interest in Chamberlain Computime Investments (HK) Ltd. which in turn owns 100% interest in 盛柏通電子(深圳)有限公司 (Chamberlain Computime Electronics (Shenzhen) Co. Ltd.).

(5) HVAC Controls Limited holds a 27% interest in Braeburn Systems, LLC.

(6) One For All Limited is currently an inactive company and does not manufacture or distribute "One For All" products. The "One For All" products are mainly manufactured by Computime Shenzhen and the products are sold through Computime Ltd. and CT Global Inc.

Set out below is a table providing further information in relation to the date of incorporation, the principal business and the shareholding information of each member of the Group:

	Name of company	Date of incorporation	Principal business	Shareholding information
1.	CK Technologies Company Limited (金德寶科技有限公司)	September 13, 2002	Trading of electronic products	100% owned by Marcus-Plus International Ltd. which is owned as to 60% by us.
2.	CKT Manufacturing Limited	July 11, 2003	Investment holding	100% owned by Marcus-Plus International Ltd. which is owned as to 60% by us.
3.	Clovis Limited	February 27, 2004	Trading of electronic products	100% owned by us.
4.	Computime Electronics (Shenzhen) Co. Limited (金寶通電子(深圳)有限公司)	July 14, 2003	Manufacture and trading of electronic products	100% owned by us.
5.	Computime Enterprises Limited	January 24, 1992	Investment holding and provision of sub-contracting services	100% owned by us.
6.	Computime International Limited	January 2, 1992	Investment holding	100% owned by us.
7.	Computime Limited (金寶通有限公司)	May 21, 1974	Investment holding and research and development, design, manufacture and trading of electronic products	100% owned by us.
8.	Computime Manufacturing Limited	April 15, 2003	Investment holding	100% owned by us.
9.	Computime (N.A.) Technology Center, Inc.	August 26, 1999	Provision of administrative, customer service, engineering and research and development support services	100% owned by us.
10.	Computime Plastic & Packaging Limited	September 22, 1992	Inactive	100% owned by us.

	Name of company	Date of incorporation	Principal business	Shareholding information
11.	CT Global Inc.	December 10, 2003	Distribution and trading of electronic products	100% owned by us.
12.	CTG Trading Limited	September 29, 1992	Trading of electronic products	100% owned by us.
13.	eTra.com Limited (易特通有限公司)	May 24, 2000	Inactive	100% owned by us.
14.	Hai Yen Enterprise Company Limited (海燕企業有限公司)	August 31, 1993	Inactive	100% owned by us.
15.	HVAC Controls Limited	August 1, 2001	Investment holding	100% owned by us.
16.	Marcus-Plus International Ltd.	August 9, 2002	Investment holding	Marcus-Plus International Ltd. is owned as to 60% by us and 40% by Kingdom Fine Metal Limited, a company which is owned as to 52.9% by Mr. Sun Kwok Wah, Peter, who is a director of CK Technologies Company Limited, with the remaining shares by independent third parties.
17.	Megastone Enterprises Corporation	January 28, 2005	Investment holding	100% owned by us.
18.	One For All Limited	June 16, 1999	Inactive	100% owned by us.
19.	Salus Controls Limited	March 5, 2004	Investment holding	100% owned by us.
20.	Salus Controls Plc	February 26, 2004	Distribution and trading of electronic products	Salus Controls Plc is owned as to 55% by us and each of Mr. Peter Ball, Mr. Iain Forest McLaren Ellvers and Mr. Paul Edwin Lines (each also being a director of Salus Controls Plc) owns 13.5%, respectively and the remaining 4.5% is held by independent third parties.

	Name of company	Date of incorporation	Principal business	Shareholding information
21.	Salus Technologies GmbH	April 27, 2004	Distribution and trading of electronic products	Salus Technologies GmbH is owned as to 55% by us and 45% by D-Secour European Safety Products GmbH, a company controlled and owned as to 75% by Mr. Bernd Luckey, a director of Salus Technologies GmbH.
22.	Seccom Technologies Limited	September 22, 1992	Trading of electronic products	100% owned by us.
23.	Volta Investment Limited (禾達投資有限公司)	October 1, 1992	Provision of management services	100% owned by us.

Set out below is a table providing further information in relation to the date of incorporation, the principal business and the shareholding information of our associates:

	Name of company	Date of incorporation	Principal business	Shareholding information
1.	Braeburn Systems, LLC	August 29, 2001	Trading of electronic products	Braeburn Systems, LLC is owned as to 27% by us with the remaining interests owned by independent third parties.
2.	Chamberlain Computime Investments Limited	May 17, 2005	Investment holding	Chamberlain Computime Investments Limited is owned as to 40% by us and 60% by The Chamberlain Group, Inc. (which is owned by independent third parties).

	Name of company	Date of incorporation	Principal business	Shareholding information
3.	Chamberlain Computime Investments (HK) Limited	August 1, 2005	Investment holding and trading of electronics products	Chamberlain Computime Investments (HK) Limited is owned as to 100% by Chamberlain Computime Investments Limited (an associate of the Group).
4.	Chamberlain Computime Electronics (Shenzhen) Company Limited (盛柏通電子(深圳)有限公司)	September 16, 2005	Manufacture and trading of electronic products	Chamberlain Computime Electronics (Shenzhen) Company Limited (盛柏通電子(深圳)有限公司) is owned as to 100% by Chamberlain Computime Investments (HK) Limited (a wholly-owned subsidiary of an associate of the Group).

OVERVIEW

We are a leading Asia-based provider of electronic control and automation devices and solutions, with worldwide distribution and sales, principally in the Americas and Europe. We research, develop, design and manufacture standard and customized control devices, many of which incorporate advanced technologies such as wireless networking and alternative renewable energy capabilities. These devices, which include sub-assemblies or sub-systems, and end-products for consumers, are sold to brand name vendors and manufacturers of household appliances, consumer electronic products and health care devices, as well as to companies operating in the industrial control and automotive control industries.

Our principal business segments comprise the design, manufacture and sale of the following products:

- *Building and home control products.* We produce climate control and home control products such as thermostats, HVAC controls, indoor air quality controls, control consoles, remote controllers and timers. We also produce thermostats, timers and valves under our "Salus" brand and universal remote controllers under the "One For All" brand.
- *Appliance control products.* We produce control products for a wide range of commonly used appliances such as controls for ovens, refrigerators, washers, dryers, water/air purifiers, and pool and spa products.
- *Commercial and industrial control products.* We produce information and entertainment controls for the commercial and automotive sectors, as well as health care devices for medical testing and drug delivery devices with timer or measurement controls. Our industrial control products include control devices used in access and security controls, industrial energy controls and turbine control devices.

Our control devices are sold to various markets worldwide, including the United States and Europe, and mostly to leading multinational corporations, including companies that own or hold licensing rights to the Chamberlain, Electrolux, General Electric, Trane and Whirlpool brands. In addition, we have, in recent years, been engaged in the development of control devices under our own brand and brands for which we hold exclusive licenses to manufacture and sell under agreed terms and conditions. We sometimes refer to these control devices and electrical appliances as our "branded products" in this prospectus. We market our finished goods through commercial distribution channels and retail channels. In addition, we also manufacture sub-assemblies which we sell directly to equipment manufacturers and engage in trading of certain products. The Group's turnover attributable to its trading activities was less than 5% of the Group's total turnover for each of the years ended March 31, 2004, 2005 and 2006.

Our research and development efforts are steered by our technology advisory committee, which meets every six months to provide strategic directions for our research and development plans. The technology advisory committee comprises Dr. Owyang King, Dr. Wong Ho Ching, Chris, Dr. Ho Kin Lim, John, Mr. Ha Wai Leung and Mr. Auyang Pak Hong, Bernard. Dr. Owyang King is the chairman of our technology advisory committee. Dr. Owyang King graduated from Massachusetts Institute of Technology with a Bachelor's degree and a Doctorate degree in Physics. He is currently the president and chief executive officer of Vishay Siliconix, one of the largest manufacturers of discreet semi-conductors and passive components in the world. Dr. Wong Ho Ching, Chris is a director of the Industrial Centre at Hong Kong Polytechnic University. He is a fellow of the Hong Kong Institution of Engineering and Technology as well as the Hong Kong Institution of Engineers. He is also a fellow of the Institute of Industrial Engineers and the Institution of Production Engineers. He holds a Master's degree of Science in Engineering from the University of Hong Kong and a Doctorate degree in Management Engineering from Xi'an Jiao Tong University. Dr. Ho Kin Lim, John, is an associate professor of the Manufacturing Engineering and Engineering Management Department at the City University of Hong Kong. He has been a chartered engineer since 1982 and is currently the chairman of the Institute of Measurement and Control (Hong Kong Section) as well as a member of various professional engineering bodies. He holds a Bachelor's degree in Computer and Control Systems, a Master's degree in Control Engineering and a Doctorate degree in Computer Integrated Manufacturing Systems.

We have dedicated teams for our research and development efforts. For technology research and development, we had as at the Latest Practicable Date a team of 35 research engineers who focused on the research of advanced technologies and developing innovative devices and solutions based on their research. Since 1993, we have developed a portfolio of technologies for our customers and design expertise in the areas of programmable logic control, wireless control, sensing technologies and energy management.

We also had as at the Latest Practicable Date a dedicated team of 131 engineers, who, together with 100 engineers employed at the Processing Factories, focus on product realization and commercialization through turning conceptual designs into deliverable products, design improvements and optimization of production processes. Our recent engineering efforts have seen the realization of products such as RF remote sensor thermostats and variable speed motor controls.

We commenced our operations in 1974 and our corporate headquarters are in Hong Kong. As at the Latest Practicable Date, we have three research and development centers, three engineering centers and four sales offices in various parts of the world. Our production facilities are located in Buji town, which is located in the Longgang district, Shenzhen, China. In addition to our production facilities in Buji, we have additional production capacity under our Processing Arrangements with Shenzhen Sino, an independent third party. Under the Processing Arrangements, Shenzhen Sino's obligations include the manufacture of plastic parts and assembly of PCB and box building of products for us using equipment and raw materials supplied by us. As at the Latest Practicable Date, we employed approximately 4,364 full-time employees at the Buji production facilities, and we have access to a total of 4,431 full-time workers and staff at the Bantian Processing Factory and the Meilin Processing Factory. The Buji production facilities and the Meilin Processing Factory have, in aggregate, 16 SMT lines and 149 assembly lines. For each of the years ended March 31, 2004, 2005 and 2006, we produced approximately 33.9 million units, 76.5 million units and 79.7 million units of control devices, respectively.

Our annual net revenue increased from approximately HK$1,095.7 million in 2004 to approximately HK$1,776.1 million in 2005 and to approximately HK$1,908.5 million in 2006. Our net profit increased from approximately HK$93.0 million in 2004 to approximately HK$132.0 million in 2005 and to approximately HK$140.1 million in 2006.

COMPETITIVE STRENGTHS

We believe that we have several principal competitive strengths that provide us significant opportunities to grow our business in the control and automation industry. Our principal competitive strengths are as follows:

- ***Strong focus on technology research and development to deliver innovative solutions.*** We had as at the Latest Practicable Date a dedicated team of 35 research engineers who are focused on the research of advanced technologies and developing innovative devices and solutions based on their research. We have invested, and expect to continue to invest, substantial resources in research and development. Our strategy in research and development is to focus on developing technologies for application in products which are environmentally friendly, energy efficient and easy to use, a strategy we refer to as the "3Es." In our implementation, we have also applied technologies in wireless networking and alternative renewable energy. We also carry out our research through joint development programs with our customers and strategic partners. We believe our commitment to research and development distinguishes ourselves from other control manufacturers and enable us to compete effectively against them. In addition, this enables us to offer what we believe are more complex, quality products in a cost-effective manner, increase our business with existing customers and attract new customers. We believe our efforts and success in the research of advanced technologies provide us with a strong platform to build additional market share in the control devices and solutions industry.

- ***Dedicated engineering team with strong focus in product realization, commercialization and improvements.*** To complement our technology research and development efforts, we had as at the Latest Practicable Date a dedicated team of 131 engineers, who, together with the 100 engineers employed at the Processing Factories, focus on product realization and commercialization through turning conceptual designs into deliverable products, design improvements and optimization of production processes. Our engineers have engineering expertise in control technologies and production know-how, and in particular, technologies relating to product design engineering, mechanical and electrical controls, materials sourcing, production and quality management. Based on this expertise, we adopt a structural process in the engineering development of our products. This is known as NPI, a process in which we map out the entire life cycle of a proposed product. As such, we are able to integrate advanced technologies into new designs, fine-tune manufacturing processes and develop deliverable products from conceptual design requirements. In addition, we also seek to incorporate low labor and material costs, high yields and short production times into our products and production design. We believe with our in-house engineering ability to develop and improve on products, we are able to compete effectively with our competitors in terms of product design, quality and cost.
- ***Established high-quality and cost-effective manufacturer with flexible production model***. Our manufacturing facilities are located in China, where labor costs and overhead are relatively low compared to those of the United States, Japan and other developed countries. We believe the availability of a large pool of skilled researchers and engineers in China allows us to staff our research and engineering teams with quality professionals. We believe this has allowed us to enhance our reputation as a cost-effective and high quality manufacturer. We employ a vertically integrated and semi-automated production model to manufacture many of the key components and fixtures used in the production process. Our production lines are designed to allow a high degree of flexibility and, in certain cases, can be adjusted to accommodate the production of alternative products in time periods as short as one hour. We believe this model allows us to better integrate our components in a cost-effective manner. With our established manufacturing capabilities, our flexible production lines and our dedicated customer service teams catering for our customers' needs, we are able to develop and produce products for our customers quickly.
- ***Ability to provide customized end-to-end solutions to our customers***. We offer a combination of design, manufacturing and after-sales services to our non-branded product customers. We offer our customers customized end-to-end solutions ranging from product design and engineering, product structure design, mechanical and electronic engineering, materials sourcing, manufacturing and quality management, printing and packaging to distribution management. Taking advantage of our vertically integrated value chain, we have been able to more efficiently control our costs and supply chain management, and have increased our flexibility to customize our products to fulfil our customers' requirements. We believe this has helped deepen our relationships with certain of our key customers.

- ***Our business model is designed to enhance the accumulation of product pipeline to provide for better future growth prospects.*** Our business model is designed to enable us to offer full-service design, engineering, production and distribution solutions to our non-branded product customers. Coupled with a strong focus on deepening existing customer relationships, we work closely with our non-branded customers during the development, design and engineering stages of the product development cycle. The development cycle from the initial development stage to the production stage generally requires between six months and two years. Accordingly we have been able to accumulate our product pipeline ahead of production, which has enabled us to plan our production more efficiently and identify better opportunities for future growth.
- ***Strategic focus in a fast growing industry and potential for significant growth.*** The application of control and automation devices spans across several industries and applies to a wide range of addressable end-markets. According to Frost & Sullivan, the market for control systems in Europe and North America had an estimated value of US$66.1 billion in 2005. Within this market, the electronic control and automation system area (i.e. non-mechanical) which the Company focuses on is expected to grow at a compound annual growth rate of approximately 24.9% from 2005 to 2010, according to Frost & Sullivan. In 2005, with the existing substantial market size and significant growth in the control and automation industry, we observed there was growth in the demand of our products and solutions. We expect to continue to focus on the control and automation industry in order to capitalize on the significant market opportunities for the control and automation industry.
- ***Strong relationship with premium diversified customer base***. We believe we are the primary supplier of controls products and components for many of our customers. As at the Latest Practicable Date, we had more than 100 customers globally, with a significant portion located in the United States and the European Union. Our better-known customers include major multinational corporations that own or hold licenses to use the Chamberlain, Electrolux, General Electric, Trane and Whirlpool brands, among others. We have long-standing relationships with most of our key customers, some of which date back to the 1980s. As part of our strategy to maintain close relationships with our key customers, we have established sales offices and provide customer support services in countries where our key customers are located, including the PRC, Hong Kong, the United Kingdom and the United States. We believe that our commitment to customer service helps us to better serve our customers as we are able to communicate with them on a real-time basis and can provide the necessary on-site support on short notice.
- ***Experienced management team with in-depth industry experience***. Our management team brings years of experience and leadership to our Company in the industries in which we operate. Our executive Directors, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, possess more than 30 years and 15 years of experience in the controls and automation industries, respectively. Our senior management Mr. Ha Wai Leung, Mr. Cox, Phillip John Stevens, Mr. Sham Ting Kee, Mr. Chan Chi Ming, Mr. Li Chi Kin, Andrew and Mr. Yeung Tak Bun, each has more than 15 years of experience in electronics and manufacturing industries. Our management team has assembled design, engineering, manufacturing and marketing teams with established track records in the controls and automation industries.

BUSINESS STRATEGY

We seek to enhance shareholder value by maintaining and enhancing our position in the design, development, manufacture and distribution of control devices. We seek to combine low-cost manufacturing with high-end technology to achieve our objective of becoming one of the world's largest suppliers of high quality control devices. The strategies that we have adopted with a view to attaining this goal include the following principal elements:

- ***Further strengthen our technology research and development, and engineering capabilities.*** We believe that continued improvements in our technologies and our focus on research and development are essential to our success in the controls industry. We seek to research advanced technologies to deliver innovative products and solutions to distinguish ourselves from our competitors and to satisfy our customers' needs. We also seek to improve product design and engineering, and to develop and implement more cost-effective manufacturing processes such as adopting more advanced process technologies, to reduce our production costs and enhance our competitive position. We believe that due to our technological capability, we have established a broad customer base, with customers located in the Americas, Europe and Asia, and we believe these customers normally demand high standards of product design and development from their suppliers. We aim to continue our investments in research and development, and engineering, and to expand our research capability through a combination of organic growth and acquisitions.
- ***Expand product portfolio to target higher-margin opportunities***. A key objective of our growth strategy is to focus on organic growth and expand the scope of our business by broadening our product lines for higher-margin industries and market segments and developing more advanced and higher-margin products. Specifically, we intend to increase our focus on specialized high-technology controls, which generally carry a much higher margin than standardized controls devices. These specialized high technology controls, which we normally describe as "high-mix, low-volume" controls, are typically used in complex equipment such as power turbines and medical testing devices and require a dedicated production line of skilled workers. While we do not manufacture mass quantities of such "high-mix, low-volume" controls, these products generally yield better margins as the technological demands for such controls devices mean that controls manufacturers without the requisite technological capabilities will not be able to compete in this segment. We plan to expand our product offerings of such "high-mix, low-volume" controls for the industrial controls, health care and alternative renewable energy market segments.
- ***Build upon and expand our own-brand business***. We seek to build upon our own-brand business to complement our existing non-branded business and further enhance our margins. To achieve this, we seek to penetrate new product markets, broaden our product offerings, expand our sales teams, increase promotional efforts of existing own-brand products and enhance our sales and distribution channels and geographical reach. In the initial phase, we will focus on countries in Europe and will set up offices or distributor arrangements as and when attractive opportunities arise. Leveraging on the success of our existing brands, we intend to further broaden our product portfolio and, over time, introduce other products under our own-brand business.
- ***Deepen existing customer relationships and expand our global customer base***. We seek to deepen and capitalize on our relationships with our existing key non-branded product customers, to expand our customer base, by customer type and by end-market application, and to diversify our industry focus. We place special emphasis on customer relations and dedicate particular sales personnel and engineering support personnel to each of our principal non-branded product customers. We second employees to the offices of some of our major non-branded product customers for the purpose of providing on-site sales and engineering support and strengthening our

customer relationships. We seek to establish and maintain long-term relationships with our non-branded product customers by participating in their product development and NPI cycles and thereafter providing them with integrated design, production and logistics and after-sales support services. We are also seeking to deepen our relationships with our non-branded product customers by expanding our end-to-end solutions to offer to distribute our customers' products in China or other geographical areas. To expand our customer base, we will focus on gaining new customers in certain market segments, such as health care devices, industrial controls and controls for alternative renewable energy.

- ***Provide our customers with total solutions for the design, engineering, production and distribution of their products***. We intend to continue to offer full service design, engineering, production and distribution solutions to our non-branded product customers, including product design, prototyping, assembly, systems integration and testing, delivery and after-sales support. We also seek to offer distribution services in China to some of our major non-branded product customers. This enables our customers to focus their resources more efficiently on product development and sales and marketing. We believe that we are well positioned to take advantage of the increasing shift by a number of global OEM companies towards outsourcing the manufacture of components in order to gain cost advantage. We intend to leverage our high technology, scale of operations and low cost manufacturing capabilities competitively to offer components in our customers' product categories.
- ***Pursue selective acquisitions to further strengthen our technological expertise, product offerings and distribution channels***. We regularly evaluate opportunities to acquire companies and assets which would increase our capacity, enter new product markets, broaden our product offerings and distribution channels, establish new or strengthen existing customer relationships, or enable us to acquire new technological expertise. We may do this by, among other things, acquiring other controls manufacturing technologies which could enhance our existing in-house engineering, processing or manufacturing expertise. We will continue to seek to acquire, invest in, or form joint ventures or strategic alliances with, companies that provide proprietary and innovative engineering processes, technologies or other advantages to our core business.
- ***Attract and retain skilled and experienced professionals***. We believe the recruitment, training and retention of skilled and experienced professionals are essential to the success of our business. The availability of high quality engineering graduates, on a cost-effective basis, has allowed us to assemble a team of skilled engineers to develop technologies relating to the industries in which we operate. We intend to continue attracting the appropriate level of talent on a global basis through the right mix of recruitment and retention strategies. As part of our focus on developing advanced technology in the controls sector, we have implemented an incentive plan for inventions made by our employees. Such plan offers financial rewards to employees with ideas that are capable of being patented, in each of the product design and technology, process control and management system areas. We also encourage share ownership by our employees to reinforce the corporate culture of taking ownership in the work they perform. We intend to implement the Share Option Scheme (more fully described in the section headed "Share Option Scheme" in Appendix V to this prospectus) in a manner which increases the sense of ownership in our staff and to align their interests with those of our Shareholders through their participation in our success and long term growth.

OUR BUSINESS MODEL

For our non-branded product customers, we seek to offer and provide them with our "end-to-end" business solutions for their control and automation needs. The "end-to-end" solutions we offer encompass almost every stage of the complete solution for developing, manufacturing and distributing the products. The key stages for the complete solutions are:

- ***Research and development activities***. The research and development team works closely with our sales and marketing, technical support, design and product engineering team to develop products that cater to our customers' needs. We also work with our customers' products innovation or development teams to develop new products.
- ***Product design and engineering***. Our product design team designs products based on our customers' technical and cost specifications, whereas our product engineering team assists our customers in the pre-manufacturing process, including working with our customers' engineers to select components with a focus on designing parts and components for manufacturability.
- ***Production***. The Bantian Processing Factory processes certain sub-assembly components for assembly at the Buji production facilities and the Meilin Processing Factory. At the Buji production facilities and the Meilin Processing Factory, we perform, among others, final product assembly and packaging. We develop and apply consistent assurance procedures and materials flow control for the Buji production facilities and, through the management of the Processing Factories, we have implemented the same assurance procedures and control measures at the Processing Factories.
- ***Logistics and Distribution***. Our distribution team assists our customers to transport and distribute their products to destinations across the globe. We also provide logistics support for certain of our customers by shipping the final product directly to our customers' distributors or retailers or to destinations required by our customers.

For non-branded products, we seek to offer reliable and cost-effective products to our customers. However, we are increasingly offering products under our own brand, including our "Salus" brand products, which are principally marketed to professional building contractors and other building industry participants. During the three years ended March 31, 2004, 2005 and 2006, sales of our branded products formed a relatively insignificant portion of our turnover, and for the three years ended March 31, 2004, 2005 and 2006, such sales contributed to approximately by 8.9%, 6.0% and 5.1%, respectively, of our turnover.

PRODUCTS AND SOLUTIONS

The following table sets forth, for the periods indicated, the proportion of our turnover contributed by our three business segments:

	Year ended March 31,					
	2004		2005		2006	
	HK$ million	Percentage of Total Sales	HK$ million	Percentage of Total Sales	HK$ million	Percentage of Total Sales
Sales						
Building and home control products..........................	635.1	58.0%	1,069.2	60.2%	1,046.6	54.9%
Appliance control products..........................	267.6	24.4%	458.7	25.8%	582.8	30.5%
Commercial and industrial control products.............	193.0	17.6%	248.2	14.0%	279.1	14.6%
Total	1,095.7	100%	1,776.1	100%	1,908.5	100%

Building and home control products and solutions

We provide controls for use in residential and commercial buildings. Below is an illustration of the application of our products in climate control equipment and home control equipment:

Climate control equipment	
Applications	**Our product**
Heating, ventilation, air-conditioning, and refrigeration equipment and systems	Stand alone thermostat products *(Note 1)* to control temperature and/or humidity using various technologies and features: mechanical or electronics; non-programmable or programmable, wireless controls
Water heating systems	Automatic by-pass valves, port motorized valves and thermostatic radiator valves
Zoning systems to equalize temperature and/or humidity of a number of zone areas	Thermostat products, zoning control sub-assemblies, sensor devices (wired or wireless)
Fireplaces	Heating control, remote on-off controls, sensors, air-blow controls
Ceiling fans, commercial ventilation systems	Remote on-off and fan speed controls: transmitter console and receiver sub-assemblies
Air-purifiers and humidifiers	Remote on-off controls, control sub-assemblies, and sensors
Photovoltaic or solar thermal systems	Monitoring and controlling sub-assemblies
Home control equipment	
Applications	**Our product**
AV equipment, entertainment systems, Set-top-Box, projectors, computer	Remote control products for single and/or multiple devices
Indoor and outdoor/gardening timer control devices	Outdoor programmable timer devices *(Note 2)*, gardening water devices *(Note 2)*, plug-in timer devices *(Note 2)*
Household lighting	Wired or wireless: on-off light controls, dimming controls and timer-light controls for single or multiple lights
Access controls, detection systems	Alarm devices *(Note 1)*, remote-control and control subassemblies for garage door openers and sensor devices *(Note 1)*
Home ecosystem management — a system which enables centralized control for entertainment system, security system, energy control system and appliances	Control consoles, modules for appliance switch and light dimmer-switches

Notes:

(1) These products may be in the form of final products for consumers, or parts or sub-systems for assembly into other parties' products.

(2) These products are end-products for consumers.

(3) All of the above products (other than those falling within notes 1 and 2) are parts or sub-systems for assembly into other parties' products.

For the years ended March 31, 2005 and 2006, consolidated net sales from building and home control products amounted to approximately HK$1,069.2 million and HK$1,046.6 million, respectively, or approximately 60.2% and 54.9% of our consolidated net sales over the respective periods.

In addition to the above building and home controls products that we design, develop, manufacture and supply to our customers, we also design, manufacture and distribute certain electronic products under our own brand and brands for which we hold exclusive licenses. These brands are:

Salus

We own the "Salus" brand, under which we design, develop, manufacture and sell control programmers, programmable thermostats, digital electronic thermostats, under floor heating controls, frost thermostats, wiring center, cylinder thermostats, automatic by-pass valves, port motorized valves and thermostatic radiator valves. Our "Salus" brand products are targeted at professional builders and we have produced and sold "Salus" brand products since 2004. We believe our "Salus" brand control solutions can provide a tailored combination of systems to suit the needs of the customers.

One For All

We manufacture a broad range of universal remote controllers under the "One For All" brand, ranging from simple controllers for household electrical appliances to complex controllers for media centers and equipment. Based on publicly available survey results performed in 2004, the "One For All" brand is one of the leading brands for universal remote controllers in North America in terms of sales. Since 1998, we hold the exclusive license to manufacture remote controllers under the "One For All" brand and the sole distribution right in the United States under a license agreement dated April 30, 1998 and supplemental agreements dated February 18, 2000 and November 4, 2003.

Pursuant to the license agreement dated April 30, 1998 and the supplemental agreements dated February 18, 2000 and November 4, 2003, UEI granted to us the license to manufacture and the right to distribute remote controllers in the United States. Royalty is calculated based on a fixed rate for each manufactured piece or on the net sales of the licensed products. The license shall remain exclusive as long as we pay UEI a minimum annual royalty. The minimum annual royalty requirement has been met since it came into effect. Both parties are entitled to terminate the agreement upon notice with cause.

For the three years ended March 31, 2004, 2005 and 2006, sales of "One For All" brand of products to the United States contributed to approximately 8.4%, 5.5% and 3.7%, respectively, of our turnover.

Appliance control products and solutions

We design, manufacture and distribute appliance control products for large household appliances such as ovens, refrigerators and washing machines, which are commonly known as "white goods", and for smaller electrical household appliances such as air and water purifiers, vacuum cleaners and coffee makers, which are commonly known as "brown goods". We also plan to design, research and manufacture controls for pool and spa products.

The appliance control products that we produce are used in the manufacture of a variety of household appliances and pool and spa products. Below is an illustration of the application of our products in appliances:

	Our products (Note 1)					
	Types of controls					Control systems
Appliances	**Program controls**	**Power controls**	**HMI controls**	**Motor controls**	**Ignition controls**	**Assembly/ Enclosures**
White goods						
Oven/ Kitchen ranges	√	√	√		√	√
Refrigerators/ Freezers	√	√	√			√
Washers/ Dish washers	√	√	√	√		√
Dryers	√	√	√			√
Brown goods						
Vacuum cleaners	√	√		√		
Coffee makers	√	√	√			
Water/Air purifiers	√	√	√			√
Heated blankets	√		√			√
Pool and spa products						
Pool and spa/ whirlpool	√	√	√	√		

Note:

(1) All of our appliance control products are products to be assembled into our customers' products.

For the years ended March 31, 2005 and 2006, consolidated net sales from appliance control products amounted to approximately HK$458.7 million and HK$582.8 million, respectively, or approximately 25.8% and 30.5% of our consolidated net sales over the respective periods.

Commercial and industrial control products and solutions

We provide controls for use in commercial and industrial products. Below is an illustration of the application of our products in commercial and industrial control products:

Health care	
Applications	**Our product**
Nurse call system	Paging systems
Point of care testing	Blood glucose testing meters *(Note 1)*
Point of care testing	Ovulation test readers/pregnancy readers *(Note 1)*
Point of care testing	Blood coagulation meters *(Note 1)*
Drug delivery system	Oral drug delivery control devices *(Note 1)*
Industrial control	
Applications	**Our product**
Security system	Automatic door controls
Pollution control	Industrial energy controls
Wind generator regulator	Turbine control devices
Emergency call system	Paging systems
Metering	GSM electric meters
Infotainment	
Applications	**Our product**
Satellite broadcast receiver	Satellite radios *(Note 1)*
Back-stage/public address communication system	Paging systems
Navigation	Digital compasses *(Note 1)*
Automotive dashboard instrumentation	Racing car gauges
Remote control	Remote controllers for automobile audio systems
Electronic classroom	Wireless question and answer system for classrooms *(Note 1)*
Electronic classroom	Wireless electronic white board systems *(Note 1)*
Electronic classroom	Optical pens *(Note 1)*

Note:

(1) These products are delivered to our customers as final finished products which they will package and distribute as consumers end-products. In certain circumstances, we provide packaging services for such products.

For the years ended March 31, 2005 and 2006, consolidated net sales from commercial and industrial control products amounted to approximately HK$248.2 million and HK$279.1 million, respectively, or approximately 14.0% and 14.6% of our consolidated net sales over the respective periods.

Wayfinder

We currently hold a worldwide exclusive license issued by PNI Corporation to use certain patented compass technologies, as well as to manufacture and sell automotive digital compasses, under the "Wayfinder" brand under a license agreement dated February 16, 2005. The license agreement took effect from February 16, 2005 and remains effective until terminated by the parties. It may be terminated by either party with notice upon default. In addition, we have the right to terminate the licence agreement without cause upon notice. PNI Corporation retains the right indefinitely to continue to market and support all its products other than those subject to the license agreement. We agree to buy, and PNI Corporation agrees to supply to us, some components required for the manufacture of the automotive digital compasses. We shall pay PNI Corporation a fixed percentage of the product margin of the automotive digital compasses sold during the first year, and starting from February 16, 2006, we shall pay to PNI Corporation a royalty for each automotive digital compass sold, which is calculated as a percentage of the selling price of the automotive digital compass. We design, manufacture and distribute automotive digital compasses with the "Wayfinder" brand globally since 2005. Sales of "Wayfinder" brand products accounted for 0.1% and 1.0% of our turnover for each of the years ended March 31, 2005 and March 31, 2006, respectively.

CUSTOMERS

We believe we have a large customer base for our non-branded products, with many of our key customers being leading international appliance manufacturers. We have strong relationships with certain key customers and we build on these relationships by, among other things:

- becoming involved at an early stage in the product development processes of our customers;
- working closely with our customers' product development team to meet our customers' needs and expectation, providing end-to-end solutions to our customers and becoming qualified to produce products for our customers;
- being able to modify the products we manufacture to meet the changing needs of our customers; and
- establishing local sales and providing customer support services.

We sell our non-branded products to leading equipment makers around the globe and we sell our branded products to retail and commercial distributors. Our five largest customers accounted for approximately 33.2%, 42.9% and 42.0% of our turnover for each of the three years ended March 31, 2004, 2005 and 2006, respectively. Our single largest customer accounted for approximately 8.9%, 13.6% and 13.8% of our turnover for each of the three years ended March 31, 2004, 2005 and 2006, respectively.

Some of our better-known non-branded product customers include companies that own or hold exclusive licenses to use the Chamberlain, Electrolux, General Electric, Trane and Whirlpool brands. For each of the years ended March 31, 2004, 2005 and 2006, our sales to them in aggregate accounted for approximately 8.0%, 11.0% and 13.1%, respectively, of our turnover. All our sales to them are conducted through direct sales. As at the date of this prospectus, we are not aware of any facts or circumstances that may result in these companies not remaining our customers.

The principal markets for our products, including our branded products, based on the location of the headquarters of our customers, are the Americas, Europe and Asia which in aggregate accounted for approximately 74.4%, 15.8% and 7.0%, respectively, of turnover in the year ended March 31, 2006.

We provide warranties for certain of our building and home control products (including our branded products), appliance control products and commercial and industrial control products (including our branded products) for defects and workmanship for periods ranging from one to two years, one to five years and one to three years, respectively. We typically fulfil warranty claims by providing repair services. To date, warranty claims have not had a material impact on our results of operations.

For the year ended March 31, 2004, PD Trading was one of our five largest customers. PD Trading is a company in which Ms. Leung Yee Li, Lana has approximately an indirect 31.84% stake and Ms. Leung Yee Li, Lana is as at the date of this prospectus our second largest shareholder and, upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), one of our substantial shareholders. For further information, please refer to the "Substantial Shareholders" section for further details of Ms. Leung Yee Li, Lana's shareholdings. For the year ended March 31, 2004, sales to PD Trading accounted for approximately 4.8% of our turnover. Other than PD Trading, the remaining four of our five largest customers for the year ended March 31, 2004 were independent third parties and our top five customers for the years ended March 31, 2005 and 2006 were independent third parties. Save as disclosed above, none of our Directors or the chief executive officer or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or any of our subsidiaries or any of their respective associates had any interest in any of our five largest customers during the past three years.

RESEARCH AND DEVELOPMENT

Our overall strategy for advancement of technologies and building up our expertise is to concentrate our efforts on three core areas: technology research and development; product engineering and realization; and design reliability. Our research and development efforts are steered by our technology advisory committee, which meets every six months to provide strategic directions for our research and development plans. The technology advisory committee comprises Dr. Owyang King, Dr. Wong Ho Ching, Chris, Dr. Ho Kin Lim, John, Mr. Ha Wai Leung and Mr. Auyang Pak Hong, Bernard. Dr. Owyang King is the chairman of our technology advisory committee. Dr. Owyang King graduated from Massachusetts Institute of Technology with a Bachelor's degree and a Doctorate degree in Physics. He is currently the president and chief executive officer of Vishay Siliconix, one of the largest manufacturers of discreet semi-conductors and passive components in the world. Dr. Wong Ho Ching, Chris is a director of the Industrial Centre at the Hong Kong Polytechnic University. He is a fellow of the Hong Kong Institution of Engineering and Technology as well as the Hong Kong Institution of Engineers. He is also a fellow of the Institute of Industrial Engineers and the Institution of Production Engineers. He holds a Master's degree of Science in Engineering from the University of Hong Kong and a Doctorate degree in Management Engineering from Xi'an Jiao Tong University. Dr. Ho Kin Lim, John, is an associate professor of the Manufacturing Engineering and Engineering Management Department at the City University of Hong Kong. He has been a chartered engineer since 1982 and is currently the chairman of the Institute of Measurement and Control (Hong Kong Section) as well as a member of various professional engineering bodies. He holds a Bachelor's degree in Computer and Control Systems, a Master's degree in Control Engineering and a Doctorate degree in Computer Integrated Manufacturing Systems.

We have dedicated teams for our research and development efforts. We have 35 research engineers in our technology research and development team; 84 engineers in our engineering team and have access to 41 engineers at the Processing Factories' engineering team; and 47 engineers in our design reliability engineering team, with access to 59 additional engineers with expertise in design reliability engineering at the Processing Factories. Approximately 46% of the engineers employed by us have Bachelor's and Master's degrees and approximately 46% have post-secondary diplomas, and approximately 40% of the engineers employed by the Processing Factories have Bachelor's and Master's degrees and approximately 47% have post-secondary diplomas. As at the Latest Practicable Date, approximately a third of our research and development resources was spent on the enhancement of our existing core technologies and two-thirds on developing and exploring new technologies and products. We view the combination of our research engineers, our engineering team, and our design reliability capability as one of our major strengths.

Technology research and development

We have a team of research engineers focused on the research of advanced technologies and developing innovative devices and solutions based on their research. Our overall strategy in technology research and development is to focus on developing technologies for application in products which are "Environmentally friendly, Energy efficient, and Easy to use".

Generally, our major products include the application of microprocessor with firmware electronic controls; sensing technologies, including temperature, humidity, light, passive infrared; wireless technology, such as radio frequency and infrared; motor or compressor control and algorithm; and HMI. These technologies form an integral part of our major products.

We often innovate upon existing technologies for incorporation into our customers' products. Since 1993, our technology research and development team developed a portfolio of technologies for our customers and design expertise for use in wireless networking, energy-saving motor controls, advanced HMI, renewable energy controls and indoor air quality controls. Our major milestones on technology developments are as follows:

1982	launched new control devices, including digital appliance timers and digital thermostats
1994	recorded first sales of pre-programmed programmable thermostats
1998	recorded first sales of radio frequency fan, light control products using technology of dual processor fan and light control system
1999	recorded first sales of thermostats with voltage boosting system and thermostats with temporary reset technology
2004	recorded first sales of (1) products with automatic matching of transmitter and receiver of RF products that connect to the same power line and (2) thermostats with remote sensing technology and thermostats with proportional control technique for floor heating

Although we generally seek patent protection on any new technology developed by us, in certain circumstances, these enhanced proprietary technologies may not be patented. With these proprietary technologies, we are able to provide our customers with ready made enhanced technologies for integration into their products and, by continuously working to build up our portfolio of proprietary technologies, we intend to develop a strong base to grow our own-brand business. For each of the three years ended March 31, 2006, the sales of products with our own patented technologies and products which we have exclusive license to manufacture represented approximately 8.9%, 5.9% and 5.0%, respectively, of our turnover.

Our technology research and development team also collaborates with some of our customers and strategic partners. Through the exchange of information with these customers and strategic partners, we were able to source various advanced technologies, stimulate product innovation and verify our research and development results.

Engineering

To complement our technology research and development efforts, we have a dedicated team of 131 engineers, who, together with 100 engineers based at the Processing Factories, focus on product realization and commercialization, design improvement, optimization of manufacturing processes, and turning conceptual designs into deliverable products. Our recent engineering efforts have led to realization of products such as RF remote sensor thermostats and variable speed compressor controls.

Our engineering team works closely with our customers to understand their needs and requirements, a process which we believe helps us develop or customize products that are appropriate for their purpose.

Our engineers have expertise in control technologies and manufacturing know-how, and in particular, technologies relating to product design engineering, mechanical and electrical controls, materials sourcing, manufacturing and quality management. Based on this expertise, we adopt a structural process in the engineering development of our products. This is known as NPI, a process in which we map out the entire life cycle of a proposed product. As such, we are able to turn conceptual designs into deliverable products, integrate advanced technologies into new designs, and fine-tune the manufacturing processes. In the process, we also seek to incorporate into our designs competitive labor and material costs, high yields and short production times.

Design reliability

With a view to ensuring the quality, safety and design reliability of our products, all of our newly developed technologies and products are subject to a series of vigorous tests and checks conducted at our in-house laboratory on temperature, humidity, vibration, chemical and electromagnetic compatibility. By putting our products through extreme conditions, we seek to identify potential problem areas and remedy them quickly and effectively. At the same time, testing provides information which are useful for further improving each product, enhancing performance and increasing reliability at a lower cost.

As at the Latest Practicable Date, we had the following research and development facilities:

	Research and development centers	Engineering development centers	Design reliability laboratory
Chicago, U.S.A.	√	√	
Hong Kong	√		
Nanshan, Shenzhen	√		
Buji, Longgang district in Shenzhen, China		√	√
Meilin, Shenzhen, China		√	√

As at Latest Practicable Date, the number of engineers working at the various research and development facilities was as follows:

	Research and development centers	Engineering development centers	Design reliability laboratory
Chicago, U.S.A.	1	2	—
Hong Kong	7	—	—
Nanshan, Shenzhen	27	—	—
Buji, Longgang district in Shenzhen, China	—	78	—
Meilin, Shenzhen, China	—	44	7

As at Latest Practicable Date, the size of the various research and development facilities in terms of the gross floor area was as follows:

	Research and development centers	Engineering development centers	Design reliability laboratory
	(sq.m.)	**(sq.m.)**	**(sq.m.)**
Chicago, U.S.A.	230 *(Note 1)*	230 *(Note 1)*	—
Hong Kong	1,432 *(Note 2)*	—	—
Nanshan, Shenzhen	728	—	—
Buji, Longgang district in Shenzhen, China	—	715	420
Meilin, Shenzhen, China	—	541	182

Notes:

(1) 230 sq.m. represents the gross floor area of our office in Chicago. Our office in Chicago serves various functions and it is not feasible to specifically quantify the gross floor area occupied by each of our research and development centers and engineering development centers.

(2) 1,432 sq.m. represents the gross floor area of our office in Hong Kong. Our office in Hong Kong serves various functions and it is not feasible to specifically quantify the gross floor area occupied by our research and development center.

Our aggregate research and development expenditures were approximately HK$23.8 million, HK$25.5 million and HK$29.2 million, which accounted for approximately 2.17%, 1.44% and 1.53% of our consolidated net sales for the three years ended March 31, 2004, 2005 and 2006, respectively. We expect to sustain our level of commitment to research and development as a percentage of net sales with a target of around 2.0%.

PRODUCTION FACILITIES

A key element in our business strategy is to align our production facilities in order to provide total solutions ranging from product design and manufacturing to distribution and after-sales support services in locations that meet our customers' requirements. Consistent with this strategy, we have established our own production facilities in China in addition to our headquarters in Hong Kong. The locations of our production facilities and the Processing Factories in China enable us to access relatively low labor costs and rent in the PRC, while maintaining close proximity to our headquarters in Hong Kong.

Buji production facilities

We, through Computime Shenzhen, our wholly foreign owned enterprise in the PRC, operate the production facilities in Buji, Longgang district in Shenzhen. The Buji production facilities commenced operations in the first half of our financial year 2005 and became fully operational in October 2005. Prior to the Buji production facilities becoming fully operational, the production of our products were primarily carried out at the Meilin Processing Factory. Our production facilities in Buji occupy a gross floor area of approximately 60,000 square meters and are primarily used for the production of building and home control products and commercial and industrial control products and, to a lesser extent, used for the production of appliance control products. As at March 31, 2006, the net book value of our investment in the Buji production facilities was approximately HK$55.2 million and, as at the Latest Practicable Date, the Buji production facilities had six SMT lines and 101 assembly lines. As the Buji production facilities became fully operational in October 2005, the turnover attributed to the Buji production facilities only accounted for approximately 38.8% of our turnover for the year ended March 31, 2006.

We lease the premises on which our production facilities are situated from independent third parties. The lease term of our production facility in Buji is due to expire on December 31, 2013.

The processing arrangements

We have, through the Hai Yen Partnership, entered into processing agreements with Shenzhen Sino, an independent third party. Such arrangement has been acknowledged and confirmed by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局). Pursuant to the Processing Arrangements, Shenzhen Sino is obligated to process raw materials and components supplied by us to be converted into plastic or other sub-assembly parts and controls devices at the Bantian Processing Factory and the Meilin Processing Factory. Further information on the contractual relationship in respect of the Processing Arrangements and the Previous Processing Arrangement is set out in "Relationship with our connected persons — Connected Transaction".

On August 22, 2006, Shenzhen Sino, Hai Yen Partnership and Computime Limited entered into agreements pursuant to which Hai Yen Partnership transferred its rights and obligations under its agreements with Shenzhen Sino to Computime Limited. The transfer of the Processing Arrangements was approved by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局) on August 23, 2006. Our PRC legal advisors, King & Wood, have confirmed that the approval from Shenzhen Bureau of Trading and Industry was lawful and that the Shenzhen Bureau of Trading and Industry was the appropriate government authority for issuing such approvals. In addition, our PRC legal advisors, King & Wood, further confirmed that the transfer can be effected pending completion of the relevant administrative procedures and that they do not consider there to exist any legal impediments which would prevent us from completing such administrative procedures. The transfer of the Processing Arrangements is not expected to have any material impact on our operations. Mr. Auyang Ho and Mr. Leung Man Cho have executed a deed in favor of us to, among other things, promptly execute all documents as may be required by us to transfer to and vest in us all the legal and beneficial rights in respect of the Processing Arrangements and their respective operations.

Pursuant to the Processing Arrangements, Shenzhen Sino is required to supply the labor and facilities necessary to manufacture the products, in return for a fee payable by us. HK$36.12 million and HK$105.77 million were paid to Shenzhen Sino as processing fee for the years ended March 31, 2005 and 2006, respectively. The Bantian Processing Factory and the Meilin Processing Factory currently produce solely for our Group. The Bantian Processing Factory leases the premises on which the production facilities of the Bantian Processing Factory are situated and the Meilin Processing Factory leases the premises on which the production facilities of the Meilin Processing Factory are situated. The Bantian Processing Factory and the Meilin Processing Factory occupy a gross floor area of approximately 33,000 square meters and 19,000 square meters, respectively. The rental payments for the leased premises of the Processing Factories are considered part of the processing fee and are made through Shenzhen Sino.

The term of each of the Bantian Processing Arrangement and the Meilin Processing Arrangement will expire on December 31, 2014 and July 4, 2017, respectively. The respective terms of such Processing Arrangements may be extended or terminated by either party with three months' prior notice, subject to the parties' negotiation and approvals of local authorities.

The Bantian Processing Factory provides in-house supporting services, including mold design, fabrication, plastic injection, color spraying, silk printing, metal stamping, clamshell marking and four-color paper printing and produces the components and semi-finished products for further assembly into final products at our production facilities in Buji and at the Meilin Processing Factory. Since the output of the plastic injection is generally consistent based on the number of machines producing the output, we are able to determine whether the Bantian Processing Factory has the necessary capacity and decide which plastic parts model should be produced in-house, with the remaining plastic parts outsourced to our qualified suppliers. As we source components from third party suppliers, we do not rely on the Bantian Processing Factory to provide a majority of our components.

Under the Bantian Processing Arrangement, we have agreed to provide the necessary equipment, machineries and materials for production and Shenzhen Sino has agreed to provide not less than 1,000 workers, as well as to assist in making import and export custom clearance. In return, we will pay to Shenzhen Sino a processing fee (which generally is intended to take into account rental and overhead expenses, utility expenses, a profit margin of Shenzhen Sino, and custom duty and taxes), calculated on an hourly basis and at no less than HK$650 for each worker per month. As the Bantian Processing Factory only commenced operations in the second half of 2005, approximately HK$18.53 million was paid to Shenzhen Sino as processing fees for the year ended March 31, 2006. The processing fees include wages payable to the workers and staff, rental and customs handling fee. As at March 31, 2006, the net book value of our investment in the Bantian Processing Factory was approximately HK$20.0 million.

The Meilin Processing Factory is primarily used for the production of appliance control products and, to a lesser extent, used for production of certain building and home control products as well as commercial and industrial products. The turnover attributed to the Meilin Processing Factory accounted for approximately 61.2% of our gross turnover for the year ended March 31, 2006. The division of responsibilities applicable to the Meilin Processing Factory is similar to those applicable to the Bantian Processing Factory, except that the minimum processing fee is HK$700 for each worker per month. The Meilin Processing Factory commenced operations in November 2004, and it replaced the factory that operated the Previous Processing Arrangement. For the two years ended March 31, 2005 and 2006, approximately HK$36.12 million and approximately HK$87.24 million, respectively, were paid to Shenzhen Sino as processing fees for the Meilin Processing Arrangement. As at March 31, 2006, the net book value of our investment in the Meilin Processing Factory was approximately HK$79.1 million.

Both the Buji production facilities and the Meilin Processing Factory are suitable for producing all of our current products. To enable effective and efficient management of our production facilities, we have decided that, by default, the Meilin Processing Factory should produce primarily appliance control products and the Buji production facilities should produce primarily building and home control products and commercial and industrial control products. For each production site, we generally prepare an operating plan based on the sales budget provided by each of our business units. The purpose of the sales budget is to provide us with estimated monthly and annual output for each business unit, and we use such information to evaluate whether each production facility has sufficient capacity. Thereafter, we estimate the monthly output of the each factory and have a production plan to realize the estimate.

We have permanent staff stationed at each of the Processing Factories who monitor the management and operations at the respective factories.

According to the Processing Arrangements, the current practices in the Processing Factories and the lease agreements signed by the Processing Factories with the lessors, we have unrestricted access to the premises of the Processing Factories and secured undisrupted right to enjoy the facilities within the contract period. We are also responsible for the maintenance of the equipment and machineries provided to the Processing Factories.

Our PRC legal advisors, King & Wood, have confirmed that each of our Processing Factories has complied in all material respect with the relevant laws and regulations and has obtained the valid licenses, approvals and permits from relevant regulatory authorities necessary for its operations in the PRC.

As at the Latest Practicable Date, the Meilin Processing Factory had 10 SMT lines and 48 assembly lines and the Bantian Processing Factory had 94 plastic injection machines and was able to process approximately 3,108 tons of plastic within 12 months.

Although we rely to some degree on the manufacturing support provided by the Processing Factories, our production facilities at Buji have the capability and capacity to produce some of the components and products manufactured by the Processing Factories. Although our facilities at Buji may not have capacity to fully undertake the production carried out at each of the Processing Factories, we could, when needed, source other components and products from our qualified suppliers or other third party suppliers or subcontract processing and manufacturing services to other third party contractors. Save as disclosed in "Risk Factors — We rely on the manufacturing support provided by the Processing Factories. Any failure in or interruption of the business at the Processing Factories will adversely affect our result of operations", we have not experienced any significant interruptions in production at any of our production facilities due to equipment failure or breakdown, raw material shortages, power interruptions, fire, labor disputes or other causes.

We believe that the Buji production facilities and the Processing Factories can be used interchangeably and our existing production facilities, together with the Processing Arrangements, should be sufficient for us to meet expected demand for our products over the next 12 months.

Our PRC legal advisors, King & Wood, have confirmed that save and except for dormitory no.1 of the Buji production facilities, which is not used for production purposes, the lessors of the Buji production facilities, the Bantian Processing Factory and the Meilin Processing Factory have obtained the realty title certificates in respect of these premises.

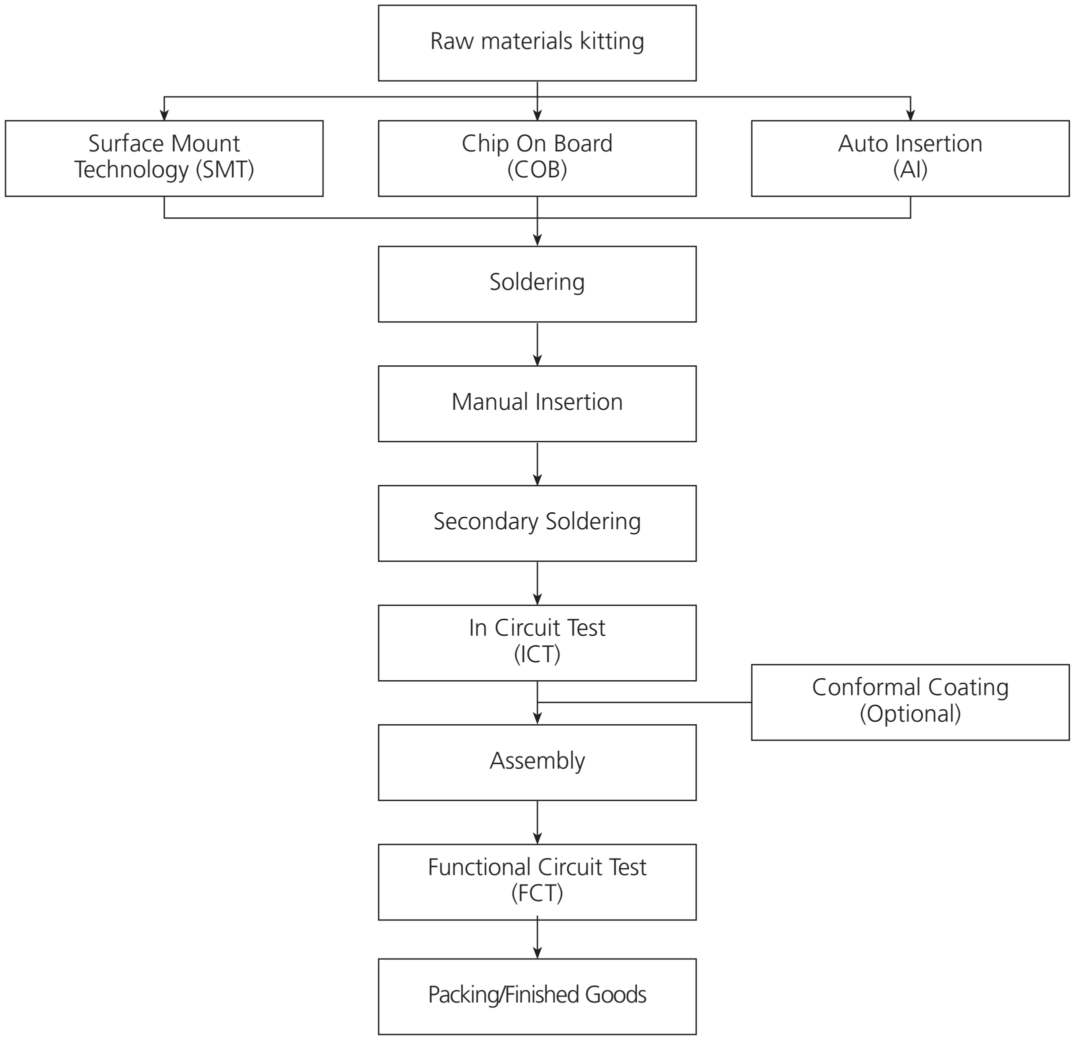
We are able to produce products that comply with the "EC-Directive on the Restrictions of the use of Certain Hazardous Substances 2002/95/EC" ("RoHS"), and have in the past manufactured RoHS compliant products for our customers for export to Europe. RoHS compliant products are products which must not contain lead, mercury, cadmium or other hazardous substances. For further details, see "Business — Environment, Health and Safety Matters".

Our production has been interrupted on several occasions by power outages. We maintain power conservation or back-up generating devices to cope with any electricity shortage. See "Risk Factors — Our production facilities depend on an adequate supply of electricity" for further details.

PRODUCTION PROCESS

We design and produce a prototype of each of our products for customer inspection, based on such customer's specifications and requirements. Thereafter, we conduct pilot runs of our production process for the product. Our prototype approval system and pilot runs increase the likelihood that a reasonable production yield rate can be achieved prior to commencing mass production. We typically perform production tests to help ensure our ability to manufacture a product and to evaluate and improve our production yield and process technologies. After we have received final customer approval of the prototype from our pilot runs, we assess the level of manpower, equipment, tooling and fixture capacity, raw materials and components required for our production process and organize our production schedule. After we have obtained the required raw materials and components or have manufactured them in-house, we commence production based on the prototype, product specifications and packaging approved by our customers. As a general rule, we subject our products to quality inspections and performance testing at each stage of assembly.

Set out below is an illustration of our standard production process of our key products:



The production process from raw materials kitting to production of finished goods takes on average approximately three to six days to complete.

PRICING

We generally price our non-branded products on an order-by-order basis taking into account the costs involved in manufacturing these products, and with reference to market prices. The prices for some of our non-branded products are, to a large extent, directly influenced by market prices. Our price quotations incorporate an amount to cover materials costs, which we base closely on current prices of raw materials as quoted to us by our suppliers, plus a "value-added" amount to reflect our expected profit margin, cost of labor, pre-manufacturing costs, research and development expenses, equipment usage, manufacturing overheads, selling and administrative costs, finance costs and other expenses. We usually review these estimated costs on a regular basis with our customers in order to reflect changing market and operational conditions. Our ability to offer competitive prices is one of the important factors in securing orders from our customers.

With respect to our branded products, we determine pricing based on their production cost, our expected profit margin, competition, our desire to gain market share in the relevant markets and the type of products.

RAW MATERIALS AND COMPONENTS

Raw materials and components costs comprise the largest portion of our cost of goods sold. There are five key raw materials and components used in the manufacturing of our products: plastic parts, PCBs, MCUs, ICs and LEDs. Our product mix changes over time, as required production volumes change and as new products are introduced into the production cycle and manufacturing of other products is discontinued. As a result, the volume of raw materials and components used might vary from time to time. For the year ended March 31, 2006, our major raw materials and components, plastics, PCBs, MCUs, ICs and LEDs, comprised approximately 8.9%, 7.1%, 5.7%, 3.7% and 2.7%, respectively, of our total cost of sales.

Our suppliers include manufacturers in the U.S., Europe, Japan, Hong Kong and the PRC. Generally, purchases of components and raw materials from our third party suppliers are based on purchase agreements and purchase orders that we issue from time to time. Our purchases are mainly made in HK dollars and U.S. dollars. We settle our purchases mainly by way of cash on delivery or open account with 30 days to 60 days credit term. We generally purchase raw materials and components when we receive the orders from our customers in order to minimize the risk associated with surplus inventory, and also diversify our supply sources, as a safeguard against potential supply disruptions. Occasionally, we purchase raw materials and components based on our customers' rolling forecasts. In the past, we have not experienced any material shortage of raw materials or components. However, if we are unable to obtain raw materials or components in a timely manner, our production schedule could be delayed and we may lose customers.

For the three years ended March 31, 2004, 2005 and 2006, our largest supplier accounted for approximately 5.3%, 4.7% and 4.3%, respectively, and our five largest suppliers together accounted for approximately 18.8%, 18.4% and 16.2%, respectively, of our total raw materials and components purchase costs.

For the year ended March 31, 2004, PD Trading was one of our five largest suppliers. PD Trading is a company in which Ms. Leung Yee Li, Lana, has an indirect 31.84% stake and Ms. Leung Yee Li, Lana was as at the date of this prospectus our second largest shareholder and, upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), one of our substantial shareholders. For further information, please refer to the "Substantial Shareholders" section for further details of Ms. Leung Yee Li, Lana's shareholdings. For the year ended March 31, 2004, purchases from PD Trading accounted for approximately 5.3% of our total raw materials and components purchase costs. Other than PD Trading, the remaining four of our five largest suppliers for the year ended March 31, 2004 were independent third parties and our top five suppliers for the years ended March 31, 2005 and 2006 were independent third parties. Save as disclosed above, none of our Directors or the chief executive officer (or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or any of our subsidiaries or any of their respective associates) had any interest in any of our five largest suppliers during the past three years.

QUALITY ASSURANCE

We are committed to maintaining and improving quality standards, and have implemented policies and procedures to achieve this, principally, with regard to quality assurance checks. We establish quality assurance standards for individual customers and evaluate such standards on a continuous basis.

Specifically, we carry out both incoming and outgoing quality assurance checks at various stages in our production processes to help ensure that our products meet the expectations of our customers and have a low defect rate. Our quality assurance procedures are carried out at three stages of the manufacturing processes:

Incoming quality assurance

We conduct our incoming quality assurance inspection through random sample checking upon delivery. In general, raw materials or components that do not meet our quality standards and requirements are returned to the supplier for replacement or refund. In addition, we require our suppliers to maintain certification for, and conduct periodic inspection of, their factories and production facilities.

In-process quality assurance inspection

We maintain in-process quality assurance inspection at various control points within the manufacturing process. We provide quality assurance training to our production line employees and perform visual inspection and testing to help ensure compliance with product standards and specifications requested by our customers.

Outgoing quality assurance inspection

All of the finished products will be subject to checking and performance tests before its delivery to our customers. Products which do not meet our quality standards will be returned to our manufacturing facilities for remediation, and when remedied, are subject again to the same inspection and performance testing.

In order to meet the high quality standards of our customers and to help minimize our warranty costs, we have an in-house laboratory for carrying out product safety and reliability tests, including relevant tests and checks on temperature, humidity, vibration, chemical and electromagnetic compatibility which are factors normally affecting the safety or reliability of our products.

We have not experienced any significant recalls, reworks or repairs from our customers for the three years ended March 31, 2004, 2005 and 2006. The average failure return rate for our products from our customers during such period was approximately 0.37%, 0.15% and 0.28%, respectively. We believe the level of defects in our products is relatively low and conforms to generally accepted industry standards and quality parameters established by our customers.

We have met the various requirements set by some of our non-branded product customers to be their qualified supplier. In particular, we were awarded the "Lead Supplier" Award by General Electric and the "Green Partner" Award by Sony Corporation in 2005.

In recognition of our quality assurance systems, we have received a number of quality certifications and certain awards that are relevant to our operations, including:

- QS-9000:1998: We obtained this certification in 2000.
- ISO 9001:2000: We obtained this certification in 2002.
- ISO 14001:2004: We obtained this certification in 2002.
- ISO 13485:2003: We obtained this certification in 2003 — ISO 13485:2003 is the certification of an internally recognized standard for a quality management system specific to medical devices.
- 2001 Hong Kong Award for Industry: Quality: We received the award from the Trade and Industry Department of Hong Kong SAR government in 2001.

SALES AND MARKETING

We have our own sales and marketing team. Our sales and marketing efforts are conducted through our offices in Chicago, Louisville, the United Kingdom and Hong Kong. The offices in Chicago and Louisville coordinate the sales, marketing and distribution of our products in the U.S., Canada and Mexico while the sales office in the United Kingdom and the sales presence in Germany cover the sales of our "Salus" brand. Sales in Asia and the European Union are made through our sales office in Hong Kong. We also second our sales staff to the offices of certain of our major non-branded product customers for pre-sales and after-sales support. As at the Latest Practicable Date, we had 66 full-time employees and 11 sales staff employed at the Processing Factories responsible for sales and marketing. We plan to recruit additional specialist engineers and program and account managers to support our sales operations in Europe and Hong Kong, respectively.

The geographic breakdown, by shipment destination, of our net sales for the periods indicated is as set forth below:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Segment revenue:			
Sales to external customers:			
The Americas	702,890	1,184,479	1,419,315
Europe	140,998	307,948	301,379
Asia	228,433	252,462	133,212
Other regions	23,406	31,205	54,569
Total	1,095,727	1,776,094	1,908,475

During the Track Record Period, our sales and marketing efforts were primarily focused in the Americas and Europe, which amounted for approximately 74.4% and 15.8%, respectively, of our turnover for the year ended March 31, 2006. We plan to increase our sales and marketing efforts in Asia.

Our sales and marketing team maintains and builds relationships with our key customers and is proactive in providing design, research, product expertise and supply chain and after-sale support to our customers.

Sales and marketing strategy

Our sales and marketing efforts are organized to fulfil our overall strategic objectives. Our sales and marketing team works to raise our profile and position us as an end-to-end solutions provider with expertise in control, design and engineering technologies, and supply chain services ranging from material sourcing to manufacturing, packaging, distribution and after-sale support. Through our direct sales force and third-party agents and distributors, we seek to identify and assess existing or potential market opportunities. Meanwhile, our sales personnel work closely with our customers, our technical support and our research and development team both to develop new products and to obtain new customers.

Our sales are generally either on credit term ranging from 30 days to 90 days or payable on delivery depending on our relationship with the customers. For the three years ended March 31, 2004, 2005 and 2006, we did not experience any significant bad debts.

Direct sales

We sell our non-branded products to customers in Asia, Europe, and the Americas principally through direct sales. We also sell a number of our branded products directly to some of our key customers in U.S., Canada and Europe. Our sales and marketing efforts are targeted at a selected group of customers identified through market research. Both sales and marketing and research and development personnel work closely together to help ensure that we have a full understanding of the technical requirements and sales objectives of our customers.

Our direct sales are mainly denominated in U.S. dollars and are generally paid by either cash on delivery or open accounts with a credit period ranging from 30 days to 90 days.

Third party agents/representatives

For certain countries, we also sell our non-branded products through third-party agents or representatives who are generally appointed by us on a commission basis. These agents or representatives perform a useful role in identifying business and market opportunities, business networking, organizing logistics such as product shipments, thereby enabling us to deploy our resources to concentrate on product development, branding and cultivating our relationships with our existing and potential customers.

Our sales through third party agents/representatives are mainly denominated in U.S. dollars and are made on credit. The credit term offered by us generally ranges from 30 days to 75 days.

Third party distributors and wholesalers

A small portion of our non-branded products and a significant volume of our branded products are sold through independent third party distributors and wholesalers. We sell our products directly to distributors and wholesalers, and they are treated as our customers for the purposes of these sales. Our sales through third party distributors or wholesalers do not directly compete with our sales through direct sales channels or third-party agents because they target a different group of customers and we sell them different lines of products.

For our branded products, our distributors are normally appointed to serve specific geographical areas for a fixed term and in certain cases, we have the right to renew the contract for an additional term provided the sales target is met. Our distributors are typically required to meet certain sales target and we reserve the right to terminate the distributorship agreement if those targets are not met. For some products, we impose minimum order quantity.

Under our contracts with our wholesalers, the wholesalers are normally liable to pay the charges for transport, packaging and insurance. In case of defective product, we typically agree to refund the price of the product or replace it free of charge. Unlike our direct sales to our customers, we are not required to maintain certification for our production facilities.

Our sales through third party distributors and wholesalers are mainly denominated in U.S. dollars and are generally paid by cash on delivery or open accounts with a credit period ranging from 30 days to 60 days.

For the three years ended March 31, 2004, 2005 and 2006, direct sales accounted for approximately 92.8%, 94.2% and 94.2%, respectively, of our turnover, sales through third party agents accounted for approximately 2.9%, 4.8% and 4.6%, respectively, of our turnover, and sales to third party distributors and wholesalers accounted for approximately 4.3%, 1.0% and 1.2%, respectively, of our turnover. All of our sales to our top five customers for the year ended March 31, 2006 were made through direct sales.

COMPETITION

The design and manufacturing industry for control devices is highly competitive. We compete with different companies, depending on the type of service or geographical area. Some of our competitors have substantially greater manufacturing, financial, research and development and marketing resources and geographical reach than us. While we do not believe that we compete with any one company in every sector in which we operate, we compete with certain appliance manufacturers with in-house controls manufacturing expertise and other controls manufacturers for the appliance control industry; specialists in climate and home controls for the building and home control industry; certain manufacturers of healthcare, infotainment and controls devices for the commercial and industrial control industry; and other brand-name thermostats and valve manufacturers in the sales of our branded products.

The principal bases of competition in the controls manufacturing markets include product offerings and quality; geographical location and coverage; technological capabilities; pricing; reliability in meeting product delivery schedules; and flexibility and timeliness in responding to design and schedule changes.

To maintain competitiveness, we seek to continue to provide technologically advanced design and manufacturing capability, maintain quality levels, offer flexible and reliable delivery and provide competitive pricing.

INTELLECTUAL PROPERTY

We rely on a combination of patents, copyrights, trade secret laws and trademarks, as well as non-disclosure agreements, internal security systems and various other methods, to protect our intellectual property. There can be no assurance that any patent or related rights will be upheld in the future or that we will be able to preserve any of our other intellectual property rights. However, we generally seek patent protection on any new inventions, product improvements or technology developed by us. Although we make every effort in protecting our products, processes and technologies including restricting our staff's access to, and prohibiting employees of the Processing Factories from accessing, our proprietary information and our information and technology systems and network which hold proprietary data, misappropriation may still occur.

As at March 31, 2006, we had 14 trademarks, one patent, applications pending for six other trademarks and a number of pending patent applications. Other than the exclusive license to use the "Wayfinder" and "One For All" brands under agreed terms and conditions, we currently do not have any license agreement with any other party to use any technology or know-how in our manufacturing process. Further details of our intellectual property rights are set out in "Intellectual Property of the Group", attached as Appendix V to this prospectus. We have implemented an employee incentive plan which provides monetary rewards to employees with ideas that are capable of being patented in each of the product design, technologies, process control and management system areas.

Our employees are required to sign an employment agreement which prohibits the disclosure of any of our proprietary technologies and also require our technical personnel to assign to us any inventions they develop that are related to our business.

We have registered trademarks for "Computime" in seven countries and are applying for registration of the same trademark in three other countries.

ENVIRONMENT, HEALTH AND SAFETY MATTERS

Our production process generates liquid waste, waste water and other industrial waste at various stages of the manufacturing process. We have installed various equipment in our facilities to reduce and treat the waste generated in our manufacturing process. In 2005, we obtained Sony's "Green Partner" certificate in recognition of our efforts to prevent and help minimize hazardous environmental impact in our product development and manufacturing process. The production facilities that we own in Buji, as well as the Processing Factories that we use to manufacture some of our products, have all obtained ISO 14001 certification.

Our operations are subject to regulations and periodic monitoring by the Administration Supervisory of the National People's Congress in China and the relevant local government environmental protection authorities. In accordance with the Environmental Protection Law of PRC adopted by the Standing Committee of the National People's Congress on December 26, 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of each province, autonomous region and municipality may also set their own guidelines for the discharge of pollutants within their own province or district in the event that the national guidelines are inadequate.

Under the national guidelines, a company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public must implement environmental protection methods and procedures into their business operations. Compliance with such guidelines may be achieved by setting up a system of accountability within the company's business structure for environmental protection and adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures must be implemented simultaneously with the commencement of, and during the operation of, construction, production and other activities undertaken by a company. Any company or enterprise which discharges environmental pollutants must report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fee imposed for such discharge. A fee may also be imposed on a company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalized. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalized or have their business operation terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate for any losses or damages suffered as a result of such environmental pollution.

To our best knowledge, we have complied with the applicable laws and regulations on environmental protection in all material respects and was not in breach of such laws and regulations during the Track Record Period. As at the Latest Practicable Date, we had not been subject to any material fines or legal action involving non-compliance with any relevant environmental regulations. We are not currently aware of any threatened or pending action by any environmental regulatory authority in any of the jurisdictions where we operate.

In addition to environmental regulations in the PRC, we must comply with certain international environmental regulations and standards applicable to our customers and their products. In particular, our products which are exported to the European Union must be fully compliant with the European Union's directive on the RoHS, by no later than July 1, 2006. As at the Latest Practicable Date, all of our products which are exported to the European Union have met the requirement under RoHS that they not contain lead, mercury, cadmium or other hazardous substances. We do not expect any difficulties in complying with the RoHS directive in the future.

REAL PROPERTY

As at the date of this prospectus, we leased approximately 60,000 square meters in the PRC for production, office, storage, research and development, and other commercial purposes. We also lease properties in Hong Kong, the United Kingdom, and the U.S. for our research and development facilities, as well as for our office and other commercial purposes. We currently own a warehouse located in Hong Kong, with an area of approximately 1,500 square meters, which we use for storage for raw materials and finished goods. On September 15, 2006, we entered into a provisional sale and purchase agreement with an independent third party for the sale of this warehouse at an aggregate consideration of HK$18,500,000. We expect this sale to complete in March 2007. Except for the warehouse located in Hong Kong, all of our production facilities are leased from third parties.

Our property valuer, Sallmanns (Far East) Limited, has confirmed that the rental payments agreed to be made by us for our leased properties in the PRC were in line with the then prevailing market rates. Our manufacturing processes do not require unique design or conditions for the properties to be used for our production facilities. In addition, the equipment and machinery used in our production facilities are not fixtures and can be relocated. We do not believe it would be difficult for us to relocate to other comparable properties in Shenzhen to carry on our production at comparable rental rates, should the need ever arise.

Factory No. 3, Dormitory No. 7 and Factory No. 2B of Bantian Processing Factory, which are leased to the Bantian Processing Factory, have been mortgaged to a bank. The bank has acknowledged the tenancy agreement in connection with Factory No. 3, Dormitory No. 7 and Factory No. 2B. Our PRC legal advisors have confirmed that the tenancy agreement is valid, legally binding and enforceable and if the mortgage is enforced and the property is transferred, the transferee shall be bound by the tenancy agreement.

INSURANCE

We maintain various insurance policies including:

- employees' compensation insurance for our staff
- property all risk insurance for our assets in Hong Kong and the PRC including machinery and stock
- public liability insurance in Hong Kong to insure against losses related to accidental bodily injury to any person and accidental loss of, or accidental damage to, property in connection with our trade
- public liability insurance in Shenzhen, the PRC to insure against losses related to accidental bodily injury to any person and accidental loss of, or accidental damage to, property in connection with our trade
- product liability insurance in the world to insure against losses related to bodily injury or property damage arising out of our products which are distributed or sold in the regular course of the business of the vendors specified therein, except for the United States and Canada, where the insurance only covers products exported into their countries
- export credit insurance to insure against the insolvency risk of our customers and legal and political risk of our customers' country

We maintain product liability insurance up to such value which we consider customary for our industry and our products. To control our product liability risk, we place significant emphasis on quality assurance. We did not receive any product liability or third party liability claims from our customers or any other third parties in the past.

Overall, we consider that our insurance policy specifications and insured limits are in line with the normal commercial practice in the industry and that we have maintained adequate insurance to the extent a prudent business man would have taken. We are currently defending the alleged claims from Hunter Fan Company. However, to the extent that Hunter Fan Company is successful in their claims against us, we will seek cover from our insurers and to the extent that such cover is not available, SPGL, being our controlling shareholder (within the meaning of the Listing Rules) and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, have agreed to indemnify the Group on demand in respect of any losses or claims which the Group suffers in relation to the claims of Hunter Fan Company.

HUMAN RESOURCES

As at the Latest Practicable Date, we had approximately 4,550 permanent full-time employees worldwide. In addition, as at the same date, Shenzhen Sino, the operator of the Processing Factories, employed 899 and 3,532 workers and staff at the Bantian Processing Factory and the Meilin Processing Factory respectively, all of which were employed in connection with the manufacture of our products. The following tables show the breakdown of our employees by geographical areas and functions as at the Latest Practicable Date:

Geographical areas	Number of permanent employees
Hong Kong and China	4,527
United States	17
Europe	6
	4,550

Functions	Number of permanent employees	Number of staff employed at the Processing Factories
General management	17	—
Sales and marketing	66	11
Research and development	35	—
Engineering	84	41
Design reliability engineering	47	59
Production	3,776	3,806
Supply chain management	242	175
Quality assurance	158	232
Finance	29	20
Human resource and administration	53	66
Information technology and system administration	43	21
	4,550	4,431

None of our employees are unionized. We believe our employee relations are satisfactory in general. We believe that our management policies, working environment and the employee development opportunities and benefits extended to employees have contributed to building a good employee relations and employee retention. We provide additional benefits to our employees, such as subsidized accommodation and meals for our workers at the production facilities at Buji, accident and medical insurance. We organize regular recreational activities for our employees and we have in the past presented cash, prizes, or gifts in kind to employees on special occasions.

On October 6, 2004, the processing factory under the Previous Processing Arrangement experienced a labor strike. Newspaper articles reported that our then processing agent, Shenzhen Meizhi Industry Co., was in breach of applicable labor laws in China for, among other items, failing to pay its workers wages that were not less than the statutory minimum, not entering into employment contracts on terms that complied with Chinese law, not providing certain of its employees with social insurance benefits and for requiring its employees to work hours that were considered excessive under Chinese law. As a result of these reported breaches, Shenzhen Meizhi Industry Co. was reportedly fined approximately RMB1.96 million. In connection with the labor strike, we were not aware of any of our employees being involved in or found guilty of the breach associated with the Shenzhen Meizhi Industry Co. The processing agreement in relation to the Previous Processing Arrangement expired on December 31, 2004. The Group did not assume any legal liabilities or incur any material loss as a result of the breach committed by Shenzhen Meizhi Industry Co. We have since entered into the Meilin Processing Arrangement with Shenzhen Sino, and we are now more actively involved in the management and operation of the Processing Factories. The Company has put in place procedures to avoid occurrence of similar breaches including monitoring the management and operations, and providing training to the workers and staff at the Processing Factories and reviewing policies relating to human resource. To the best of our knowledge, Shenzhen Sino is a company independent from Shenzhen Meizhi Industry Co. Since our production process, to a large extent, is dependent on manual labor, any strikes or work stoppages will adversely affect our business and financial results. See "Risk Factors — We reply on the manufacturing support provided by the Processing Factories. Any failure or interruption in the business of the Processing Factories will adversely affect our results of operations" for further details.

We provide training programs for our employees to equip them with the skills and knowledge relevant to their work. This is done through various internal and external training courses as well as overseas technical training programs. We have also implemented programs to recognize employees' efforts to achieve customer satisfaction and our quality goals.

As required by PRC regulations, we participate in the social insurance schemes operated by the relevant local government authorities. We also maintain the mandatory pension contribution plan, medical and work-related insurance schemes for our workers in China. We also participate in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, the United States and Europe. To our best knowledge, we have complied with the applicable employment laws and regulations in China, Hong Kong, the United States and Europe in all material respects and were not in breach of such laws and regulations during the Track Record Period.

LEGAL PROCEEDINGS

In June 2006, Hunter Fan Company, a significant customer for our commercial and industrial controls products and one of our five largest customers for the years ended March 31, 2004 and March 31, 2005, requested that we indemnify it against liability it may incur in connection with a product liability claim brought by an insurance company that has paid certain amounts to its insured for property damage suffered as a result of a fire caused by a thermostat purchased from Hunter Fan Company. An expert report commissioned by such insurance company suggested that the fire was caused by a faulty controls device, which was supplied by us to Hunter Fan Company. We expect our liability not to exceed US$20,000 in connection with this incident, and we expect that such liability will be covered by our insurer, but to the extent it is not, Mr. Auyang Ho, Mr. Augang Pak Hong, Bernard and SPGL have agreed to indemnify us on demand for any such liability. We are investigating this claim and have not accepted liability. We cannot assure you that we will not experience additional product liability losses in the future, whether from our customers or third party consumers, or that to the extent our products are defective, we will not incur significant costs in connection with any product recall. See "Risk Factors — We may be adversely affected by product liability exposure claims" for further details.

Except as described above, we are not aware of any pending or threatened litigation or other proceeding that may, and are not involved in any litigation or other proceedings the outcome of which we believe might, individually or taken as a whole, materially adversely affect our operations or financial condition and save for the isolated incidence described above, we are not aware of any other claims or litigation caused by our products being defective during our previous three financial years.

CONNECTED TRANSACTIONS

During the Track Record Period and thereafter, we have conducted transactions with persons who upon Listing will constitute our connected persons under the Listing Rules. Upon Listing, our transactions with such connected persons will be subject to the connected transaction requirements of Chapter 14A of the Listing Rules.

Continuing connected transactions which are subject to reporting and announcement requirements

Financial Assistance to Salus Technologies GmbH

During the Track Record Period, we have made advances to Salus Technologies GmbH, one of our non-wholly-owned subsidiaries, to fund its operations. The advances were made as part of the term of initial investment in Salus Technologies GmbH as we are required to provide resources to fund the growth of Salus Technologies GmbH whilst the other shareholder is given an equity stake as incentive to properly run the business of Salus Technologies GmbH. Salus Technologies GmbH is owned as to 55% by us and as to 45% by D-Secour European Safety Products GmbH which in turn is owned as to 75% by Mr. Bernd Luckey, a director of Salus Technologies GmbH. As a result of the 45% interest held by D-Secour European Safety Products GmbH, a company controlled by a director of Salus Technologies GmbH who is our connected person, Salus Technologies GmbH is also our connected person.

During the Track Record Period, the aggregate value of the financial assistance given to Salus Technologies GmbH was as follows:

	as at March 31, 2004	as at March 31, 2005	as at March 31, 2006
	HK$'000	HK$'000	HK$'000
Principal amount of total advances made to Salus Technologies GmbH	—	368	1,479

As Salus Technologies GmbH has only commenced its sales in March 2006 and is our subsidiary, we may be required to continue to fund the operations of Salus Technologies GmbH. We have, on September 18, 2006, entered into a facility agreement with Salus Technologies GmbH pursuant to which, the terms of the outstanding advances (the "Salus GmbH Advances") as at September 15, 2006 in the principal sum of HK$2,063,000 were formalized. The Salus GmbH Advances together with all outstanding interest are repayable on or before March 31, 2009.

In addition, we have, under the facility agreement, granted to Salus Technologies GmbH an additional loan facility of up to a principal amount of HK$12,000,000 (including the Salus GmbH Advances) for the period from September 18, 2006 up to March 31, 2009. The Salus GmbH Advances and the facility granted to Salus Technologies GmbH will accrue interest at 1% over the best lending rate of Hong Kong dollar as quoted by The Hongkong and Shanghai Banking Corporation Ltd. per annum. As the interest rate imposed on the Salus GmbH Advances exceeds our average cost of borrowing, the Directors consider that the terms of the facility and the Salus GmbH Advances to be on normal commercial terms and are fair and reasonable so far as we are concerned and are in the interests of our Company and our shareholders as a whole.

Transactions with Kingdom Fine Metal Limited and CK Technologies Company Limited

Kingdom Fine Metal Limited ("KFM") is a company which specializes in metal stamping, assembly and power coating, while our Group has special expertise in electronics products and assembly capabilities. Marcus-Plus International Ltd. (a company which is owned as to 60% by us and 40% by KFM) was established on the understanding that it would be the corporate vehicle through which KFM and our Group would undertake products which require a combination of such expertise. Marcus-Plus International Ltd. has a wholly-owned subsidiary, CK Technologies Company Limited ("CK Tech"). Mr. Sun Kwok Wah, Peter, a 52.9% owner of KFM, is also a director of CK Tech. Consequently, he is our connected person both by virtue of being a substantial shareholder of our non wholly-owned subsidiary (Marcus-Plus International Ltd. which wholly-owns CK Tech) and a director of CK Tech. CK Tech therefore is an associate of Mr. Sun Kwok Wah, Peter under the Listing Rules and our connected person. Transactions between (i) our Group and KFM and (ii) our Group and CK Tech constitute our connected transactions upon the listing of our Shares on the Stock Exchange.

During the Track Record Period, we have from time to time (i) purchased metal and related components from KFM and (ii) supplied electronic parts and provided assembly services to CK Tech. The provision of electronic parts and assembly services to CK Tech will be discontinued before Listing, however, we expect, depending on the requirements of our customers to continue to place orders for materials from KFM.

The aggregate purchases made by our Group during the Track Record were as follows:

	For the year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Total purchases of materials by us from KFM	885	2,263	2,813

In anticipation of our Listing, we have formalized the purchases arrangements described above under an agreement dated September 18, 2006 (the "KFM Agreement"), between Computime Limited and KFM whereby KFM agreed for a term of ending on March 31, 2009 that terms (including prices) upon which materials are provided shall be on terms which are no less favorable than those offered to or from third parties, having regard to nature, volume and types of materials required.

Compliance with Chapter 14A of the Listing Rules

We intend that the value of transactions with Salus Technologies GmbH and KFM under the facility agreement with Salus Technologies GmbH and the KFM Agreement will not exceed the following annual caps:

	For the year ended March 31,		
	2007	**2008**	**2009**
	HK$'000	**HK$'000**	**HK$'000**
Transactions which require independent shareholders' approval			
Financial assistance to Salus Technologies GmbH(1) ..	a facility in the principal amount of up to HK$12,000,000 for the period from September 18, 2006 to March 31, 2009		
KFM Agreement(2)	3,800	5,130	6,670

(1) The proposed annual caps for the financial assistance to Salus Technologies GmbH has been determined by reference to (i) the historical increase in funding requirements of Salus Technologies GmbH (which has increased by 300% from the year ended March 31, 2005 to the year ended March 31, 2006) and the projected funding requirements of Salus Technologies GmbH which is expected to double for each financial year; (ii) the rapid growth and development of Salus Technologies GmbH in its business, given the nature of Salus Technologies GmbH being a newly set up operation; and (iii) our experience in the business development of Salus Controls Plc.

(2) The cap for the year ended March 31, 2007 is based on a full year projection with reference to the actual purchases from KFM for the three months ended June 30, 2006 which amounted to approximately HK$906,000 with an approximate 5% buffer for price increase in materials. The caps for the years ended March 31, 2008 and March 31, 2009 were based on similar percentage increase (of approximately 35%) when comparing the 2007 cap against the historical purchases from KFM for the year ended March 31, 2006. In addition, all the proposed caps have a buffer for unexpected increases of material costs and orders.

The transactions contemplated under the facility agreement with Salus Technologies GmbH and the KFM Agreement constitute our continuing connected transactions which are subject to reporting and announcement requirements following the Listing. Such transactions are or will be entered into on normal commercial terms and on arm's length basis. The Directors are of the view that the respective annual caps under the above agreements are fair and reasonable.

Pursuant to Rule 14A.42(3) of the Listing Rules, we have applied for, and the Stock Exchange has agreed to grant a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules in respect of the transactions contemplated under the facility agreement with Salus Technologies GmbH and the KFM Purchase Agreement, provided that the annual caps stated above are not exceeded and we comply with the other requirements of Chapter 14A of the Listing Rules.

The Sponsor is of the view that the aforesaid non-exempt continuing connected transactions for which waiver has been granted by the Stock Exchange are on normal commercial terms and in the ordinary course of business of the Company, and that the terms of those continuing connected transactions and the proposed annual caps set out above are fair and reasonable and in the interests of the Company and shareholders as a whole.

Certain Connected Transactions Which Have Been or Will be Discontinued upon or Shortly Before Listing

During the Track Record Period and prior to Listing, there have been the following transactions which, had our Company been listed at the relevant times, would have constituted connected transactions which are subject to reporting, announcement and/or independent shareholders' approval requirements.

Group Insurance

During the Track Record Period, our Group maintained and paid the premiums in respect of Group insurance policies, including product liability, shipment and cargo, property, public liability insurance, employee compensation insurance which covered members of the Group as well as other companies owned by the substantial shareholders of the Group. However, the above insurance in respect of the non-Group companies will not be covered as part of our Group insurance policies after Listing.

PD Trading

We acquired 30% interest in Perception Digital Technology (BVI) Limited ("Perception Digital"), which held 100% interest in PD Trading in April, 2003 at the price of HK$15,600,000 as an investment. Subsequently, in December 2003, we acquired an additional 1.84% interest from independent third parties at HK$958,804. The investment opportunity was introduced through Ms. Leung Yee Li, Lana, our substantial shareholder. At that time, the board of Perception Digital had seven directors, among which, three directors were nominated by us. Our representatives to the board did not participate in the day-to-day management of Perception Digital or PD Trading. PD Trading continued to be operated and managed by its management (some of whom are shareholders). At the time, we were principally interested in developing a new line of products for our distribution network and believed that there could be some synergies derived from our manufacturing capabilities.

We produced MP3s and related products for PD Trading. PD Trading was engaged in the business of production of MP3 and related products and sourced flash memory used in the production of such MP3s for us, because they were capable of procuring them at a more favorable price. PD Trading sold MP3s to us and we on-sold those products through our distribution network. Accordingly, for the year ended March 31, 2004, PD Trading was one of our top five customers and suppliers. All the sales and purchases with PD Trading were conducted at arms length basis and on normal commercial terms. Subsequently in June, 2004, we determined that since production and sales of MP3 products are quite different from those for our core products, we should focus on our core strengths and product. As a result, we sold our entire interest in Pluto Resources Limited, the holding company of our interests in PD Trading, to Ms. Leung Yee Li, Lana at a consideration of HK$7.80 in June 2004 after taking into account the assets of Pluto Resources Limited (i.e. its 31.84% interest in Perception Digital Technology (BVI) Limited, the holding company of PD Trading) and the aggregate liabilities of Pluto Resources Limited of approximately HK$16,615,000 (including the financing provided by Computime Limited to Pluto Resources Limited to acquire the 31.84% interest in Perception Digital). Upon the sale of Pluto Resources Limited, the liabilities due by Pluto Resources Limited to Computime Limited have been fully repaid in January 2005. For an interim period after such sale, we continued our trading relationship with PD Trading. Such relationship has ceased since December, 2004.

As at the Latest Practicable Date, PD Trading was a company which was owned as to 31.84% indirectly by Ms. Leung Yee Li, Lana, our second largest shareholder as at the Latest Practicable Date, and upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), one of our substantial shareholders. We do not intend to enter into any further transactions with PD Trading in the future.

Transaction with Shenzhen Setec Pty Co. Ltd

We have sold raw materials and purchased finished goods from Shenzhen Setec Pty Co. Ltd., a company which was 60% owned by KFM, our connected person. These transactions have ceased since March 2005 and Shenzhen Setec Pty Co. Ltd. was liquidated in October 2005.

Financial assistance from connected persons

During the Track Record Period, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard as a group, our controlling shareholders, and Mr. Heung Lap Chi, Eugene, the spouse of Ms. Leung Yee Li, Lana, our substantial shareholder, provided guarantees in respect of certain banking facilities of the Group. Upon Listing, all such guarantees will be released.

Guarantees to secure the banking facilities of connected persons

During the Track Record Period, we have provided a guarantee to secure the banking facilities of Tracom (Asia) Limited, a company which is wholly-owned by Keen Step Corporation, a company owned as to 58.75% by Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard in aggregate and as to 31% by Ms. Leung Yee Li, Lana. However, such guarantee was released in November 2003. We do not intend to provide any further guarantees in favor of Tracom (Asia) Limited.

Trust Relating to Processing Arrangements

Our Processing Arrangements and the Previous Processing Arrangement were entered into by Mr. Auyang Ho, a director and Mr. Leung Man Cho, a former shareholder and director of Computime Limited (together in partnership trading as Hai Yen Partnership) and were held on trust initially for Computime Limited and subsequently for Computime Enterprises Limited free of charge. Such arrangement has been acknowledged and confirmed by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局). The benefits of the trust arrangement in respect of the Previous Processing Arrangement was transferred to Computime Enterprises Limited since the year 1992 and the profits resulting from such arrangement were recorded in the accounts of Computime Enterprises Limited.

Shenzhen Sino, Hai Yen Partnership and Computime Limited entered into supplemental agreements on August 22, 2006 to transfer the subsisting Processing Arrangements from Hai Yen Partnership to Computime Limited. The transfer of the Processing Arrangements was approved by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局) on August 23, 2006. Our PRC legal advisors, King & Wood, have confirmed that the approval from Shenzhen Bureau of Trading and Industry was lawful and that the Shenzhen Bureau of Trading and Industry was the appropriate government authority for issuing such approvals. In addition, our PRC legal advisors further confirmed that the transfer is effective. There are certain administrative procedures to be completed and our PRC legal advisors do not consider that there will be any legal impediments which would prevent us from completing such administrative procedures. The transfer of the Processing Arrangements is not expected to have any material impact on our operations.

Given the commercial, economic, legal, political and social environment of China on or about 1989, the Sponsor is of the view that the arrangements between Hai Yen Partnership and the Processing Factories were commercially sensible.

Computime Enterprises Limited and Mr. Auyang Ho and Mr. Leung Man Cho entered into a deed on August 29, 2006 to confirm the above arrangements and they have undertaken to Computime Enterprises Limited promptly to execute all documents as may be required by Computime Enterprises Limited to transfer to and vest in it (or such companies within our Group as Computime Enterprises Limited may direct) all the legal and beneficial rights in respect of the above processing arrangements. Under the deed, taking into account that Mr. Leung Man Cho has no longer participated in the operations of the Group since the end of 1994, the maximum liabilities of Mr. Leung Man Cho in connection with the deed was capped at HK$1,000,000. The deed does not provide for a cap over any liabilities borne by Mr. Auyang Ho in connection with the arrangement under the deed. Our PRC legal advisors have confirmed that at all material times, the above trust arrangement is not in breach of applicable PRC laws and that the deed will not violate PRC laws.

NON COMPETITION UNDERTAKING

None of Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard or SPGL are currently engaged or interested in any business (including their interests in our subsidiaries which were disposed of as part of the Reorganization) that competes or may compete with that of our Group.

For the protection of our Group, each of SPGL, being our controlling shareholder (within the meaning of the Listing Rules) and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, has given us an undertaking in our favor, that for so long as they collectively, or individually, remain our controlling shareholder (as defined in the Listing Rules from time to time) and our Shares remain listed on the Stock Exchange, each of them will not, whether as principal or agent, whether undertaken directly or indirectly (including through any associate, body corporate, partnership, joint venture or other contractual arrangement), carry on, engage, invest, participate or otherwise be interested in the product design, engineering, research and development, production, distribution and trading of control and automation devices and provision of solutions in respect of control and automation devices.

CERTAIN BUSINESSES OF MR. AUYANG HO, MR. AUYANG PAK HONG, BERNARD, MS. LEUNG YEE LI, LANA AND MR. WONG YING HO, KENNEDY

Set out below is a description of certain businesses of Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard, Ms. Leung Yee Li, Lana and Mr. Wong Ying Ho, Kennedy.

Mr. Auyang Ho

Mr. Auyang Ho is a controlling shareholder (through Keen Step Corporation, a company in which Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard are controlling shareholders with an aggregate 58.75% shareholding interest and in which Ms. Leung Yee Li, Lana has 31% shareholding interest) and a director of Tracom (Asia) Limited, a company engaged in the distribution of home appliances. The focus of Tracom (Asia) Limited is the distribution of home appliances but not in relation to controls, our core business focus.

Keen Step Corporation is an investment holding company and its sole business is to hold its interests in Tracom (Asia) Limited, Computime Electronic Inc., Computime Industrial Limited, Fullbest Worldwide Limited and its 6.6% interest in Virtual Ink Corporation.

Computime Electronic Inc., Computime Industrial Limited and Fullbest Worldwide Limited do not have any business operations.

Virtual Ink Corporation is a company engaged in the sale of electronic white board and has a different business focus to our core business in controls.

Mr. Auyang Ho is also an investor and a director of a company engaging in the pharmaceutical business in the United States.

Mr. Auyang Pak Hong, Bernard

Mr. Auyang Pak Hong, Bernard is a controlling shareholder of Tracom (Asia) Limited.

Ms. Leung Yee Li, Lana

Based on the information provided by Ms. Leung Yee Li, Lana, she is a passive investor with an interest of approximately 31.84% in Perception Digital and indirectly in PD Trading and does not have any directorship in PD Trading nor any management role in relation to the day-to-day operations of PD Trading. PD Trading is engaged in the technology development of MP3s and related products. The principal activities and development focus of PD Trading is not in relation to controls, our core business focus.

Ms. Leung Yee Li, Lana is also interested as a passive investor in 31% interest in Keen Step Corporation which in turn wholly owns Tracom (Asia) Limited.

Mr. Wong Ying Ho, Kennedy

Mr. Wong Ying Ho, Kennedy is an executive director of Raymond Industrial Limited. In addition, Mr. Wong Ying Ho, Kennedy has personal interest in 1,143,008 shares of Raymond Industrial Limited and has share options exerciseable into 2,607,000 shares in Raymond Industrial Limited, which in aggregate represents 4.27% interest of Raymond Industrial Limited (based on the annual report of Raymond Industrial Limited for the year ended December 31, 2005).

Based on publicly available information, the main business of Raymond Industrial Limited is the design and manufacture of electrical household products with an additional focus in the year 2006 on developing new environmental products in the consumer market and residential/commercial market. Raymond Industrial Limited is also engaging in cigarette paper business and is looking at other types of specialty paper products production. Raymond Industrial Limited operates under OEM agreements with major overseas customers in US, Canada, Europe and Japan. Their product categories include: (i) environmental products, (ii) battery, (iii) health and personal care products; and (iv) kitchen products and other small and medium sized electrical household appliances. The focus of Raymond Industrial Limited is not in relation to controls, our core business focus.

COMPETITION

As at the Latest Practicable Date, none of the Directors had any interests in business apart from our business which competed or may compete, directly or indirectly with our business pursuant to Rule 8.10(2) of the Listing Rules.

DIRECTORS

The following table provides information about our Directors and other senior management.

Name	Age	Position
Auyang Ho	75	Executive Director and chairman
Auyang Pak Hong, Bernard	38	Executive Director
Choi Po Yee, Alice	39	Executive Director
Wong Ying Ho, Kennedy	43	Non-executive Director
Kam Chi Chiu, Anthony	44	Non-executive Director
Patel, Arvind Amratlal	65	Non-executive Director
Luk Koon Hoo	55	Independent non-executive Director
Siewert, Patrick Thomas	50	Independent non-executive Director
Feniger, Steven Julien	47	Independent non-executive Director

DIRECTORS

Executive Directors

Auyang Ho, aged 75

Mr. Auyang is an executive Director and our chairman. He co-founded our 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 our Group, Mr. Auyang served as an assistant plant manager of the extrusion plant division for The Hong Kong Chiap Hua Manufacturing Co. from April 1965 to December 1970 and as project manager for International Containers Ltd. from January to September 1970. Under his leadership, our Group received the Chinese Manufacturers' Association of Hong Kong New Product Award in 1976. Mr. Auyang has been instrumental in spearheading our Group's expansion and has secured many key customers since the 1980s. He currently acts as advisor to our chief executive officer, chief operating officer and senior management and provides guidance on management issues.

Auyang Pak Hong, Bernard, aged 38

Mr. Auyang is an executive Director and our chief executive officer. He is a son of Mr. Auyang Ho. Mr. Auyang is responsible for developing and implementing our 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 our Group and gained the requisite experience for his present role. Mr. Auyang was a recipient of the Hong Kong Young Industrialist Award in 1999 and was named the Hong Kong Young Industrial Ambassador in 2003. Apart from his business interests, Mr. Auyang is also an active member of the community, holding posts including education chair of the Young President 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 and member of the Young Industrialist Council.

Choi Po Yee, Alice, aged 39

Ms. Choi is an executive Director and our chief operating officer. She is responsible for overseeing the entire operations and general management of our Group. Ms. Choi joined our Group in 2001 as the vice president of the corporate development and planning division. She served as our chief financial officer from

2003 to 2005 and became our chief operating officer and a director of our 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 and an associate of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, she worked for an international accounting firm and several listed companies in Hong Kong.

Non-executive Directors

Wong Ying Ho, Kennedy, aged 43

Mr. Wong is a non-executive Director. He and Mr. Kam Chi Chiu, Anthony, are brothers-in-law. Mr. Wong is a solicitor admitted in Hong Kong and also a China Appointed Attesting Officer. He was appointed as a national committee member of The Chinese People's Political Consultative Conference in January 2003. Mr. Wong is the executive deputy chairman of Raymond Industrial Limited, a company listed on the main board of the Stock Exchange. In addition, he currently serves as a non-executive director of Qin Jia Yuan Media Services Company Limited and also an independent non-executive director of China Overseas Land & Investment Limited and Goldlion Holdings Limited, all of which are listed on the main board of the Stock Exchange. Mr. Wong is also a director of International Financial Network Holdings Limited and Capinfo Company Limited, which are listed on GEM, and AXA Asia Pacific Holdings Limited, a company listed in Australia. Mr. Wong was an independent non-executive director of a company listed on GEM, North Asia Strategic Holdings Limited (formerly called iSteelAsia Holdings Limited), from August 2003 to August 2005. He was a non-executive director of Far Eastern Polychem Industries Limited which was listed on GEM and privatized in November 2005. Mr. Wong was appointed as a non-executive Director in 1995 and has since served on the Board.

Kam Chi Chiu, Anthony, aged 44

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

Patel, Arvind Amratlal, aged 65

Mr. Patel is a non-executive Director. He is recently retired with 40 years of experience with several U.S.-based public and private manufacturing companies. After earning his Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University of Baroda in India, Mr. Patel immigrated to United States to pursue further studies. He began his professional career with Culligan International in 1966. After working with certain smaller companies, he returned to a management position at Culligan International in 1971 while simultaneously earning his Master's degree in Business Administration from Loyola University of Chicago. He then joined Intermatic Incorporated, an international manufacturer of electrical and electronic products. During his 20 years at Intermatic Incorporated, Mr. Patel held several executive positions, including president and chief operating officer, until his retirement in 2005. In addition to the management positions, Mr. Patel was elected to the boards of Intermatic Incorporated and Intermatic-A.T.C., a manufacturing joint venture in China, from July 2000 until his retirement in December 2005. Mr. Patel was appointed as a non-executive Director in September 2006.

Independent non-executive Directors

Luk Koon Hoo, aged 55, *BBS, JP*

Mr. Luk is an independent non-executive Director. 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. 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 from Hang Seng Bank in May 2005. He was appointed personal assistant to deputy general manager and held that office from 1987 to 1989. His responsibilities at Hang Seng Bank over the years included, among other things, the improvement of the financial reporting and compliance systems and the corporate compliance systems of the bank, and ensuring related compliance, in addition to the typical responsibilities of a head of financial control. In the public sphere, Mr. Luk serves as a council member and the treasurer of The Chinese University of Hong Kong and as a member of the Barristers Disciplinary Tribunal Panel. He is a non-executive director of Wharf T & T Limited and AXA General Insurance Hong Kong Limited. 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 and the Personal Data (Privacy) Advisory Committee, the Central Policy Unit of the Hong Kong Government and the Statistics Advisory Board. He was an appointed member of the Hong Kong Legislative Council from October 1992 to September 1995, and also a member of the first Election Committee of the Legislative Council. He holds a Bachelor's degree in Statistics from the University of Hong Kong and a Master's degree in Business Administration from the Chinese University of Hong Kong. He is a fellow of the Hong Kong Institute of Bankers and Hong Kong Institute of Directors. Mr. Luk is a Non-official Justice of the Peace. Mr. Luk was appointed as an independent non-executive Director in January 2006.

Siewert, Patrick Thomas, aged 50

Mr. Siewert is an independent non-executive Director. 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 advisor for Coca-Cola International, where he previously held the position of president and chief operating officer for the East, South Asia & Pacific Rim Group from May 2005 to February 2006 and president for the East and South Asia Group from August 2001 to May 2005. Prior to joining Coca-Cola International, Mr. Siewert served as senior vice president for the Eastman Kodak Company, where he had worked since 1974, holding positions in sales management, marketing, finance, brand management, business planning and general management in various countries around the world. Mr. Siewert 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 serves as a director for the US-ASEAN Business Council, the US-Hong Kong Business Council and the Board of Governors of the American Chamber of Commerce in Hong Kong. He was a past director of the US China Business Council. 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 in September 2006.

Feniger, Steven Julien, aged 47

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

OTHER SENIOR MANAGEMENT

Li Ngai, aged 43, is our chief financial officer. He holds a Bachelor's degree, with specialization in Accounting and Finance, from the London School of Economics, the University of London and qualified as a chartered accountant while working at KPMG, London. He is also a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charter-holder. Mr. Li joined us in February 2006. He has over 18 years of experience in accounting, investment banking, financial control and management and has worked in publicly listed companies in Hong Kong and the corporate finance departments of major international investment banks. Mr. Li oversees our finance and accounting functions, and is responsible for our overall financial control and management.

Cox, Phillip John Stevens, aged 61, is the president of CT Global Inc., our wholly-owned subsidiary in the U.S. Mr. Cox joined us in 2001 and is responsible for the performance of our branded business, including One For All and Wayfinder, while providing strategic direction to our distribution and marketing business in North America and Europe. Mr. Cox obtained his Bachelor's degree from the University of New South Wales in 1966. Mr. Cox's business career cuts across a range of vertical sectors including industrial, commercial and consumer markets. He has experience in managing business units for companies in Asia.

Ha Wai Leung, aged 48, is the vice president of our research and development division. He is a chartered engineer and a member of the Institute of Measurement and Control as well as the Institute of Engineering and Technology, formerly the Institute of Electrical 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 Ltd. Mr. Ha holds 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 Hong Kong Polytechnic University.

Sham Ting Kee, aged 45, is the vice president of operations at the production facilities in Buji. He has been with us 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 our Group. Prior to joining us, he worked in WKK Technology Ltd. for eight years, concluding his tenure there as an assistant general manager. He has extensive experience in production, supervision and technical support of our control products. Mr. Sham graduated from Hong Kong Polytechnic University with a Higher Diploma in Production and Industrial Engineering in 1984.

Chan Chi Ming, aged 54, is the vice president of our appliance controls division. He joined us in July 2005 and is responsible for the overall management of the sales and management of our appliance control products. 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. Mr. Chan holds a Certificate in Executive Management from Stanford University and National University of Singapore and a Diploma in Management and a Certificate in Mechanical Engineering from Hong Kong Polytechnic University.

Li Chi Kin, Andrew, aged 49, is the vice president of our building and home controls division. He joined us in November 2005 and is responsible for the overall management of the sales and technology aspects of our building and home control products. Mr. Li has over 27 years of experience with electronic manufacturing service organizations. Prior to joining us, he held the position of senior director of business management in Jabil Circuits (GuangZhou) Limited, where he oversaw the operation and management of four manufacturing facilities in China. Before that, Mr. Li spent over 22 years with Wong's Electronics Co., Ltd. in Hong Kong, holding various positions in engineering, sales and marketing, and management, and was later promoted to the position of vice president of a strategic business unit responsible for managing a portfolio of customers. Mr. Li holds a Master's degree in Manufacturing Management from the Victoria University of Technology, Australia and a Higher Diploma in Electronic Engineering from Hong Kong Polytechnic University.

Yeung Tak Bun, aged 40, is the vice president of our commercial and industrial controls division. He joined us in October 2005 and is responsible for the overall management of the sales and management of our commercial and industrial control products. Mr. Yeung has 19 years of experience in engineering and marketing. He obtained a Bachelor's degree in Electrical Engineering from the University of Texas, a Master's degree in Electrical Engineering from Purdue University and an Executive Master's degree in Business Administration from the Hong Kong University of Science and Technology and Northwestern University in 1986, 1987 and 2001 respectively.

Li Po Wah, aged 56, is the vice president of operations at the Bantian Processing Factory and is responsible for the supervision of our plastic and packaging operation. Mr. Li has more than 30 years of experience in production and general management. Prior to joining us in 2002, he held various general manager positions in Evergo Electronic Ltd., Radofin Electronic (FE) Ltd., WKK Industry Co. Ltd., Kaifa Technology (HK) Ltd. and Beautiful Enterprise Ltd. Mr. Li obtained a Master's degree in Business Administration from Newport University in 1998 and completed the General and Operations Management training in National University of Singapore. Mr. Li has been nominated as an Ex-Officiate Executive Committee Member of SMTA China and vice president (training) of SMTA Hong Kong Chapter for the years 2006-2008.

Kum, Christopher Louis, aged 56, joined us as the vice president of supply base management in 2004. He built the global commodity management team, the materials and component engineering team, the supplier quality engineering and corporate logistics management team and is responsible for providing leadership and strategic direction in supply chain management for our business units and factories. Mr. Kum has more than 28 years of experience in supply chain management. Prior to joining us, he worked as the supply chain management director of Asia Pacific operations in Carrier International Corporation and site materials director of Solectron Technology Sdn. Bhd. in Malaysia.

Lam Shuk Yin, aged 42, is the general manager of corporate development and planning. Ms. Lam joined us in 1997 as marketing director and was promoted as general manager of the appliance controls division in 2004. She began handling our corporate programs including lean manufacturing and supply chain management in January 2006 and became our general manager of corporate development and planning in April 2006. Ms. Lam has more than 18 years of experience in manufacturing engineering, sales and marketing. She obtained a Master's degree in Business Administration from the University of Western Sydney in 2004.

Ho Wai Har, Esther, aged 42, joined us in 1998 and was appointed as our general manager of interactive technology in April 2006. She is responsible for the overall strategy and development of interactive technology. Prior to joining us, she worked as manager for sales and project management in WKK Technology Limited and as sales and marketing manager in one of the subsidiaries of China Aerospace International Holdings Limited. Ms. Ho graduated from the City Polytechnic of Hong Kong in 1988 with a Bachelor's degree in Business Studies and obtained a Master's degree in Business from University of Technology in 1993.

Tan Bak Chai, aged 43, is the general manager of operations of the appliance control division based in the Meilin Processing Factory. He joined us in May 2006 and is responsible for the overall management of the factory. Mr. Tan has more than 19 years of experience in engineering, marketing and sales and manufacturing operations. He held various key positions in multi-national companies including Pemstar and Jabil Circuit Sdn. Bhd. He obtained a Bachelor's degree in Mechanical Engineering from the University of Technology in Malaysia in 1986 and a Master's degree in Business Administration from the University of Macau in 1990.

COMPANY SECRETARY

Li Ngai is our company secretary. For details of Mr. Li's background, see "Directors and Senior Management — Other Senior Management".

QUALIFIED ACCOUNTANT

Li Ngai is our qualified accountant for the purposes of Rule 3.24 of the Listing Rules and works for the Company on a full-time basis. For details of Mr. Li's background, see "Directors and Senior Management — Other Senior Management".

BOARD PRACTICES

In the absence of extraordinary events, it is the practice of the Board to meet at least once every quarter. At such meetings, the Directors conduct, among other things, an operational review of our business.

RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, Computime Shenzhen is required to participate in a defined contribution retirement scheme administrated by the Shenzhen government. Companies participating in a defined contribution retirement scheme are required to contribute funds which are calculated on a certain percentage of the average employee salary as agreed with the Shenzhen government to the scheme to fund the retirement benefits of the employees. Our principal obligation with respect to the retirement benefits scheme is to make the required contributions under the scheme. The total contributions incurred in this connection for 2004, 2005 and 2006 was approximately HK$0.1 million, HK$5.2 million and HK$9.4 million, respectively. Computime (N.A.) Technology Center, Inc. maintains an individual retirement account or annuity plan for its employees. There was no other retirement benefits plan to which we had made contributions.

AUDIT COMMITTEE

We established our audit committee on September 15, 2006 with written terms of reference in compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The primary duties of our audit committee are to review and supervise our financial reporting process and internal control systems.

Our audit committee comprises three independent non-executive Directors, namely, Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien and two non-executive Directors, namely Mr. Kam Chi Chiu, Anthony and Mr. Patel, Arvind Amratlal. The chairman of our audit committee is Mr. Luk Koon Hoo.

REMUNERATION OF DIRECTORS

All Directors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred by them for providing services to the Company or in the execution of their duties. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, housing allowances, other allowances and benefits in kind in their capacity as employees of the Company.

Save as otherwise disclosed in this prospectus, none of the executive Directors in the office during the three years ended March 31, 2006 received any salaries, housing allowances, pension scheme contributions, other allowances and benefits in kind from the Company.

REMUNERATION COMMITTEE

We established our remuneration committee on September 15, 2006 with written terms of reference in compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The primary duties of our remuneration committee are to determine the salaries and compensation packages of our Directors and senior management personnel. Members of the remuneration committee include Mr. Auyang Ho, Ms. Choi Po Yee, Alice, Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien. Mr. Auyang Ho is the chairman of our remuneration committee.

NOMINATION COMMITTEE

We established our nomination committee on September 15, 2006. The primary duties of our nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee comprises three members, namely, Mr. Auyang Pak Hong, Bernard, Mr. Luk Koon Hoo and Mr. Siewert, Patrick Thomas. The chairman of our nomination committee is Mr. Auyang Pak Hong, Bernard.

TECHNOLOGY ADVISORY COMMITTEE

We formed our technology advisory committee in 2005. The technology advisory committee comprises Dr. Owyang King, Dr. Wong Ho Ching, Dr. Ho Kin Lim, John, Chris, Mr. Ha Wai Leung and Mr. Auyang Pak Hong, Bernard. Our technology advisory committee meets every six months to provide strategic directions for our research and development plans.

Dr. Owyang King is the chairman of our technology advisory committee. Dr. Owyang King graduated from Massachusetts Institute of Technology with a Bachelor's degree in Physics and a Doctorate degree in Materials Science. He is currently the president and chief executive officer of Vishay Siliconix, one of the largest manufacturers of discreet semi-conductors and passive components in the world. Dr. Owyang King and Mr. Auyang Ho, our executive Director and chairman, are brothers.

Dr. Wong Ho Ching, Chris is a director of the Industrial Centre at Hong Kong Polytechnic University. He is a fellow of the Hong Kong Institution of Engineering and Technology as well as the Hong Kong Institution of Engineers. He is also a fellow of the Institute of Industrial Engineers and the Institution of Production Engineers. He holds a Master's degree of Science in Engineering from the University of Hong Kong and a Doctorate degree in Management Engineering from Xi'an Jiao Tong University.

Dr. Ho Kin Lim, John, is an associate professor of the Manufacturing Engineering and Engineering Management Department at the City University of Hong Kong. He has been a chartered engineer since 1982 and is currently the chairman of the Institute of Measurement and Control (Hong Kong section) as well as a member of various professional engineering bodies. He holds a Bachelor's degree in Computer and Control Systems, a Master's degree in Control Engineering and a Doctorate degree in Computer Integrated Manufacturing Systems.

Mr. Auyang Pak Hong, Bernard is our executive Director and chief executive officer. For details of Mr. Auyang's background, please see "Directors and Senior Management — Directors".

Mr. Ha Wai Leung is a member of our senior management. For details of Mr. Ha's background, please see "Directors and Senior Management — Other Senior Management".

Dr. Owyang King, Dr. Wong Ho Ching, Chris and Dr. Ho Kin Lim, John are not members of the senior management or employees of our Group.

COMPLIANCE ADVISOR

The Company has appointed DBS Asia Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company pursuant to the requirements thereunder. DBS Asia Capital Limited has agreed to, inter alia, provide advice to the Company with due care and skill on a timely basis when consulted by the Company in the following circumstances:

(i) before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by the Company including share issues and share repurchases;

(iii) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

In addition, our compliance advisor will also provide, inter alia, the following services to the Company:

(a) if required by the Stock Exchange, deal with the Stock Exchange in respect of any or all matters listed in paragraphs (i) to (iv) above;

(b) in relation to an application by the Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise the Company on its obligations and in particular the requirement to appoint an independent financial advisor; and

(c) assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, to the extent the compliance advisor forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps such as training.

The term of the appointment will commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SHARE OPTION SCHEME

This scheme will be effective upon the Listing, and potential participants include directors and employees of any member of our Group, as well as certain other persons that the Board considers have contributed. Under this scheme, the maximum amount of options that may initially be granted cannot exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange (subject to such 10% limit being refreshed at a Shareholders' meeting, and the overall 30% on-going limit on all share option schemes as imposed by the Listing Rules). Options under this scheme may only be granted after Listing.

So far as our Directors were aware as at the Latest Practicable Date, immediately following completion of the Global Offering and the Capitalization Issue, assuming that the Over-allotment Option is not exercised and without taking account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme, the following persons will be directly or indirectly interested in 10% or more of the issued Shares:

Name	Number of Shares	% of voting power
Mr. Auyang Ho (Note 1)	352,500,000	44.06%
Ms. Leung Yee Li, Lana (Note 2)	186,000,000	23.25%

Note 1: These Shares are directly held by SPGL, whose issued share capital is owned as to 67.66% by Mr. Auyang Ho and 32.34% by Mr. Auyang Pak Hong, Bernard.

Note 2: These Shares are directly held by Crystalplaza Limited (as to 133,500,000 Shares) and Little Venice Limited (as to 52,500,000 Shares), both companies of which are wholly-owned by Ms. Leung Yee Li, Lana.

We are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

		HK$
Authorized share capital:		
5,000,000,000	Shares of HK$0.10 each	500,000,000
Issued share capital:		
400	Shares in issue as at the date of this prospectus	40
Shares to be issued:		
599,999,600	Shares to be issued pursuant to the Capitalization Issue	59,999,960
200,000,000	Shares to be issued pursuant to the Global Offering	20,000,000
Total:		
800,000,000	Shares	80,000,000

(1) Assumption

The table above assumes that the Global Offering becomes unconditional but does not take into account of any exercise of the Over-allotment Option. It also does not take into account any of the Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, or the general mandate referred to in paragraph (4) below or which may be repurchased by the Company under the mandate referred to in paragraph (5) below.

(2) Ranking

The Shares to be issued will rank equally with all Shares currently in issue or to be issued, and in particular will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

(3) Share Option Scheme

This scheme will be effective upon the Listing and potential participants include directors and employees of any member of the Group, as well as certain other persons which the Board considers have contributed. Under this scheme, the maximum amount of options that may initially be granted cannot exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange (subject to such 10% limit being refreshed at a Shareholders' meeting, and the overall 30% on-going limit on all share option schemes as imposed by the Stock Exchange Listing Rules). Options under this scheme may only be granted after Listing.

The principal terms of the Share Option Scheme are summarized in the section headed "Share Option Scheme" in Appendix V to this prospectus.

(4) General Mandate to Issue Shares

Conditional on the conditions as stated in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering," the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our shareholders) shall not exceed:

(a) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering; and

(b) the aggregate nominal value of the share capital of the Company repurchased by the Company (if any).

For the purposes of calculating 20% general mandate, the Shares that may be issued under the Over-allotment Option will be excluded when determining the issued share capital of the Company immediately following the completion of the Global Offering.

This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(iii) it is varied or revoked by an ordinary resolution of the Company's shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to "A. Further Information about the Company and its Subsidiaries — Written Resolutions of the sole Shareholder of the Company" in Appendix V to this prospectus.

(5) General Mandate to Repurchase Shares

Conditional on conditions as stated in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering", the Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognized by the SFC and the Stock Exchange for this purpose) with a total nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Global Offering. For the purposes of calculating 10% general mandate to repurchase Shares, the Shares that may be issued under the Over-allotment Option will be excluded when determining the issued share capital of the Company immediately following the completion of the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Purchase by the Company of its own securities" in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the Company's next annual general meeting;

(ii) the expiration of the period within which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(iii) it is varied or revoked by an ordinary resolution of the Company's shareholder in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to "A. Further Information about the Company and its Subsidiaries — Written Resolutions of the sole Shareholder of the Company" in Appendix V to this prospectus.

You should read this section in conjunction with our combined financial information, including the notes thereto, as set forth in the accountants' report in Appendix I to this prospectus. Our combined financial information was audited by Ernst & Young, Certified Public Accountants, Hong Kong, in accordance with the Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. We have prepared the combined financial information on the basis set out in Section 2 of Appendix I and under accounting principles generally accepted in Hong Kong, which differ in certain material aspects from generally accepted principles in other jurisdictions, including the United States.

The summary financial information covering the income statements, cash flow statements, balance sheets and material notes of significant associates will be included in our annual and periodic financial statements after listing.

This prospectus contains certain forward-looking statements relating to our plans, objectives, expectations and intentions, which involve risks and uncertainties. Our financial condition could differ materially from those discussed in this prospectus. For factors that could cause or contribute to such differences, please refer to the section entitled "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a leading Asia-based provider of electronic control and automation devices and solutions, with worldwide distribution and sales, principally in the Americas and Europe. We research, develop, design and manufacture standard and customized control devices, many of which incorporate advanced technologies such as wireless networking and alternative renewable energy capabilities. These devices are sold to brand name vendors and manufacturers of household appliances, consumer electronic products and health care devices, as well as to companies operating in the industrial controls and automotive controls industries.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on June 23, 2006. In preparation for the listing of the Shares on the Stock Exchange, we have undertaken the Reorganization. As part of the Reorganization, the Company became the holding company of our Group.

Please refer to the paragraphs headed "Changes in Share Capital of the Company" and "Reorganization" under the section headed "Further Information about the Company and its Subsidiaries" in Appendix V to this prospectus for further details regarding the steps for Reorganization.

The financial information, which is based on the audited financial statements or, where appropriate, the management accounts of the companies now comprising the Group, after making such adjustments as considered appropriate, include the combined results, the combined statements of changes in equity, the combined cash flow statements and the combined balance sheets of the companies now comprising the Group, as if the current Group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, whichever is a shorter period. All material intra-group transactions and balances have been eliminated on combination.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following factors have affected our past, and may affect our future, results of operations and our financial condition:

Sales volume

Our results of operations are directly affected by our sales volume, which in turn is a function of market demand and our production capacity. Market demand is in turn driven primarily by the demand for products and services of the types we offer and the demand for our customers' products. During the Track Record Period, our sales volume was significantly influenced by large increases or decreases in orders made by a few of our key customers.

Historically, we generated substantially all of our operating revenue from the sale of our non-branded products. The demand for our non-branded products is generally dependent upon, among other factors, global market demand for white and brown goods as well as new homes, which we believe are, in turn, driven primarily by the world economy. Our results are particularly influenced by social and economic conditions generally prevailing in the U.S. and Europe. In addition, over recent years, our customers in the white and brown goods industry have also increased their levels of outsourcing. As we provide a range of manufacturing services to meet the outsourcing needs of our customers, we believe the increase in the degree of outsourcing in the white and brown goods industry, especially by our key customers, has had and will continue to have a direct effect on our turnover.

We also recently began manufacturing and selling branded products for which we own or hold exclusive manufacturing licenses. While sales of branded products currently account for only a small portion of our operating revenue, we are seeking to increase our sales of branded products and expect that they will be a more important source of revenue for us going forward. We sell our branded products principally to retail and commercial distributors, and the demand for such products is generally dependent on, among other factors, global market demand for such products, the popularity of our products and the geographical scope of our distribution outlets.

During the last two financial years, our sales volume has been largely a function of our production capacity. Beginning in 2004, we increased our production capacity by outsourcing the manufacture of certain of our products and components to independent third party contractors in China. In October 2005, our production facility in Buji became fully operational. As a result, we were able to reduce the volume of our third party outsourcing in fiscal 2006. See "Business — Production Facilities" for further information regarding our production capability.

Economic downturns and declines in consumption in our major markets may affect the levels of sales. A decline in the level of consumption caused by the worsening of general economic conditions could adversely affect our results of operations. Our operating results are also affected by the level of business activity of our major customers, which in turn is affected by the level of economic activity in the industries and markets that they serve. A decline in the level of business activity of our customers caused by the worsening of the global economy could adversely affect our results of operations.

Product mix

Our operating results are also affected by our product mix. Our technology know-how and production facilities enable us to switch production of one product to another in a short period of time. Therefore we can adjust and take advantage of different market conditions to produce the products in highest demand. Presently our products comprise three separate reporting segments: building and home control products, appliance control products and commercial and industrial control products. During the Track Record Period, profit margins for our building and home control products and to a lesser extent our commercial and industrial control products, have generally been higher than those for our appliance control products.

The following table shows the sales to external customers and percentage of total sales for our three reporting segments.

	Year ended March 31,					
	2004		2005		2006	
	HK$ million	Percentage of Total Sales	HK$ million	Percentage of Total Sales	HK$ million	Percentage of Total Sales
Sales						
Building and home control products	635.1	58.0%	1,069.2	60.2%	1,046.6	54.9%
Appliance control products	267.6	24.4%	458.7	25.8%	582.8	30.5%
Commercial and industrial control products	193.0	17.6%	248.2	14.0%	279.1	14.6%
Total	1,095.7	100%	1,776.1	100%	1,908.5	100%

For our branded products, we sell directly to retail and commercial distributors, who in turn sell them to consumers, whereas for our non-branded products, our customers are predominantly manufacturers of white and brown goods and building contractors. Gross profit margins for our branded products tend to be higher than those for our non-branded products. However, the net profit margins for our branded products are lower than those for our non-branded products, as we are in the early stages of developing our branded products business and we are required to spend significant amounts to market such products. As the "Salus" brand gains market share and becomes more recognizable, we expect the net profit margins on our branded products to improve.

Pricing of our products

Market forces of supply and demand generally determine the pricing of our branded and non-branded products. During the three years ended March 31, 2006, the vast majority of our products were sold to customers in the U.S. and Europe. In addition, during the same period, sales of our branded products formed a relatively insignificant portion of our turnover, and for the years ended March 31, 2004, 2005 and 2006, such sales contributed to approximately 8.9%, 6.0% and 5.1%, respectively, of our turnover. While one of our strategies has been, and remains, the growth of sales in the branded products sector, sales of our branded products as a percentage of our total turnover declined from 2004 to 2005, as well as from 2005 to 2006. This decline was caused by a higher rate of increase in our total turnover compared to the rate in which sales of our branded products grew, and to a lesser extent due to slightly lower sales of our products under the "One For All" brand.

We generally price our products on an order-by-order basis taking into account the costs involved in manufacturing these products, and with reference to market prices. We have entered into renewable supply agreements with some of our major customers, which set out certain material terms (other than those relating to order volumes and pricing) that apply to orders placed by our customers with us. We sell our products and services for negotiated prices which are typically stated as a price per unit manufactured. Our price quotations incorporate an amount to cover materials costs, which are based closely on current prices of raw materials as quoted to us by our suppliers, plus a "value-added" amount to reflect our expected profit margin, cost of labor, pre-manufacturing costs, research and development expenses, equipment usage, manufacturing overheads, selling and administrative costs, finance costs and other expenses. Our ability to offer competitive prices is one of the important factors in securing orders from our customers.

To the extent our actual costs differ from our anticipated manufacturing costs, our realized margin may differ from what we anticipated. Our actual costs, and therefore profitability, may vary due to factors such as whether we can achieve our target yield performance and whether we can procure materials and input components at prices quoted to us by our suppliers. This pricing arrangement provides us with a profit incentive to maximize our efficiency and procurement power. On the other hand, if conditions are adverse, we may experience reduced margins in the short term. We believe that our pricing arrangements permit some risk sharing that is customary in our industry.

Production costs

Our costs of production principally comprise raw material costs, processing fees for the Bantian Processing Factory and the Meilin Processing Factory, wages and salaries, subcontracting charges, rent and utilities, and depreciation.

Raw materials costs

Raw materials constituted a majority of our costs of production for each of the past three years. The raw materials used in our production processes mainly consist of plastic, PCBs, MCUs, ICs and LEDs. For the year ended March 31, 2006, our major raw materials and components, plastics, PCBs, MCUs, ICs and LEDs, comprised 8.9%, 7.1%, 5.7%, 3.7% and 2.7%, respectively, of our total cost of sales. We have been able to meet all of our major raw materials requirements by sourcing them globally. We generally purchase raw materials and components when we receive the orders from our customers in order to mitigate the risk associated with surplus inventory, and also to diversify our supply sources. From time to time, we purchase raw materials and components based on our customers' rolling forecasts and in some cases where there is a longer lead time required to purchase the relevant materials or components, we have in the past placed orders with our suppliers prior to receiving an order for our products. In general, we have been able to pass on the majority of increases in raw materials costs to our customers.

Market prices for certain key raw materials such as plastics typically follow movements of oil prices. Fluctuations in raw materials prices have affected and are expected to continue to affect our results of operations.

Processing fees for the Bantian Processing Factory and the Meilin Processing Factory

We have, through the Hai Yen Partnership, entered into processing agreements with Shenzhen Sino pursuant to which it is required to process raw materials and components supplied by us for conversion into control devices and products. On August 22, 2006, Shenzhen Sino, Hai Yen Partnership and Computime Limited entered into agreements pursuant to which Hai Yen Partnership transferred its rights and obligations under its agreements with Shenzhen Sino to Computime Limited. The transfer of the Processing Arrangements was approved by the Shenzhen Bureau of Trading and Industry (深圳市貿易工業局) on August 23, 2006 and the transfer can be effected pending completion of the relevant administrative procedures. These processing agreements are in place at the Bantian Processing Factory and the Meilin Processing Factory. In return for the processing services, we pay Shenzhen Sino a monthly fee for each factory, a portion of which is calculated by reference to an agreed hourly rate and the total number of hours worked by the employees at such factory during the immediately preceding month, with the remaining portion representing our agreed liability with respect to certain expenses, including rental and utility expenses, as well as the profit margin of Shenzhen Sino. In our agreement with Shenzhen Sino, we have agreed that the applicable hourly rates used in calculating the processing fees we pay to Shenzhen Sino will in no event be less than HK$650 for each worker per month (in the case of the Bantian Processing Factory) and HK$700 for each worker per month (in the case of the Meilin Processing Factory). We agree on the applicable hourly rate with Shenzhen Sino on a case-by-case basis, depending on the type of product and the complexity of the production process. See "Business — Production Facilities — The processing arrangement" for further information.

Wages and salaries

Wages and salaries consist of amounts paid by us to our employees at the Buji production facilities, together with amounts paid to those head office staff whose primary responsibilities relate to either our operations in Buji or our processing arrangements at Meilin and Bantian.

Subcontracting charges

We have from time to time entered into subcontracting arrangements with third parties pursuant to which such third parties agreed to produce control devices and products and certain components for us. We generally utilize such arrangements only for deliveries during peak seasons, or when our own facilities and the factories operated by Shenzhen Sino are unable to produce the volume of products within the required timeframe. For each of the three years ended March 31, 2006, the aggregate amount made by us to third parties pursuant to subcontracting arrangements for the production of our products and certain components on our behalf, amounted to an insignificant portion of our total operating expenses.

Rent and utilities

We lease the premises for the Buji production facilities in China and also indirectly pay for the rent at the Processing Factories, as the fees we pay to Shenzhen Sino with respect to these two factories each incorporates a component representing the rent due to the relevant landlord. See also "Financial Information — Property Interests".

We purchase most of the electricity we require for our production from the local power grid in China, which is owned by the Chinese government and subject to mandated pricing. Accordingly, the cost of electricity is dependent on tariffs set by the Chinese government, instead of market forces of supply and demand. Our manufacturing process requires significant quantities of electricity. Our production has been interrupted on several occasions by power outages. See "Risk Factors — Our production facilities depend on an adequate supply of electricity."

Depreciation

Our depreciation expenses comprise a comparatively small proportion of our production costs. We believe that our careful design and procurement of necessary equipment and functions for our new production facilities has enabled us to operate efficiently with a relatively low asset base. We have, however, acquired more equipment and machineries over the past two years, as we made our capital injection in Computime Shenzhen by contributing equipment and machineries and are obligated to supply the equipment, machineries and raw materials to Shenzhen Sino under the processing agreements. Equipment and machineries provided by the Group to the Processing Factories are recorded in our financial statements as property, plant and equipment. Whilst the absolute value of our depreciation expenses will increase in the future, we believe that it will continue to remain a comparatively small component of our total production costs.

CRITICAL ACCOUNTING POLICIES

H.K. GAAP requires that we adopt accounting policies and make estimates that our Directors believe are most appropriate under the circumstances for the purposes of giving a true and fair view of our results of operations and financial condition. We have identified the policies below as critical to our business operations and the understanding of our financial condition and results of operations. The impact and any associated risks related to these policies on our business operations is discussed throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations" where such policies affect our reported and expected financial results. The preparation of our financial statements requires us to make difficult, complex and subjective judgments in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from outside sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items. The Group believes that the following critical accounting policies involve the most significant judgments and estimates used in the preparation of its combined financial statements.

Revenue recognition

Our management has determined that revenue is recognized 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 sales of goods, when the significant risks and rewards of ownership have been transferred to the buyers (including third party distributors and wholesalers), provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

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

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

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

Specifically, in assessing when the economic benefits from sales of goods are transferred to the Group, we primarily consider the delivery and payment terms (which typically would include the mode of transportation and its associated freight and insurance liabilities, the expected shipment time, the credit period and the method of settlement).

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Our management is required to exercise subjective judgments in determining the allocation of overheads, estimated selling prices and estimated costs to be incurred to completion and disposal.

With respect to provision for inventories, our management has adopted a general policy whereby specific provision is made to inventories identified with age over one year and where management determines that such inventories will be of no future use or sale. For inventories that are aged over one year but that are determined to have some value, whether for future use or sale, a general provision is made. In determining whether the inventories are of no future use or sale, our management generally takes into account various factors, including the age, physical condition, historical usage, the ability to use such inventories in future and the estimated realizable value of such inventories. This policy is reviewed by our management annually.

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 capitalized as an additional cost of that asset or as a replacement.

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

Leasehold land	Over the lease term
Buildings	2%
Leasehold improvements	10% - 33.3%
Furniture, fixtures and equipment	10% - 33.3%
Tools and machinery	10% - 33.3%
Motor vehicles	10% - 33.3%
Moulds and tooling	20%

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset. We believe that the estimated useful lives our management has assigned to our property, plant and equipment generally reflect the standards used in our industry.

Allowances for doubtful accounts

Our provisioning policy for bad and doubtful debt is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realizable value of these receivables, including the current creditworthiness and the past collection history of each customer. In any case, we review individually any account receivable that is overdue. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Capitalization of deferred expenditure

Expenditure incurred on projects to develop new products is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from our business development is recognized only if all of the following conditions are met:

- our management is satisfied that an asset may be created, and if so created, will be available for use or sale;

- it is probable that the asset created will generate future economic benefits;
- the Group has sufficient resources to complete the creation of such asset; and
- the development cost of the asset can be measured reliably.

Our management has chosen to amortize internally-generated intangible assets on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

Warranty

Our management generally provides for the recognition of expenses associated with our product warranties when it is probable that a future outflow of resources will be required to settle our obligation to repair or replace an item under warranty. In making the assessment for this provision, our management is required to exercise judgment in the scope of our warranty and, where appropriate, review the past history of similar warranty claims. We generally review the adequacy of the warranty provision on an annual basis.

FINANCIAL HIGHLIGHTS

Revenue

Revenue represents the sales value of goods supplied to our customers, excludes value-added tax and is after the deduction of any trade discounts and returns. We generate operating revenue from three segments: building and home control products, appliance control products, and commercial and industrial control products. See "Business — Products and Solutions" for details on the products and services included in each of the three segments.

Cost of sales

Cost of sales consists primarily of direct material costs, processing fees under the Processing Agreements and subcontracting charges, direct labor costs, depreciation and other manufacturing overheads.

Gross profit and gross profit margin

Gross profit means turnover less cost of sales of the Group. Gross profit margin is gross profit as a percentage of revenue.

Other income

Other income mainly comprises engineering fee income, handling and testing fee income, bank interest income and income from the sale of materials. We charge our customers engineering fees for various engineering-related services, including changing our production lines once they have been set up, and handling and testing fees for various handling and testing-related services.

Selling and distribution expenses

Distribution expenses consist primarily of sales commissions, royalties, salaries and staff-related benefits for sales and marketing personnel as well as traveling and transportation expenses of such personnel, after-sales service fees, freight and insurance costs and other sales-related costs.

Administrative expenses

Administrative expenses consist primarily of salaries and staff-related benefits for administrative personnel, rental and utility expenses, administration-related fixed asset depreciation expenses, amortization of deferred expenditure, traveling expenses and other administration-related expenses.

Other operating expenses

Other operating expenses consists principally of gains or losses due to exchange rate fluctuations.

Finance costs

Finance costs consists of interest expense in respect of utilized bank facilities and finance leases.

Wages, salaries and other benefits

Wages, salaries and other benefits are made up of three components: (i) labor costs incurred in relation to the manufacturing operations that were recorded in "cost of sales"; (ii) staff salaries incurred in relation to sales and marketing activities that were recorded in "selling and distribution costs" and (iii) staff salaries incurred in relation to general administrative activities that were recorded in "administrative expenses". Salaries of workers hired under the Processing Arrangements are not included under this item. Wages, salaries and other benefits increased from HK$55.7 million in 2004 to HK$96.5 million in 2005 and HK$133.2 million in 2006. This increase was due to a combination of increased sales and our expanded operations. In particular, labor costs included in cost of sales was relatively low in 2004 as our subsidiary Computime Shenzhen was still in the initial start-up stage, but the operations of Computime Shenzhen became operational in 2005, following which wages, salaries and other benefits increased significantly.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables are principally made up of prepaid costs for mould making, deposits for purchase of items of property, plant and equipment, rental and utilities deposits, manufacturing advances to subcontractors and prepaid land lease payments.

Other payables and accrued liabilities

Other payables and accrued liabilities consists of, among other items, deposits from customers, manufacturing overheads payable, payable to suppliers of machinery, subcontracting charges payable, commission payable, transportable cost payable and provision for untaken paid leave.

Tax

Tax represents income tax at the generally applicable rate on the Group's pre-tax income as adjusted for non-deductible expenses, income not subject to tax, tax losses of subsidiaries, and the effect of preferential tax rate reductions and tax holidays. Our indirectly wholly-owned subsidiary, Computime Shenzhen, is a "foreign investment enterprise" under PRC law with operating terms of over 10 years and is located in a special economic zone. It is entitled to the benefit of the two-year full exemption and three-year 50% reduction in state enterprise income tax and preferential corporate earnings tax rate of 15%, respectively, beginning in the first year in which it would otherwise pay taxes. It is also exempted from the local enterprise income tax rate of 3%. Please refer to Note (g) to Section 5 of the accountants' report at Appendix I to this prospectus for further information.

Net profit from operation not subject to tax consists principally of 50% of the profit generated by our processing arrangements in China, as pursuant to the Departmental Interpretation and Practice Notes No. 21 (revised) issued by the Inland Revenue Department in Hong Kong, we are only required to pay corporate tax on 50% of our profit generated by such arrangements. Expenses not deductible for tax consists of general provision for slow-moving inventories, legal and professional fees, provision for relocation expenses, amortization for other assets, donations and other non-deductible expenses.

SELECTED COMBINED FINANCIAL DATA

The selected combined financial data set forth below have been extracted from the combined financial information of the Group for the three years ended March 31, 2006 (the "Financial Information"), all of which is set forth in the accountants' report attached as Appendix I to this prospectus. The Financial Information has been prepared on the basis set out in Section (2) of Appendix I to this prospectus and in accordance with HKFRS. Investors should read these selected combined financial data together with Appendix I to this prospectus and the discussion under the paragraph headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" below.

Selected combined income statements data:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Sales to external customers:			
Building and home controls	635,120	1,069,196	1,046,603
Appliance controls	267,641	458,660	582,777
Commercial and industrial controls	192,966	248,238	279,095
REVENUE	1,095,727	1,776,094	1,908,475
Cost of sales	(835,842)	(1,428,905)	(1,533,694)
GROSS PROFIT	259,885	347,189	374,781
Other income	4,080	7,199	16,769
Selling and distribution costs	(51,614)	(77,273)	(82,584)
Administrative expenses	(99,892)	(114,519)	(129,828)
Other operating expenses	(1,701)	(2,290)	(8,563)
Finance costs	(10,162)	(13,902)	(22,360)
Share of profits and losses of associates	516	(945)	4,508
PROFIT BEFORE TAX	101,112	145,459	152,723
Tax	(7,740)	(13,108)	(13,878)
PROFIT FOR THE YEAR	93,372	132,351	138,845
ATTRIBUTABLE TO:			
Equity holders of the Company	92,989	132,045	140,127
Minority interests	383	306	(1,282)
	93,372	132,351	138,845
DIVIDENDS			
Interim	115,514	30,000	50,000
Proposed final	—	—	15,000
	115,514	30,000	65,000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic (HK$ cent)	15.5	22.0	23.4

Selected balance sheet data:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Total non-current assets	139,056	156,287	197,214
Total current assets	473,769	695,812	826,924
Total assets	612,825	852,099	1,024,138
Total current liabilities	(487,271)	(626,876)	(686,490)
Total assets less current liabilities	125,554	225,223	337,648
Total non-current liabilities	(16,694)	(13,545)	(37,311)
Shareholders' funds	108,860	211,678	300,337
Net current assets / (liabilities)	(13,502)	68,936	140,434

REVIEW OF HISTORICAL OPERATING RESULTS

The following table sets forth, for the periods indicated, certain income and expense items in our combined income statements as a contributing or offsetting percentage of the sum of our revenue and other income.

	Year ended March 31		
	2004	**2005**	**2006**
Revenue	99.6%	99.6%	99.1%
Other income	0.4%	0.4%	0.9%
Cost of sales	76.0%	80.1%	79.7%
Selling and distribution costs	4.7%	4.3%	4.3%
Administrative expenses	9.1%	6.4%	6.7%
Other operating expenses	0.2%	0.1%	0.4%
Finance costs	0.9%	0.8%	1.2%
Share of profits and losses of associates	—	—	0.2%
Profit before tax	9.2%	8.2%	7.9%
Profit for the year	8.5%	7.4%	7.2%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year ended March 31, 2006 compared to year ended March 31, 2005

Revenue. Revenue increased from HK$1,776.1 million in 2005 to HK$1,908.5 million in 2006, or 7.5%.

Revenue in our appliance controls segment increased from HK$458.7 million in 2005 to HK$582.8 million in 2006, or 27.1%, principally due to an increase in sales volume to our customers involved in the sale of brown goods and an increase in sales volume in white goods due to increased order from two key customers.

Revenue in our commercial and industrial controls segment increased from HK$248.2 million in 2005 to HK$279.1 million in 2006, or 12.4%, primarily due to our commencement of the sale of control units to producers of educational devices and products bearing the "Wayfinder" brand, as well as an increase in sales volume for our healthcare products. The increase was partially offset by a decrease in the sale of industrial control products due to reduced order by two of our customers.

Revenue in our building and home controls segment decreased from HK$1,069.2 million in 2005 to HK$1,046.6 million in 2006, or 2.1%. This decrease was primarily due to our ceasing to produce MP3 players and lower sales of air freshener control devices partially offset by higher sales of remote control units. We stopped producing MP3 players in December 2004 as our management made the strategic decision to discontinue marketing and production efforts with respect to certain non-core products, including MP3 players and related products, as they generally have lower profit margins than our other products. As our building and home control products includes remote control, a product which is used together with AV equipment and entertainment systems, we consider the MP3 player, a product which can be applied or used in conjunction with AV equipment and entertainment systems, to fall within the same product classification as remote controls. We consider sales of MP3 players to be subject to similar risks and returns as products under the building and home control segment. The discontinuation of the sales of MP3 players and related products resulted in a reduction in our revenue by only HK$15.1 million in 2006, and its impact was not significant to our net cash inflows from operating activities, as we were able to utilize our production capacity for other controls products. The lower sales of air freshener control devices in 2006 was due to a reduction in the demand for such devices by our customers. Such lower sales of air freshener control devices reduced our revenue by HK$36.9 million from 2005 to 2006.

The increase in our revenue in 2006 was also in part attributed to the full operation of the Buji production facilities, as such facilities only became fully operational in October 2005. The operation of the Buji production facilities enabled us to reduce our reliance on third party processing agents, as well as allowing us to better monitor the manufacturing process.

Cost of sales. Our cost of sales increased from HK$1,428.9 million in 2005 to HK$1,533.7 million in 2006, or 7.3%. This increase was primarily attributable to increase in sales, higher raw material costs, manufacturing overheads and rent and utilities, and to a lesser extent, increased wages and salaries. Raw material costs was higher due to an increase in our sales volume, while manufacturing overheads increased principally due to an increase in the wages and salaries paid following an increase in headcount as our operations continued to expand. The Buji production facilities became fully operational in October 2005, and as a consequence, rent and utilities were higher in 2006. The increase was offset in part by lower processing fees and subcontracting charges, which was the result of less reliance placed by us on third party processing arrangements (including at the Processing Factories) following the commercial operation of the Buji production facilities. Wages and salaries increased principally as a result of increased sales and our expanded operations.

Gross profit. As a result of the foregoing, gross profit increased from HK$347.2 million in 2005 to HK$374.8 million in 2006, or 7.9%. Our gross profit margin percentage increased slightly from 19.5% in 2005 to 19.6% in 2006, primarily due to the reduction in sales of lower margin products such as MP3 players and related products.

Other income. Other income increased from HK$7.2 million in 2005 to HK$16.8 million in 2006, or 132.9%, primarily because of an increased engineering fee income of HK$6.0 million in 2006, compared to HK$2.0 million in 2005, and an increased handling and testing fee income of HK$4.3 million in 2006, compared to HK$1.2 million in 2005. The increase in our engineering fee income was primarily due to an increase in the demand by our customers for changes to the design of our devices, which in turn was due to an increase in the number of projects being developed by us, whereas the increase in handling and testing fee income was principally due to increased volume of projects being developed by us.

Selling and distribution costs. Selling and distribution costs increased from HK$77.3 million in 2005 to HK$82.6 million in 2006, or 6.9%. This increase was primarily due to an increase in transportation expenses, which in turn was principally attributable to an increase in our sales volume.

Administrative expenses. Administrative expenses increased from HK$114.5 million in 2005 to HK$129.8 million in 2006, or 13.4%, primarily as a result of an increase in the number of our employees as our operations continued to expand.

Other operating expenses. Other operating expenses increased from HK$2.3 million in 2005 to HK$8.6 million in 2006, or 273.9%. This increase was principally attributable to an increase in foreign exchange translation loss, from HK$2.1 million in 2005 to HK$8.3 million in 2006. We recorded an increase in foreign exchange translation loss in 2006 as we translated our U.S. dollar receivables into Hong Kong dollars using the exchange rate of U.S.$1.00 to HK$7.80, but due to the depreciation of the U.S. dollar against other major currencies in 2006, the average transaction rate we obtained was less than the exchange rate used in our accounting records.

Finance costs. Finance costs increased from HK$13.9 million in 2005 to HK$22.4 million in 2006, or 60.8%, principally due to an increase in average HIBOR on which the majority of our outstanding bank borrowings were based. The average one-month HIBOR calculated on monthly basis in 2006 was approximately 3.7% (2005: approximately 0.7%). As the interest rate increased significantly in 2006, the Group lowered its utilization of trust receipt loans from the second half of 2006 for the purpose of reducing the impact of increasing interest rate.

Share of profits and losses of associates. Share of profits of associates increased from a loss of HK$0.9 million in 2005 to a profit of HK$4.5 million in 2006. This increase was primarily due to improved performance by our associates Boyd Asia Limited and Braeburn Systems LLC.

Profit before tax. As a result of the foregoing, profit before tax increased from HK$145.5 million in 2005 to HK$152.7 million in 2006, or 5.0%.

Tax. Tax increased from HK$13.1 million in 2005 to HK$13.9 million in 2006, primarily because of our increase in taxable profits, which offset a tax exemption enjoyed by our wholly-owned subsidiary, Computime Shenzhen.

Minority interests. Profit attributable to minority interests decreased from HK$0.3 million in 2005 to a loss of HK$1.3 million in 2006, primarily due to losses associated with the commencement of operations by Salus Technologies GmbH, one of our subsidiaries.

Profit for the year. As a result of the foregoing, profit for the year increased from HK$132.4 million in 2005 to HK$138.8 million in 2006, or 4.9%. Our net profit margin percentage decreased slightly from 7.4% in 2005 to 7.3% in 2006 primarily as a result of increased finance costs due to higher interest rate in 2006.

Year ended March 31, 2005 compared to year ended March 31, 2004

Revenue. Revenue increased from HK$1,095.7 million in 2004 to HK$1,776.1 million in 2005, or 62.1%.

Revenue in our building and home controls segment increased from HK$635.1 million in 2004 to HK$1,069.2 million in 2005, or 68.3%. This increase was primarily due to a substantial increase in our sales of air freshener control devices, which we only commenced to sell in 2004, and an increase in sales of our remote control devices.

Revenue in our appliance controls segment increased from HK$267.6 million in 2004 to HK$458.7 million in 2005, or 71.4%, principally due to an increase in sales volume as our customers in the white and brown goods sectors placed more orders with us.

Revenue in our commercial and industrial controls segment increased from HK$193.0 million in 2004 to HK$248.2 million in 2005, or 28.6%. This increase was largely due to an increase in sales volume attributable to our commencement of sales of automotive control devices and an increase in sales volume of healthcare products.

The Buji production facilities commenced operations in the first half of our financial year 2005. Prior to such time, our production capacity was restricted as we were relying on the Meilin Processing Factory to service a large portion of our manufacturing requirements. Following the commencement of operation of the Buji production facilities, we were able to take on additional orders for building and home controls products, and accordingly, our revenue increased.

Cost of sales. Our cost of sales in 2004 was HK$835.8 million, compared to HK$1,428.9 million in 2005, or 71.0%. This increase was principally attributable to higher raw material costs, rent and utilities, depreciation of property, plant and equipment and wages and salaries, each of which was in turn a reflection of increased sales and the expansion of our operations. In addition, our processing fees and subcontracting charges increased in 2005 as we increased our use of third party processing services, including those offered by the Meilin Processing Factory, due to our increased sales volume.

Gross profit. As a result of the foregoing, gross profit increased from HK$259.9 million in 2004 to HK$347.2 million in 2005, or 33.6%. Our gross profit margin percentage decreased from 23.7% in 2004 to 19.5% in 2005, primarily due to an increase in the costs of certain key raw materials such as plastics.

Other income. Other income increased from HK$4.1 million in 2004 to HK$7.2 million in 2005, or 76.4%, primarily because of increased engineering fee income of HK$2.0 million in 2005, compared to HK$0.6 million in 2004, slightly offset by reduced handling and testing fee income of HK$1.2 million in 2005, compared to HK$1.3 million in 2004. The increase in our engineering fee income was primarily due to our customers undertaking more extensive changes to the design of our devices, which in turn was due to an increase in the number of projects being developed by us, whereas the reduction in handling and testing fee income was principally due to our decision not to strictly enforce our policy to invoice customers for such service.

Selling and distribution costs. Selling and distribution costs increased from HK$51.6 million in 2004 to HK$77.3 million in 2005, or 49.7%. This increase was primarily due to an increase in transportation expenses, which was principally attributable to an increase in our sales volume, as well as an increase in salaries due to the addition of more employees, particularly in our marketing department, and an increase in sales commissions paid to third party agents for the sale of our products.

Administrative expenses. Administrative expenses increased from HK$99.9 million in 2004 to HK$114.5 million in 2005, or 14.6%, primarily as a result of an increase in staff cost due to higher headcount and an increase in insurance costs, in each case as a result of the expansion of our business.

Other operating expenses. Other operating expenses increased from HK$1.7 million in 2004 to HK$2.3 million in 2005, or 34.6%, which was principally due to an increase in exchange loss.

Finance costs. Finance costs increased from HK$10.2 million in 2004 to HK$13.9 million in 2005, or 36.8%, as a result of higher interest rates, increased debt incurred to finance our purchase of additional equipment and an increase in the amount financed under our trade facilities.

Share of profits and losses of associates. Share of profits of associates decreased from a gain of HK$0.5 million in 2004 to a loss of HK$0.9 million in 2005. This decrease was primarily due to losses incurred in connection with the initial set-up costs of our associated company, Boyd Asia Limited.

Profit before tax. As a result of the foregoing, profit before tax increased from HK$101.1 million in 2004 to HK$145.5 million in 2005, or 43.9%.

Tax. Tax increased from HK$7.7 million in 2004 to HK$13.1 million in 2005, primarily because of our increase in taxable profits.

Minority interests. Profit attributable to minority interests decreased from HK$0.4 million in 2004 to HK$0.3 million in 2005.

Profit for the year. As a result of the foregoing, profit for the year increased from HK$93.4 million in 2004 to HK$132.4 million in 2005, or 41.7%. Our net profit margin percentage decreased from 8.5% in 2004 to 7.4% in 2005, which is principally a reflection of reduced gross profit margin in 2005.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Resources

During the Track Record Period, we funded our growth principally from proceeds from the sale of our products and bank borrowings. Bank borrowings consisted primarily of short and long-term secured and unsecured loans from banks. Our Directors confirm that we did not experience any liquidity problems during the three years ended March 31, 2006.

As at March 31, 2006, we had bank and cash balances and time deposits of HK$188.0 million. The bank and cash balances and time deposits are required to finance our working capital and part of our capital expenditure plans in light of our continuing high growth and expansion plan. Our finance department prepares cash flow projections, which are reviewed regularly by our senior management. Specific considerations in determining our appropriate cash position include our forecast working capital and capital expenditure needs and our liquidity ratios; and we also aim to maintain a certain level of excess cash to meet unexpected circumstances.

As at March 31, 2006, we had a total availability of approximately HK$560.1 million in general credit facilities entered into with banks and financial institutions, of which HK$247.0 million was outstanding. The interest rates for such credit facilities are primarily determined by reference to HIBOR.

We believe that the proceeds of the Global Offering, together with our current bank and cash balances and time deposits, our lines of credit and net cash provided by operating activities will be sufficient to meet our material commitments and anticipated cash needs for working capital, capital expenditures, business expansion, investments and debt repayment for at least the next 12 months. Thereafter, we would finance our operations with net cash generated from our operations and, if required, additional debt or equity financing. There can be no assurance that the Group will be able to raise additional capital on terms acceptable to the Group or at all. The sale of additional equity or equity-linked securities may result in dilution to the Group's shareholders. From time to time, the Group evaluates possible investments, acquisitions, divestments or mergers and may, if a suitable opportunity arises, make an investment, acquisition or divestment or enter into a merger.

Capital Expenditures

During the Track Record Period, our principal capital requirements related to the capital expenditures for the establishment and expansion of the Buji production facilities and the Bantian Processing Factory.

The following table sets forth the Group's total capital expenditures for the periods indicated:

	Financial year		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Capital expenditures	34,530	42,818	62,532

The Group estimates that capital expenditures for 2007 will be approximately HK$120.0 million. The Group's planned future capital expenditures mainly include the purchase of additional production facilities and machinery and investments in information technology systems. The Group expects to fund these expansion plans with cash flow from its operations and the net proceeds from the Global Offering.

The Group may adjust the timing and amounts of its capital expenditures based on various factors, including cash flow from its operations and market conditions generally in its industry.

Save as disclosed above, the Group currently has no other commitments to make any material investment, acquisition or divestment or enter into a merger. The Group's ability to meet its working capital needs from cash flow from operations will be affected by the demand for its products and services, which in turn may be affected by several factors. Many of these factors are outside of the Group's control, such as economic downturns in the US and Europe and elsewhere. To the extent that the Group does not generate sufficient cash flow from its operations to meet its cash requirements, it may rely on external borrowings and securities offerings.

Summarized Cash Flows

The following table summarizes our cash flows during the years ended March 31, 2004, 2005 and 2006:

	Year Ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Net cash flows generated from operating activities	118,008	57,400	171,555
Net cash flows used in investing activities...	(66,918)	(38,402)	(60,878)
Net cash flows generated from/(used in) financing activities............	17,615	81,398	(90,709)
Net increase in cash and cash equivalents...	68,705	100,396	19,968

Our trade receivables are primarily recorded in two separate items of the operating activities of our cash flow statement. Trade receivables generated from sales to third parties are recorded in trade receivables, while trade receivables generated from sales to our associates are recorded in amounts due from associates.

Our trade and other payables are primarily recorded in two separate items of the operating activities of our cash flow statement. Purchases of raw materials from third parties on trade credit and bank issued letters of credit are recorded as trade and bills payables and deposits from customers, manufacturing overheads payable, payables to suppliers of machinery, subcontracting charges payable, commission payable and transportation cost payable are recorded as other payables and accrued liabilities, each in the operating activities section.

Cash flows from operating activities

2006. Our net cash inflows from operating activities of HK$171.6 million in 2006 were primarily attributable to profit before tax of HK$152.7 million and increase in trade and bills payables of HK$88.8 million, offset by an increase in trade receivables of HK$83.5 million and an increase in inventories of HK$24.5 million, in each case due to an increase in the size of our operations. The increase in trade receivables was also a result of longer settlement periods demanded by some of our customers in the appliance controls segment following an increase in sales order by such customers. Our net cash inflows from operating activities in 2006 was also slightly reduced by an increase in amounts due from associates of HK$7.1 million, which in turn was principally due to us having paid certain operating expenses on behalf of some of our associate companies, including Chamberlain Computime Investments (HK) Ltd. ("Chamberlain Computime"), and advances of approximately HK$4.5 million made to Chamberlain Computime to cover, among other items, operating expenses for its initial set-up.

2005. Our net cash inflows from operating activities of HK$57.4 million in 2005 were primarily attributable to profit before tax of HK$145.5 million and increase in trade and bills payables of HK$54.2 million, offset by an increase in trade receivables of HK$68.6 million and an increase in inventories of HK$87.2 million, in each case due to an increase in the size of our operations.

2004. Our net cash inflows from operating activities of HK$118.0 million in 2004 were primarily due to profit before tax of HK$101.1 million, increase in trade and bills payables of HK$63.7 million and an increase in other payables and accrued liabilities of HK$39.9 million, offset by an increase in inventories of HK$61.3 million and an increase in trade receivables of HK$51.0 million, in each case due to an increase in the size of our operations.

Cash flows used in investing activities

2006. Our cash flows used in investing activities of HK$60.9 million in 2006 were principally due to the purchase of items of property, plant and equipment of HK$47.5 million, which consisted principally of additional equipment purchased by us for the Buji production facilities and the Bantian Processing Factory, and an increase in deferred expenditure of HK$16.8 million.

2005. Our cash flows used in investing activities of HK$38.4 million in 2005 were principally due to the purchase of items of property, plant and equipment of HK$42.2 million, which consisted principally of additional equipment purchased by us for the Buji production facilities and the Meilin Processing Factory and renovation expenses incurred in connection with the Buji processing facilities, as well as an increase in deferred expenditure of HK$15.9 million.

2004. Our cash flows used in investing activities of HK$66.9 million in 2004 were principally due to the purchase of items of property, plant and equipment of HK$34.5 million, which consisted principally of additional equipment purchased by us principally for the Buji production facilities and the Meilin Processing Factory, as well as an increase in deferred expenditure of HK$13.5 million.

Cash flows from financing activities

2006. Our net cash outflows from financing activities of HK$90.7 million in 2006 were principally due to a decrease in trust receipt and packing loans of HK$87.0 million, as we reduced our trust receipt and packing loans using cash from our operations, and interest paid of HK$21.8 million, partially offset by new bank loans of HK$41.2 million. We lowered our utilization of trust receipt and packing loans from the second half of 2006 as such loans were subject to floating interest rates (with interest rates increasing in 2006) and our management took the view that we should use our operating cash inflows of HK$171.6 million to pay down a portion of these loans to reduce the impact of increasing interest rates.

2005. Our net cash inflows from financing activities of HK$81.4 million in 2005 were principally due to an increase in trust receipt and packing loans of HK$90.4 million, as we financed part of our operations through new trust receipt and packing loans, and new bank loans of HK$11.6 million, partially offset by interest paid of HK$13.4 million.

2004. Our net cash inflows from financing activities of HK$17.6 million in 2004 were principally due to an increase in trust receipt and packing loans of HK$36.6 million, as we financed part of our operations through new trust receipt and packing loans, and new bank loans of HK$4.6 million, partially offset by interest paid of HK$9.2 million and capital element of finance lease rental payments of HK$7.0 million.

INVENTORIES, TRADE RECEIVABLES AND TRADE PAYABLES

The following table sets forth certain financial ratios for the period indicated:

	For the year ended March 31,		
	2004	2005	2006
Inventory turnover days[1]	58.1	52.8	53.1
Debtors' turnover days[2]	55.1	48.1	60.7
Creditors' turnover days[3]	66.9	53.0	70.6

1 Calculated as the ending inventory balance as at the balance sheet date, divided by the sales for the year ended on such date, multiplied by 365 days.

2 Calculated as the ending trade receivables balance as at the balance sheet date, divided by our sales generated for the year ended on such date, multiplied by 365 days.

3 Calculated as the ending trade payables balance as at the balance sheet date, divided by the cost of sales for the year ended on such date, multiplied by 365 days.

The payment time of our trade payables exceeded the collection time of our trade receivables by 12 days, 5 days and 10 days, as at March 31, 2004, 2005 and 2006, respectively.

Inventories

As at March 31, 2006, inventories was the second largest component of our current assets, following trade receivables. As at March 31, 2006, 2005 and 2004, inventories were HK$277.9 million, HK$257.0 million and HK$174.3 million, respectively, or 33.6%, 36.9% and 36.8% of the total current assets at the corresponding year end. We believe the movements of our inventories were largely in line with our increase in sales during the Track Record Period.

The inventory turnover days decreased in 2005 to 52.8 days from 58.1 days in 2004 due to better inventory controls. The inventory turnover days remained relatively constant in 2005 versus 2006 at 52.8 days versus 53.1 days, respectively.

Trade Receivables

As at March 31, 2006, trade receivables were the principal component of our current assets. As our turnover increases, our working capital demands increase and, therefore, it is important to the success of our operations to manage and control the levels of trade receivables. Trade receivables were HK$317.4 million, HK$233.9 million and HK$165.3 million as at March 31, 2006, 2005 and 2004, respectively, or 38.4%, 33.6% and 34.9% of the total current assets at the corresponding year end. The increase in trade receivables from 2004 to 2005 and from 2005 to 2006 were a reflection of increased sales. The increase in trade receivables from 2005 to 2006 was primarily due to (i) the extension of credit period from 30 days to 60 days made available to a major customer, and (ii) an increase in proportion of trade receivables attributable to the appliance control segment (which has a longer average collection period) to total trade receivables, from 50.1% in 2005 to 55.3% in 2006, as a result of increase in sales of appliance control products.

As at the Latest Practicable Date, our general policy was to grant a credit period of between 30 and 90 days to our customers, depending on the product sold, the length of time the customer has done business with us, the nature of the customer's business and the payment history of the customer. One of the factors our management takes into account in determining the appropriateness of our collection efforts is debtors' turnover days. Debtors' turnover days equals the amount owed by our debtors as at the balance sheet date, divided by our sales generated for the year ended on such date, multiplied by 365 days. The debtors' turnover days for the years ended March 31, 2006, 2005 and 2004 were approximately 61 days, 48 days and 55 days, respectively. The increase from 48 days in 2005 to 61 days in 2006 was principally due to an extension of credit period to one of our major customers in late 2005 and an increase in revenue from our appliance controls segment where the average collection period is comparatively longer. The reduction in debtors' turnover days from 55 days in 2004 to 48 days in 2005 was principally due to increased sales and increased demand for our products.

Trade Payables

As at March 31, 2006, trade and bills payables were the largest component of our current liabilities. As at March 31, 2006, 2005 and 2004, we had trade and bills payables of HK$296.5 million, HK$207.5 million and HK$153.3 million, respectively, or 43.2%, 33.1% and 31.5% of the total current liabilities at the corresponding year end. The increase in trade payables from 2004 to 2005 and from 2005 to 2006 were a reflection of increased sales.

As at the Latest Practicable Date, the general payment terms granted by our suppliers to us ranged from 30 days to 90 days. One of the factors our management takes into account in determining our payment period is creditors' turnover days. Creditors' turnover days equals the amount owed by us to our creditors as at the balance sheet date, divided by our cost of sales for the year ended on such date, multiplied by 365 days. The creditors' turnover days for the years ended March 31, 2006, 2005 and 2004 were approximately 71 days, 53 days and 67 days, respectively. The increase in creditors' turnover days from 53 days in 2005 to 71 days in 2006 was principally due to an extension of credit period granted to us by some of our suppliers as the volume of our orders increased. The reduction from 67 days in 2004 to 53 days in 2005 was principally due to our increased use of trust receipt and packing loans in 2005, which resulted in earlier settlements for amounts owed by us to our creditors as the banks and financial institutions that provided such loans generally tend to make the required payments ahead of their respective due dates.

INDEBTEDNESS

Borrowings

As at July 31, 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had aggregate outstanding borrowings of approximately HK$324.6 million, including borrowings in respect of trade facilities amounting to approximately HK$255.0 million, term loans amounting to approximately HK$56.5 million, and finance lease payables amounting to approximately HK$13.1 million.

Some of our banking facilities granted by banks contained financial covenants. These included requirements to maintain net tangible worth of not less than HK$185.0 million, a net gearing ratio of not more than 1.0, a current ratio of not less than 1.0 and a requirement not to declare dividends of more than 50% of recurrent net profits in any financial year without prior consents of the relevant banks.

Guarantees

Certain bank and other borrowings made to us are secured by personal guarantees executed by certain beneficial shareholders. The personal guarantees executed by these shareholders will be replaced by corporate guarantees given by the Group following the listing of the Shares on the Stock Exchange.

Some of our subsidiaries have executed guarantees to support the repayment obligations of our other subsidiaries. These guarantees do not contain any material financial covenants with respect to such guaranteeing subsidiaries.

Security

As at July 31, 2006, all of the bank and other borrowings of our Group were unsecured, except to the extent secured by the guarantees described immediately above.

Contingent liabilities and litigation

Our Group had no material contingent liabilities as at July 31, 2006.

No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since March 31, 2006 (being the date to which our latest combined financial results were prepared as set out in the accountants' report in Appendix I to this prospectus).

WORKING CAPITAL

We confirm our existing credit lines, together with cash from operations, our existing bank and cash balances and time deposits and the estimated proceeds from Global Offering will be sufficient to finance our working capital for the Group's present requirements, and for the period ending 12 months from the date of this prospectus.

CONTRACTUAL OBLIGATIONS

The following table sets forth the scheduled maturities of the Group's material contractual obligations as at March 31, 2006.

	Payments due as at March 31, 2006			
	Within one year	In the second to fifth years, inclusive	After five years	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Material Contractual Obligations				
Contracted commitments for plant and machinery and leasehold improvements	1,500	—	—	1,500
Operating lease obligations	13,601	51,079	37,019	101,699
Total contractual obligations	15,101	51,079	37,019	103,199

Contractual commitments for plant and machinery and leasehold improvements comprise principally of purchases of property, plant and equipment that we have agreed to make for the Buji production facilities, whereas our operating lease obligations are with respect to our obligation to pay rent for office properties, warehouses, factories and staff quarters. For more details, please see note (s) in Section 5 of Appendix I.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENCIES

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our combined financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with our related parties. Other than sale of finished goods to our associate companies, we have sold a small variety of finished goods to our investee company, Metrika Inc. (we subsequently disposed of the entire equity interest in Metrika Inc. to an independent third party on August 14, 2006), the Chamberlain Group Inc., then a beneficial shareholder of one of our associate companies, and Virtual Ink Corporation, a related company in which certain beneficial shareholders of the Group have beneficial interests. The products which we manufacture for these related parties are final consumer-end products which are marketed as our related parties' own branded products. As a nominated supplier of a customer of Raymond Industrial Limited, we sold air cleaner controls, in sub-assembly form, to Raymond Industrial Limited, a company in which Mr. Wong Ying Ho, Kennedy is a shareholder and his family has controlling interests, during the Track Record Period. Such transactions have ceased since August 2005. In addition, we have also entered into transactions, during the three years ended March 31, 2004, 2005 and 2006, with PD Trading, a company which Ms. Leung Yee Li, Lana, our second largest shareholder (through her ownership in Crystalplaza Limited and Little Venice Limited) as at the date of this prospectus, and upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), one of our substantial shareholders, has an indirect 31.84% stake; Kingdom Fine Metal Limited, a substantial shareholder of our subsidiary and an associate of a director of that subsidiary; Shenzhen Setec Pty Co. Ltd, a company 60% owned by Kingdom Fine Metal Limited; and Tracom (Asia) Limited, a related company in which the controlling shareholder has a controlling interest, details of these transactions are set out in the "Relationship with Connected Persons" section.

FINANCIAL INDEPENDENCE

As at March 31, 2006, the Group had no non-trade balances due to Directors, no non-trade balances due from Directors and no non-trade balances due from related parties. As at March 31, 2006, related parties and certain Directors had provided guarantees in the amount of HK$499.8 million in support of bank loans of the Group. These guarantees will be released upon listing.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various market risks, including fluctuations in commodities prices, foreign exchange rates, interest rates and inflation in the normal course of business. We manage our exposure to these and other market risks through regular operating and financial activities. We do not currently use any derivative instruments to manage our interest rate, foreign currency or commodity price risks, but we may enter into such instruments if our Directors determine that it is in our best interest to do so. In 2005, we purchased an index-linked note with a face value of US$500,000. The note's value is linked to the Nikkei 225 index. The note matures in November 2006. The fair value of such instrument as at March 31, 2006 was HK$3.9 million. As at the date of this prospectus, there were no significant changes in the fair value of such instrument. The Group has no current intention to enter into similar arrangements in the future.

Commodities price risk

We are exposed to fluctuations in the prices of the raw materials that we require for the production of our products and those that are used in PCBs and other components which we purchase for our production process. These raw materials consist principally of plastic, resins and copper. We sell our products and purchase our raw materials at market prices. Therefore, fluctuations in both the prices of our products and our raw materials can have a significant effect on our results of operations.

Foreign exchange rate risk

We receive a significant proportion of our revenue in US dollars, while our operating expenses are largely denominated in U.S. and Hong Kong dollars, depending upon the nature of the expense. We are also exposed to foreign exchange rate risk with respect to the Renminbi — U.S. dollar exchange rate, as some of our expenses, though settled in U.S. dollars, are driven by Renminbi-denominated expenses. Our reporting currency is the Hong Kong dollar. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of the net assets, earnings and any declared dividends of the Group.

We are also exposed to foreign currency risk through loans taken out in U.S. dollars and other foreign currencies. Fluctuations in exchange rates will affect the amounts of principal and interest payable on such loans.

Further, an appreciation in the Renminbi against other currencies will make products produced in China for export more expensive and therefore may adversely affect China's level of international trade and our business as a consequence.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt. As at July 31, 2006, substantially all of our debt was floating rate debt with original maturities ranging from one to three years. Our floating rate debt has interest rates which are principally determined by reference to HIBOR. We undertake debt obligations to support our general corporate activities, including our capital expenditures and our working capital needs. Upward fluctuations in interest rates increase the cost of new debt and interest cost of outstanding variable rate borrowings. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. We do not currently use any derivative instrument to modify the nature of our debt so as to manage our interest rate risk.

Inflation

In recent years, China and Hong Kong have not experienced significant inflation or deflation, and thus inflation and deflation have not had a significant effect on our business during the past three years. According to the National Bureau of Statistics of China, the change in the CPI in China was 2.0%, 2.7% and 3.3% respectively for the three calendar years 2003, 2004 and 2005.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma information has been prepared, on the basis of the notes set out below, to illustrate how the Global Offering may have affected the net tangible assets attributable to equity holders of the Company had it occurred as at March 31, 2006. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of our Group.

	Audited combined tangible assets attributable to equity holders of the Company as at March 31, 2006	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets[3]	Unaudited pro forma adjusted net tangible assets per Share[4]
	HK$'000[1]	HK$'000[2]	HK$'000	HK$
Based on an Offer Price of HK$1.83 per Share……………………	281,333	317,000	598,333	0.75
Based on an Offer Price of HK$2.28 per Share……………………	281,333	404,000	685,333	0.86

Notes:

(1) The audited combined net tangible assets attributable to equity holders of the Company as at March 31, 2006 is arrived at after deducting the intangible assets of HK$19,004,000 from the audited combined net assets of HK$300,337,000 as at March 31, 2006, as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

(2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Global Offering, net of related expenses, to be received by the Company. The estimated proceeds from the Global Offering assumes an Offer Price of HK$1.83 to HK$2.28 per Share, being the lower end to higher end of the stated offer price range.

(3) The unaudited pro forma net tangible assets did not take into account the special dividend of HK$35,000,000 declared by the Company on September 20, 2006.

(4) The number of Shares is based on a total of 800,000,000 Shares issued, adjusted as if the Global Offering had occurred at March 31, 2006, excluding any Shares that might be issued under the Over-allotment Option.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

After completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant.

We currently do not have a dividend policy. However, final dividends, if any, on the outstanding Shares must be recommended by our Board and approved at our annual general meeting of shareholders. In addition, the Board may declare interim dividends as appear to the Board to be justified by our profits. The payment and the amount of any dividends declared will be subject to our articles of association and the Companies Law. We are entitled under our articles of association and the Companies Law to pay dividends out of our share premium account provided that on the date the proposed dividend is to be paid, we are able to pay our debts when they fall due in the ordinary course of business.

The timing, amount and form of future dividends, if any, will depend, among other things, on:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;

- contractual restrictions on the payment of dividends by the Company to its shareholders or by subsidiaries to the Company;
- taxation considerations;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

Our ability to pay cash dividends will also depend upon the amount of distributions, if any, received by us from our operating subsidiaries. Under PRC law, dividends may be paid only out of distributable profits, which are the retained earnings of the relevant companies organized in the PRC. We will not ordinarily pay any dividends in a year in which we do not have any distributable earnings.

We can give no assurance that any dividends will be paid. You should consider the risk factors affecting the Group contained in "Risk Factors" and the cautionary notice regarding forward-looking statements contained in "Forward-looking Statements".

Declared dividends

We declared interim and final dividends in the amount of HK$115.5 million, HK$30.0 million and HK$65.0 million for the years ended March 31, 2004, 2005 and 2006, respectively. As at the Latest Practicable Date, approximately HK$38.8 million of the interim and final dividends amounting to HK$65.0 million for the year ended March 31, 2006 had been paid by us, and we will pay the balance of approximately HK$26.2 million before listing of the Shares. In addition, we proposed a special dividend of HK$35.0 million to our existing shareholders as of September 16, 2006, which dividend we will pay, subject to the listing of the Shares, to such shareholders through internal resources upon listing of the Shares.

The dividends we declared prior to the Global Offering were not made in accordance with our dividend policy as described in "Financial Information — Dividend Policy and Distributable Reserves". Purchasers of all our Shares in the Global Offering will not be entitled to participate in the above dividends, and the amount of distributions that we have declared historically are not indicative of the dividends that we may pay in the future.

TAXATION AND ESTATE DUTY

Our Directors confirm that our Group will not incur any material tax and estate duty liabilities as a result of the Reorganization as described in the paragraph headed "Further Information about the Company — Reorganization" in Appendix V to this prospectus.

PROPERTY INTERESTS

Details relating to our property interests are set out in Appendix III of this prospectus. Sallmanns (Far East) Limited, an independent property valuation firm, has valued the properties owned and leased by us as at June 30, 2006. The text of its letter, summary of values and valuation certificate are set out in Appendix III of this prospectus. We currently own a warehouse located in Hong Kong, with an area of approximately 1,500 square meters, which we use for storage of raw materials and finished products prior to their delivery. On September 15, 2006, we entered into a provisional sale and purchase agreement with an independent third party for the sale of this warehouse at an aggregate consideration of HK$18,500,000. We expect this sale to complete in March 2007.

FUTURE PLANS

We intend to continue to focus and strengthen our technology research and development and engineering capabilities, enabling us to continue to offer innovative and cost-effective end-to-end solutions to our clients. We also intend to achieve growth by expanding the scope of our business by broadening our product lines for higher-margin industrial and market segments and developing more advanced and higher-margin products. We propose to adhere to our business model, including as described in "Business — Business Strategy".

We believe that continued improvements in our technology and our focus on research and development are essential to our success in the controls industry. We seek to research advanced technologies to deliver innovative products and solutions to distinguish ourselves from our competitors and to satisfy our customers' needs. We also seek to improve our product design and engineering, and to develop and implement more cost-effective manufacturing processes such as adopting more advanced process technologies, to increase our efficiency and reduce our production costs and enhance our competitive position. We aim to continue our investments in research, development, and engineering, and to expand our research capability through a combination of organic growth and acquisitions.

We will regularly evaluate opportunities to enhance our business, including the acquisition of companies and assets which would increase our capacity, enter new product markets, broaden our product offerings and distribution channels, establish new or strengthen customer relationships, or enable us to acquire new technological expertise. We may do this by, among other things, acquiring other controls manufacturing technologies which could enhance our existing in-house engineering, processing or manufacturing expertise. We will continue to seek to acquire, invest in, or form joint ventures or strategic alliances with, companies that provide proprietary and innovative engineering processes, technologies or other advantages to our business.

Currently, we have more than 200 projects in our pipeline in the building and home controls, appliance controls, and commercial and industrial controls segments. Our business model is designed to enhance accumulation of pipeline projects with customers and facilitate discussions for pipeline projects in product areas such as solar renewable energy, wireless networking, and healthcare. The development cycle from the initial development stage to the production stage generally requires between six months to two years. Accordingly, we have been able to accumulate our product pipeline ahead of production, which has enabled us to plan our production more efficiently and identify better opportunities for future growth.

We strive to capture a greater market share in the controls and automation industry. We aim to achieve this by, among other strategies, deepening our relationships with existing key non-branded product customers and expanding our customer base, both by customer type and by end-market application. We also seek to expand our geographical reach to China and other areas and capitalize on opportunities that arise in certain market segments such as health care devices and industrial controls for alternative renewable energy.

We seek to build upon our branded business to complement our existing non-branded business and further enhance our margins. To achieve this, we seek out new product markets, broaden our product offerings, expand our sales teams, increase promotional efforts of existing own-brand products and enhance our sales and distribution channels and geographical reach. In the initial phase, we will focus on countries in Europe and will set up offices and/or distributor arrangements as and when attractive opportunities arise. Leveraging on the success of our existing brands, we intend to further broaden our product portfolio and, in time, introduce other products under our own-brand business.

USE OF PROCEEDS

We estimate the total net proceeds received by us from the Global Offering to be between HK$404.0 million (based on an Offer Price of HK$2.28 per Share, which is the higher end of the Offer Price range) and HK$317.0 million (based on an Offer Price of HK$1.83 per Share, which is the lower end of the Offer Price range). The foregoing amounts of total net proceeds represent amounts after deducting the underwriting fees and commissions and estimated expenses payable by us in the Global Offering and assuming that the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, the net proceeds of the Global Offering will increase by approximately HK$53.0 million (based on an Offer Price of HK$1.83 per Share) or approximately HK$66.0 million (based on an Offer Price of HK$2.28 per Share).

Assuming that we receive approximately HK$361.0 million (based on an Offer Price of HK$2.06 per Share) in total net proceeds, we intend to use the net proceeds from the Global Offering for the following purposes:

(a) 30% of the net proceeds (i.e. approximately HK$108.3 million) for the funding of our equity investment in joint venture or strategic alliance arrangements that we may enter into with third parties; we do have a fixed scope of investment and have not, at this stage, identified specific investments which we would want to participate in;
(b) 30% of the net proceeds (i.e. approximately HK$108.3 million) for expanding our product offerings and our distribution networks;
(c) 20% of the net proceeds (i.e. approximately HK$72.2 million) for acquiring proprietary technologies that are relevant to our business, either through the purchase of such technologies or the purchase of companies that hold the right to use such technologies. In the past, we did not acquire proprietary technologies through such channels. At this stage, we have not identified any third parties having relevant proprietary technologies which we wish to acquire;
(d) 10% of the net proceeds (i.e. approximately HK$36.1 million) for repayment of borrowings in respect of trade facilities offered by certain banks with maximum tenor of 90 days and interest rate ranging from Hong Kong dollars best lending rate to 2.5% over HIBOR; and
(e) 10% of the net proceeds (i.e. approximately HK$36.1 million) for general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we intend to use the HK$60.0 million (based on an Offer Price of HK$2.06 per Share) for the following purposes: HK$18.0 million for acquiring proprietary technologies, HK$18.0 million for funding equity investment in joint venture or strategic alliance arrangements, HK$18.0 million for expanding product offerings, and the remainder for general working capital and general corporate purposes.

In the event that the Offer Price is fixed at HK$1.83 per Share, being the lowest price of the estimated price range, the net proceeds will be reduced by approximately HK$44.0 million. In such circumstances, the Directors intend to reduce the application of the proceeds for repayment of borrowings and general corporate purposes and general working capital by HK$44.0 million.

In the event that the Offer Price is fixed at HK$2.28 per Share, being the highest price of the estimated price range, the net proceeds will increase by approximately HK$43.0 million. In such circumstances, the Directors intend to increase the application of proceeds for acquiring proprietary technologies by HK$12.9 million, funding equity investment in joint venture or strategic alliance arrangements by HK$12.9 million, expanding product offerings by HK$12.9 million, and the remaining for general working capital and general corporate purposes.

Pending the use of the net proceeds of the Global Offering for the purposes described above, we intend to invest the net proceeds in short-term deposits with financial institutions and licensed banks in Hong Kong for so long as we deem it to be in our best interests.

UNDERWRITERS

Hong Kong Underwriters

J.P. Morgan Securities (Asia Pacific) Limited
DBS Asia Capital Limited
Pacific Foundation Securities Limited

International Underwriters

J.P. Morgan Securities Ltd.
DBS Asia Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on September 22, 2006. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering initially 20,000,000 Hong Kong Offer Shares (subject to adjustment) for subscription by way of Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue, the Offer Shares (including any Shares which may be issued or sold under the Over-allotment Option) and any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscriptions for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination by notice in writing from JPMorgan (for themselves and on behalf of the Hong Kong Underwriters) to the Company if any of the following events shall have occurred prior to 8:00 a.m. on the day on which dealings in the Shares first commence on the Stock Exchange:

(a) there has come to the notice of JPMorgan (for themselves and on behalf of the Hong Kong Underwriters):

  (i) there has been a breach of any of the warranties by our Company, controlling shareholder, or certain of our executive Directors, namely Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, of the Hong Kong Underwriting Agreement or there has been a breach by our Company or controlling shareholder or any of the specified executive Directors, namely Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, of any of the provisions of the Hong Kong Underwriting Agreement; or

(ii) any matter shall have arisen or shall have been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute an omission therefrom; or

(iii) any statement contained in this prospectus shall have become or shall have been discovered to be untrue, incorrect or misleading in any respect; or

(iv) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of any of our Company, controlling shareholder or certain executive Directors, namely Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(v) there shall have been any adverse change or prospective adverse change in the business or the financial or trading position of any member of our Group; or

(vi) there shall have developed, occurred, happened or come into effect any event or series of events, matters or circumstances concerning or relating to:

  (i) any change in, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, currency or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in Hong Kong, the Cayman Islands, the U.S., Canada, the United Kingdom, the PRC, Singapore, France, Germany or Italy; or

  (ii) any new law, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circular, orders, judgments, decrees or rules of governmental authority (collectively, the "Laws") or change in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the U.S., Canada, the United Kingdom, the PRC, Singapore, France, Germany or Italy; or

  (iii) any event of force majeure affecting Hong Kong, the Cayman Islands, the U.S., Canada, the United Kingdom, the PRC, Singapore, France, Germany or Italy including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance); or

  (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange or the New York Stock Exchange or any suspension of trading of any of the securities of the Company on any exchange or over-the-counter market or any major disruption of any securities settlement or clearing services in the U.S. or Hong Kong or on commercial banking activities in Hong Kong or New York, due to exceptional financial circumstances or otherwise; or

(v) a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the U.S., Canada, the United Kingdom, the PRC, Singapore, France, Germany or Italy,

which, in the sole opinion of the JPMorgan (for themselves and on behalf of the Public Offering Underwriters):

(i) is or will be, or is likely to be, materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Group or to any present or prospective shareholder of our Company in its capacity as such; or

(ii) has or will have or is likely to have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares or dealings in the Shares in the secondary market; or

(iii) makes it impracticable, inadvisable or inexpedient to proceed with the Public Offering and/or the International Offering on the terms and in the manner contemplated in this prospectus, the Application Forms, formal notice, and offering documents for the International Offering,

Undertakings

We have undertaken to the Stock Exchange that except pursuant to the Global Offering or the Over-allotment Option, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange (the "First Six-month Period"), we will not, without the prior consent of the Stock Exchange, allot or issue or agree to allot or issue any Shares or other securities convertible into equity securities of the Company (whether or not such issue of shares or our securities will be completed within six months from the commencement of dealings in Shares on the Stock Exchange), and no such Shares or securities shall form the subject of an agreement to issue, except in the circumstances prescribed by Rule 10.08 of the Listing Rules.

We have undertaken to the Global Coordinator (on behalf of the Hong Kong Underwriters) pursuant to the Hong Kong Underwriting Agreement, that, among others, and except pursuant to the Global Offering (including pursuant to the Over-allotment Option), we will not without the prior written consent of the Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules (1) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the date on which dealings in the Shares first commence on the Stock Exchange, (i) offer, accept subscription for, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, repurchase any of our share or debt capital or other securities of our Company or any interest therein (including, but not limited to, any securities convertible into or exchangeable for, or that represent the right to receive such any such capital or securities or any interest therein), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such capital or securities or any interest therein, or (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above, or (iv) agree or contract to, or publicly announce any intention to enter into, any foregoing transaction described in (i), (ii) and (iii); whether any of the foregoing transactions described in (i), (ii) and (iii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; and (2) enter into a transaction described in (i), (ii) or (iii) above, or agree or contract to or publicly announce any intention to enter into any such transaction, such that our controlling shareholder would cease to be controlling shareholder of the Company during the six-month period immediately following the first six-month period.

In accordance with Rule 10.07(1) of the Listing Rules, each of SPGL, our controlling shareholder (within the meaning of the Listing Rules) and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, has undertaken to the Stock Exchange that except pursuant to the Global Offering or the Over-allotment Option, (i) he/it will not, at any time during the period commencing from the Latest Practicable Date and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and (ii) he/it will not, at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would then cease to be the Company's controlling shareholder.

Note (2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent the controlling shareholder from using the shares owned by him as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan.

Each of SPGL, our controlling shareholder (within the meaning of the Listing Rules) and its shareholders, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard, has further undertaken to us and the Stock Exchange that he/it will, within a period of 12 months from the Listing Date, immediately inform us and the Stock Exchange of:

(a) any pledges or charges of any of our Shares or securities of the Company beneficially owned by he/it in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of the Company so pledged or charged; and

(b) any indication received by he/it, either verbal or written, from any pledgee or chargee of any of our Shares or other securities of the Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the controlling shareholder and disclose such matters by way of a press notice which is published in the newspapers as soon as possible after being so informed by the controlling shareholder.

SPGL, Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard, have undertaken to the Global Coordinator and International Underwriters that, except pursuant to the Global Offering, the Over-allotment Option or the stock borrowing arrangement described under "Structure of Global Offering - The International Offering", they will not, at any time during the six months after the Listing Date, dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them.

Ms. Leung Yee Li, Lana, Crystalplaza Limited and Little Venice Limited, have undertaken to us and the Underwriters that, except pursuant to the Global Offering or the Over-allotment Option, they will not, at any time during the period commencing from the date of the agreement and continuing through to the date 180 days after Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner. In addition, each of Ms. Leung Yee Li, Lana, Crystalplaza Limited and Little Venice Limited, during the 180-day period, is permitted to use its Shares as collateral for *bona fide* commercial loans obtained by it from certain banks and financial institutions.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company is expected to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Offering Shares or procure purchasers for the International Offering Shares.

Under the International Underwriting Agreement, the Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Global Coordinator on behalf of the International Underwriters at any time from the Listing Date up to (and including) the date which is the 30th day after the last date for the lodging of Application Forms under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 30,000,000 additional Shares, representing in aggregate not more than 15% of the maximum number of Offer Shares initially available under the Global Offering. These additional Shares will be issued or sold at the Offer Price and will be used solely for the purpose of covering over-allocations, if any, in the International Offering.

Our Cornerstone Investor

As part of the International Offering, the Company, Value Partners Limited (the "Cornerstone Investor") and the Global Coordinator have entered into a placing agreement (the "Placing Agreement") pursuant to which the Cornerstone Investor has agreed to purchase, for allocation to certain investment funds (the "Other Investors") that the Cornerstone Investor is acting for as the investment manager or investment advisor, the lower of (i) 36,000,000 Shares or (ii) 4.5% of the total issued Shares of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised), at the Offer Price (not including brokerage, SFC transaction levy and the Stock Exchange trading fee). Such number of Shares represents approximately 20.0% of the Shares initially offered under the International Offering or approximately 4.5% of the total issued share capital of the Company immediately following the Global Offering, in each case assuming the Over-allotment Option is not exercised.

The subscription obligation of the Cornerstone Investor is conditional upon the Underwriting Agreements being entered into and having become unconditional.

The Cornerstone Investor has acknowledged in the Placing Agreement that the Company and the Global Coordinator are not required to transfer any Share covered by the Placing Agreement to any person (other than the Cornerstone Investor) unless such person has, prior to such transfer, delivered to the Company and Global Coordinator a signed lock-up undertaking in the form attached to the Placing Agreement.

The Cornerstone Investor and each of the Other Investors has each agreed that, without the prior written consent of the Company and the Global Coordinator, it will not (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares that it acquired pursuant to the Placing Agreement, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above, or (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, in each case of (i) through (iv) above during the period of six months following the Listing Date (the "Cornerstone Investor Lock-up Period") and whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares in cash or otherwise.

In addition, the Cornerstone Investor and each of the Other Investors has each agreed that, without the prior written consent of the Company and the Global Coordinator, at any time after the expiry of the Cornerstone Investor Lock-up Period, in the event it enters into any transactions covered in any of (i) through (iv) above, or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares.

The restrictions described in the immediately two preceding paragraphs do not apply to any transfer of Shares by the Cornerstone Investor and the Other Investors to (i) any of their respective wholly-owned subsidiaries or (ii) any investment fund that the Investor or any of its subsidiaries is acting as an investment manager or investment advisor, *provided that*, in each of (i) and (ii) above, prior to such transfer, the proposed transferor of the Shares has delivered, or has caused the proposed transferee to deliver, to the Company and the Global Coordinator a lock-up undertaking duly executed by such transferee in the form attached to the Placing Agreement.

Underwriting Commission and Expenses

The Hong Kong Underwriters will receive a commission of 3% of the aggregate Offer Price of all the Offer Shares (including any Shares to be issued or sold pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commission, and HSBC, as our financial advisor will receive a financial advisory fee in relation to the Global Offering. Such fee and commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering which are currently estimated to be about HK$51.0 million in aggregate (based on an Offer Price of HK$2.06 per Share, being the mid-point of the stated range of the Offer Price between HK$1.83 and HK$2.28 per Share, and the assumption that the Over-allotment Option is not exercised) is to be borne by the Company. In addition, we may, in our sole discretion, pay the Global Coordinator an additional incentive fee. The Global Coordinator has agreed to reimburse us for a portion of the expenses we incur in connection with the Global Offering.

Hong Kong Underwriters' interests in the Company

Save as disclosed in this prospectus and other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. J.P. Morgan Securities Ltd. is the Global Coordinator and the bookrunner of the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(a) the Hong Kong Public Offering of initially 20,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "The Hong Kong Public Offering"; and

(b) the International Offering of initially 180,000,000 Shares (subject to adjustment as mentioned below) in the United States with QIBs in reliance on Rule 144A, and outside the United States in reliance on Regulation S.

Investors may apply for our Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our Shares to QIBs in the United States in reliance on Rule 144A, as well as to institutional and professional investors and other investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the International Offering. Prospective investors will be required to specify the number of our Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about September 28, 2006, being the last day for lodging applications under the Hong Kong Public Offering.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in "Pricing and Allocation".

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around September 29, 2006 and in any event, no later than October 3, 2006.

The Offer Price will be not more than HK$2.28 per Share and is expected not to be less than HK$1.83 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Global Coordinator (on behalf of the Underwriters and with our consent) considers it appropriate, the indicative offer price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of September 28, 2006, being the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction in the indicative offer price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offering statistics as currently set out in the section headed "Summary" and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, solely because the indicative offer price range is so reduced.

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Global Coordinator.

Allocation of our Shares pursuant to the International Offering will be determined by the Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the listing of the Offer Shares on the Stock Exchange. Such allocation may be made to professional, institutional and retail or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, but will be made strictly on a pro rata basis (subject to rounding down to the nearest board lot of Shares), although the allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The applicable Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on October 6, 2006 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the granting by the Listing Committee of the Stock Exchange of listing of, and permission to deal in, the Shares in issue, the Offer Shares (including any Shares that may be issued pursuant to the exercise of the Over-allotment Option, subject only to allotment) and any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme;

(b) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(c) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than October 25, 2006.

If for any reason, the Offer Price is not agreed by October 3, 2006 between the Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause notice of the lapse of the Hong Kong Public Offering to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Hong Kong Offer Shares". In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on October 6, 2006 but will only become valid certificates of title at 8.00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on October 9, 2006, if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting arrangements and expenses — Grounds for termination" has not been exercised.

THE HONG KONG PUBLIC OFFERING

We are initially offering 20,000,000 new Shares at the Offer Price, representing 10% of the 200,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the Hong Kong Public Offering will represent approximately 2.5% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. In Hong Kong, individual retail investors are expected to apply for Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Offering will not be allotted Offer Shares in the International Offering.

For allocation purposes only, of the 20,000,000 Shares initially being offered for purchase under the Hong Kong Public Offering, 2,000,000 Shares (representing approximately 10% of the total number of Shares initially being offered under the Hong Kong Public Offering) will be available for preferential allocation to satisfy valid applications by eligible employees of the Group (other than the Directors, existing beneficial owners of Shares and their respective associates).

The Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK$2.28 and is expected to be not less than HK$1.83. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$2.28 per Share plus 1% brokerage fee, 0.005% SFC transaction levy, and 0.005% Stock Exchange trading fee. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$2.28, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to apply for Hong Kong Offer Shares".

For allocation purposes only, the Hong Kong Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering and after deducting the number of Hong Kong Offer Shares validly applied for under the employee preferential offer) will be divided equally into two pools: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. If the employee preferential offer is not fully taken up, any excess Shares will be re-allocated to Pool A and Pool B in equal proportion. All valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 18,000,000 Shares (after deducting the 2,000,000 shares available for subscription under the employee preferential offer) initially comprised in the Hong Kong Public Offering (that is 9,000,000 Hong Kong Offer Shares) are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Hong Kong Offer Shares validly applied for in the Hong Kong Public Offering (including the employee preferential offer) represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (including the employee preferential offer) will be increased to 60,000,000, 80,000,000 and 100,000,000 Hong Kong Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and such reallocation being referred to in this prospectus as "Mandatory Reallocation". In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Global Coordinator deem appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B in the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Global Coordinator may, at its discretion, reallocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

The number of Shares to be initially offered under the International Offering will be 180,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. The International Offering is subject to the Hong Kong Public Offering being unconditional. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the International Offering will represent 22.5% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Pursuant to the International Offering, the International Underwriters will conditionally place our Shares with QIBs in the United States in reliance on Rule 144A, as well as with institutional and professional investors and other investors in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Global Coordinator on behalf of the International Underwriters at any time from the Listing Date up to (and including) the date which is the 30th day after the last date for lodging of Application Forms under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Global Coordinator will have the right to require us to allot and issue up to an aggregate of 30,000,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering. These Shares will be sold or issued, at the Offer Price, solely to cover over-allocations in the International Offering, if any. A press announcement will be made in the event that the Over-allotment Option is exercised.

As a result of an application on behalf of the Company, the Stock Exchange has granted a waiver to the Company from strict compliance with Rule 10.07(1) of the Listing Rules which restricts the disposal of Shares by our controlling shareholder, SPGL, following a new listing, in order to allow the Global Coordinator or its authorized agents to enter into and perform obligations under a stock borrowing agreement with SPGL on the conditions that:

- such stock borrowing arrangement with SPGL will only be effected by the Global Coordinator for settlement of over-allocations in the International Offering;
- the maximum number of Shares borrowed from SPGL under the stock borrowing agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to SPGL or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full and the relevant Shares subject to the Over-allotment Option have been issued;

- the stock borrowing arrangement under the stock borrowing agreement will be effected in compliance with all applicable laws, rules and regulatory requirements; and
- no payment will be made to SPGL by the Global Coordinator or its authorized agents in relation to such stock borrowing arrangement.

EMPLOYEE PREFERENTIAL OFFER

2,000,000 Shares (representing approximately 10% of the total number of Shares initially available on a preferential basis under the Hong Kong Public Offering) are available for subscription by eligible employees of the Group on a preferential basis (other than the Directors, existing beneficial owners of Shares and their respective associates).

These Hong Kong Offer Shares will be allocated on a preferential basis to employees who have validly applied for such Hong Kong Offer Shares on pink application forms in accordance with the terms set out in the section entitled "How to apply for Hong Kong Offer Shares". Allocation of these Shares will be made based on written guidelines consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules and distributed to the eligible employees. Allocation of these Shares will be made in an equitable manner based on the amount of Shares applied for and will not be based on the seniority, the length of service, or the work performance of the eligible employees. Any Shares not subscribed for by eligible employees in connection with the employee preferential offer will be available for subscription by the public under the Hong Kong Public Offering.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, October 9, 2006, it is expected that dealings in Shares on the Stock Exchange will commence at 9:30 a.m. on October 9, 2006.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date and subject to the other conditions set out in the sub-section headed "Conditions of the Hong Kong Public Offering" above in this section.

We expect shortly after determination of the Offer Price on the Price Determination Date, to enter into the International Underwriting Agreement relating to the International Offering.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting".

METHODS TO APPLY FOR HONG KONG OFFER SHARES

You may apply for Hong Kong Offer Shares by using one of the following methods:

- using a **WHITE** or **YELLOW** and/or **PINK** application form; or
- **electronically instructing** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** application form or by giving **electronic application instructions** to HKSCC.

WHICH APPLICATION METHOD YOU SHOULD USE

- Use a **WHITE** application form if you want the Hong Kong Offer Shares to be registered in your own name.
- Use a **YELLOW** application form if you want the Hong Kong Offer Shares to be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.
- Use a **PINK** application form if you are a Hong Kong full-time employee of the Company or its subsidiaries and want your application to be given preferential consideration. Up to 2,000,000 Offer Shares (being approximately 10% of the Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering) are available to Hong Kong full-time employees of the Company or its subsidiaries on this basis.
- Instead of using a **YELLOW** application form, you may **electronically instruct** HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf via CCASS. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** application form and a prospectus during normal business hours from 9:00 a.m. on September 25, 2006 until 12:00 noon on September 28, 2006 from:

Any participant of the Stock Exchange

or

J.P. Morgan Securities (Asia Pacific) Limited	28th Floor, Chater House 8 Connaught Road Central Hong Kong
DBS Asia Capital Limited	22nd Floor, The Center 99 Queen's Road Central Hong Kong
Pacific Foundation Securities Limited	11th Floor, New World Tower II 16-18 Queen's Road Central Hong Kong

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited, DBS Bank (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited:

The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong Island	Hong Kong Office	1 Queen's Road Central
	Des Voeux Road Central Branch	China Insurance Group Building, 141 Des Voeux Road Central
	Chai Wan Branch	Shop No. 1-11, Block B, G/F, Walton Estate, Chai Wan
	Des Voeux Road West Branch	Western Centre, 40-50 Des Voeux Road West
Kowloon	Mong Kok Branch	673 Nathan Road, Mong Kok
	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Kowloonshing Branch	1/F, 18 Fuk Lo Tsun Road, Kowloon City
	Whampoa Garden Branch	Shop No. G6 & 6A, G/F, Site 4, Whampoa Garden
New Territories	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150-160 Castle Peak Road, Yuen Long
	Tai Po Branch	54-62 Kwong Fuk Road, Tai Po

DBS Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road, Central
	United Centre Branch	1/F, United Centre, 95 Queensway, Admiralty
	Des Voeux Road Central Branch	39-41 Des Voeux Road Central, Central
	Wanchai Branch	191-193 Johnston Road, Wanchai
	Causeway Bay Branch	12-14 Yee Wo Street, Causeway Bay
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Nathan Road Branch	G/F, 742-744 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsimshatsui
	Kwun Tong Branch	G/F, 54-58 Mut Wah Street, Kwun Tong, Kowloon
	Kowloon Bay Branch	Shop 9, G/F, Chevalier Commercial Center, 8 Wang Hoi Road, Kowloon Bay, Kowloon
New Territories	Ma On Shan Branch	Shop 205-206, Level 2, Ma On Shan Plaza, Ma On Shan, New Territories

Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Central Branch	Shop No. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Leighton Centre Branch	Shop 12-16, UG/F, Leighton Centre, 77 Leighton Road, Causeway Bay
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Yaumati Branch	546-550 Nathan Road, Yaumati
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories	Tsuen Wan Branch	Shop C G/F & 1/F, Jade Plaza, No. 298 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on September 25, 2006 to 12:00 noon on September 28, 2006 from:

- the depository counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or
- the Customer Service Center of HKSCC at Upper Ground Floor, V-Heun Building, 128-140 Queen's Road Central, Hong Kong; or
- your stockbroker, who may have such application forms and this prospectus available.

You can collect a **PINK** Application Form from the Company Secretary, Mr. Li Ngai, at

17th Floor
Great Eagle Centre
No. 23 Harbour Road
Hong Kong

WHEN TO APPLY FOR THE HONG KONG OFFER SHARES

WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on September 28, 2006, or, if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below.

Your completed **WHITE** or **YELLOW** Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of the banks listed in the section headed "Where to collect the application forms" at the following times:

Monday, September 25, 2006 — 9:00 a.m. to 4:30 p.m.
Tuesday, September 26, 2006 — 9:00 a.m. to 4:30 p.m.
Wednesday, September 27, 2006 — 9:00 a.m. to 4:30 p.m.
Thursday, September 28, 2006 — 9:00 a.m. to 12:00 noon

PINK Application Forms

Completed **PINK** Application Forms, with payment attached, must be returned to the Company Secretary, Mr. Li Ngai, at 17th Floor, Great Eagle Centre, No. 23 Harbour Road, Hong Kong by 5:00 p.m. on Wednesday, September 27, 2006

Electronic application instructions to HKSCC

CCASS Participants should input **electronic application instructions** via CCASS at the following times:

Monday, September 25, 2006 — 9:00 a.m. to 8:30 p.m.(1)
Tuesday, September 26, 2006 — 8:00 a.m. to 8:30 p.m.(1)
Wednesday, September 27, 2006 — 8:00 a.m. to 8:30 p.m.(1)
Thursday, September 28, 2006 — 8:00 a.m.(1) to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on September 25, 2006 until 12:00 noon on September 28, 2006 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on September 28, 2006 or if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below.

Application lists

The application lists will be opened from 11:45 a.m. to 12:00 noon on September 28, 2006, except as provided in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below. No proceedings will be taken on applications for the Hong Kong Offer Shares and no allocation of any such Shares will be made later than October 6, 2006.

Effect of bad weather conditions on the opening of the application lists

The application lists will be opened between 11:45 a.m. and 12:00 noon on September 28, 2006, subject only to weather conditions. The application lists will not open in relation to the Hong Kong Public Offering if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on September 28, 2006. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not fall within the above circumstances at any time between 9:00 a.m. and 12:00 noon in Hong Kong.

Business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

HOW TO APPLY USING A WHITE OR YELLOW AND/OR PINK APPLICATION FORM

Obtain a WHITE or YELLOW and/or PINK Application Form

You should read the instructions in this prospectus and the relevant Application Form carefully. If you do not follow the instructions, your application is liable to be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on your Application Form.

Decide how many Hong Kong Offer Shares you want to subscribe. Calculate the amount you must pay on the basis of the maximum Offer Price of HK$2.28 per Hong Kong Offer Share, plus brokerage fee of l%, the SFC transaction levy of 0.005% (per side) and the Stock Exchange trading fee of 0.005% (per side). This means that for every 2,000 Shares you will pay HK$4,606.06. The Application Forms have tables showing the exact amount payable for certain multiples of shares up to 2,000,000 Shares (as indicated on the **PINK** Application Form) or 9,000,000 Shares (as indicated on the **WHITE** and **YELLOW** Application Forms). Your application must be for a minimum of 2,000 Shares. Application for more than 2,000 Shares must be in one of the number of Shares set out in the table in the respective Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

Complete the Application Form in English (save as otherwise indicated) and sign it. Only written signatures will be accepted. Applications made by corporations, whether on their own behalf, or on behalf of other persons, must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, whose representative capacity must be stated. If you are applying for the benefit of someone else, you, rather than that person, must sign the application form. If it is a joint application, all applicants must sign it. If your application is made through a duly authorized attorney, the Company and the JPMorgan, as lead manager for the Hong Kong Public Offering (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.

Each Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left-hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- not be post-dated;
- be drawn on your Hong Kong dollar bank account in Hong Kong;

- show your account name, which must either be pre-printed on the cheque, or be endorsed on the back by a person authorized by the bank. This account name must be the same as the name on the Application Form. If it is a joint application, the account name must be the same as the name of the first-named applicant;
- be made payable to "HSBC Nominees (Hong Kong) Limited — Computime Group Public Offer"; and
- be crossed "Account Payee Only".

Your application is liable to be rejected if your cheque does not meet all these requirements or is dishonored on its first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be issued by a licensed bank in Hong Kong and have your name certified on the back by a person authorized by the bank. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named joint applicant;
- be in Hong Kong dollars;
- not be post-dated;
- be made payable to "HSBC Nominees (Hong Kong) Limited — Computime Group Public Offer"; and
- be crossed "Account Payee Only".

Your application is liable to be rejected if your banker's cashier order does not meet all these requirements.

Lodge your Application Form in one of the collection boxes by the time and at one of the locations, as respectively referred to above.

Multiple or suspected multiple applications are liable to be rejected. Please see the sub-paragraph headed "How many applications you can make" below.

You should note that by signing the Application Form, among other things:

(i) you confirm that you have only relied on the information and representations in this prospectus in making your application and not on any other information or representation concerning us and you agree that neither we, the Global Coordinator, the Underwriters, HSBC, the Sponsor nor any of their respective directors, officers, employees, partners, agents, advisors or any other parties involved in the Global Offering will have any liability for any such other information or representations;

(ii) you agree that our Company, the Global Coordinator, the Underwriters, the HSBC, the Sponsor and any of their respective directors, officers, employers, partners, agents or advisors are liable only for the information and representations contained in this prospectus and any supplement thereto;

(iii) you undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Offering Shares, nor otherwise participate in the International Offering; and

(iv) you agree to disclose to us, our registrar, branch registrar, receiving bankers, advisors, agents and the Global Coordinator and their respective agents the personal data and any information which they require about you or the person(s) for whose benefit you have made this application.

In order for the **YELLOW** Application Forms to be valid:

- **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):**
  - — the designated CCASS Participant or its authorized signatories must sign in the appropriate box; and
  - — the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant I.D. in the appropriate box.

- **If you are applying as an individual CCASS Investor Participant:**
  - — you must fill in your full name and your Hong Kong identity card number; and
  - — you must insert your CCASS Participant I.D. and sign in the appropriate box.

- **If you are applying as a joint individual CCASS Investor Participant:**
  - — you must insert all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all the joint CCASS Investor Participants; and
  - — you must insert your CCASS Participant I.D. and the authorized signatory or signatories of the CCASS Investor Participant's stock account must sign in the appropriate box.

- **If you are applying as a corporate CCASS Investor Participant:**
  - — you must insert your company name and your company's Hong Kong business registration number; and
  - — you must fill in your CCASS Participant I.D. and stamp your company chop (bearing your company's name) in the presence of the authorized signatory or signatories of the CCASS Investor Participant's stock account in the appropriate box.

The signature(s), number of signatories and form of chop, where appropriate, in each **YELLOW** Application Form should match the records kept by HKSCC. Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of authorized signatory or signatories (if applicable), CCASS Participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, we and the Global Coordinator and the Sponsor, as our agent, may accept it at their discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Global Coordinator and the Sponsor, in the capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each application form in the box marked "For nominees" an identification number for each beneficial owner.

Personal data

The section of the Application Form headed "Personal data" applies to any personal data held by the Global Coordinator, the Sponsor, our Company, our registrar, our branch share registrar, receiving bankers, advisers, and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW MANY APPLICATIONS YOU CAN MAKE

(a) You may make more than one application for the Hong Kong Offer Shares only if:

- You are a **nominee**, in which case you may make an application as a nominee by: (i) giving **electronic application instructions** to HKSCC (if you are a CCASS Participant); and (ii) lodging more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

  — an account number; or
  — another identification number

  for each beneficial owner. If you do not include this information, the application will be treated as being for your benefit.

- You are an eligible full-time employee and apply on a **PINK** Application Form.

Otherwise, multiple applications are not allowed. It will be a term and condition of all applications that by completing and delivering an Application Form (other than a **PINK** Application Form), you:

- (if the application is made for your own benefit) warrant that the application made pursuant to the Application Form is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, and that you are duly authorized to sign the Application Form as that other person's agent.

(b) **All** of your applications under the Hong Kong Public Offering are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC;
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC;
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC to apply for more than 50% of the Hong Kong Offer Shares initially being offered for subscription by the public after deducting the 2,000,000 Hong Kong Offer Shares available for subscription by eligible employees using **PINK** Application Forms (that is, to apply for more than 9,000,000 Shares);
- make more than one application on a **PINK** Application Form; or
- apply on one **PINK** Application Form for more than 100% of the Hong Kong Offer Shares being offered to full-time employees on a preferential basis; or
- apply for or take up any Offer Shares under the International Offering or otherwise participate in the International Offering or indicate an interest for any International Offering Shares.

(c) All of your applications are liable to be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) except if you are an eligible full-time employee of the Group you may also make an application on a **PINK** Application Form. If an application is made by an unlisted company and: (i) principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit. **Unlisted company** means a company with no equity securities listed on the Stock Exchange. **Statutory control** in relation to a company means you: (i) control the composition of the board of directors of that company; or (ii) control more than half of the voting power of that company; or (iii) hold more than one-half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or CCASS Internet System (*https://ip.ccass.com*)(according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you come to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
Upper Ground Floor
V-Heun Building
128-140 Queen's Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your CCASS Broker Participant or CCASS Custodian Participant to the Company and the Hong Kong branch share registrar.

Minimum subscription amount and permitted numbers

You may give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form.

Application for Hong Kong Offer Shares by HKSCC Nominees on Your Behalf

Where a **WHITE** application form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does all the things on behalf of each of such persons who:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
- undertakes and confirms that that person has not indicated an interest for, applied for or taken up any Shares under the International Offering;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;
- understands that the above declaration will be relied upon by our Company, the Directors and the Global Coordinator in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- authorizes our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund money in accordance with the arrangements separately agreed between our Company and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations and that person agrees that neither our Company, the Global Coordinator, the Underwriters, the Sponsor, HSBC, or any other parties involved in the Global Offering will have any liability for any such other information or representations;
- that person agrees that our Company, the Global Coordinator, the Underwriters, HSBC, the Sponsor and any of their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to our Company and our registrar, our branch registrar, receiving bankers, advisors, agents and the Global Coordinator and their respective agents, the personal data and any information which they require about that person or the person(s) for whose benefit the application is made;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies, in each case including brokerage, the SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account;
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Allocation of Hong Kong Offer Shares

For the purpose of allocating Hong Kong Offer Shares, HKSCC Nominees shall not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given shall be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- No temporary documents of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS

Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Friday, October 6, 2006 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Friday, October 6, 2006. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, October 6, 2006 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, October 6, 2006. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of any refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Offer Share paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, October 6, 2006. No interest will be paid thereon.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

Application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, our Directors, the Sponsor, the Global Coordinator, the Underwriters, HSBC and any parties involved in the Global Offering take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS investor Participants are advised not to wait until the last minute to input instructions. If CCASS Investor Participants have problems in connecting to the CCASS Phone System or CCASS Internet System to submit **electronic application instructions**, they should either:

(a) submit the **WHITE** or **YELLOW** application form (as appropriate); or

(b) go to HKSCC's Customer Service Centre to complete an application instruction input request form for **electronic application instructions** before 12:00 noon on September 28, 2006 or such later time as described under the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" above.

RESULTS OF ALLOCATIONS

The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including applications made under **WHITE**, **YELLOW** and **PINK** Application Forms and by giving **electronic application instructions** to HKSCC, which will include the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants and the number of the Hong Kong Offer Shares successfully applied for, are expected to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before October 6, 2006.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applicants on **WHITE**, **YELLOW** or **PINK** Application Forms, (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **YELLOW** Application Forms whose Share certificates will be deposited into CCASS as described below); and/or

(b) for applicants on **WHITE**, **YELLOW** and **PINK** Application Forms, refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including brokerage at the rate of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005% but without interest.

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and Share certificates for successful applicants under **WHITE** or **PINK** Application Forms are expected to be posted on or before Friday, October 6, 2006. The right is reserved to retain any Share certificates and any surplus application monies pending clearance of cheque(s).

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, you may collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from our branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, October 6, 2006. If you are an individual, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your company chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) and Share certificate(s) within the time period specified for collection, they will be dispatched promptly thereafter to you by ordinary post to the address as specified in your Application Form at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address on your Application Form on Friday, October 6, 2006 by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Friday, October 6, 2006, or under a contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the newspapers on Friday, October 6, 2006. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Friday, October 6, 2006 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

(c) If you apply using a PINK Application Form:

Share certificate(s) and/or refund cheque(s) (if any) made on **PINK** Application Forms will be sent to the address specified in your Application Form on the date of dispatch by ordinary post and at your own risk.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or your application is liable to be rejected:

(a) If your application is revoked:

By completing and submitting an Application Form or giving an **electronic application instruction**, you agree that your application or the application made by HKSCC on your behalf cannot be revoked on or before October 25, 2006. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before October 25, 2006 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before October 25, 2006 if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If application(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominee on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give electronic application instruction to HKSCC or apply by a **YELLOW** application form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within three weeks of the closing of the application lists.

(c) If you make applications under the Hong Kong Public Offering as well as the International Offering:

You or the person whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) Shares in the International Offering. By filling in any of the Application Forms or giving **electronic application instructions** to HKSCC electronically, you agree not to apply for International Offering Shares under the International Offering. Reasonable steps will be taken to identify and reject applications under the Hong Kong Public Offering from investors who have received International Offering Shares, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering.

(d) If the Company, the Global Coordinator or their respective agents exercise their discretion:

The Company, the Global Coordinator and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(e) Your application will be rejected or not be accepted if:

- your application is a multiple or a suspected multiple applications;
- your Application Form is not completed correctly in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation;
- you or the person for whose benefit you are applying have applied for and/or received or will receive Offer Shares under the International Offering;
- we believe that by accepting your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located;
- if you apply for more than 9,000,000 Hong Kong Offer Shares; or
- any of the Underwriting Agreements does not become unconditional or it is terminated in accordance with their respective terms thereof.

(f) If you are giving **electronic application instructions** to HKSCC to apply for Hong Kong Offer Shares on your behalf, you will also not be allocated any Hong Kong Offer Shares if HKSCC Nominee's application is not accepted.

REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, our Company will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, we will refund to you the appropriate portion of your application monies (including the related brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of dispatch of refund cheques will be retained for the benefit of our Company.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Global Coordinator, cheques for applications made on Application Forms for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on Friday, October 6, 2006 in accordance with the various arrangements as described above.

COMMENCEMENT OF DEALINGS IN THE SHARES

- Dealings in the Shares on the Stock Exchange are expected to commence on October 9, 2006.
- The Shares will be traded in board lots of 2,000 each. The stock code of the Shares is 320.
- Any share certificates in respect of Hong Kong Offer Shares collected or received by successful applicants will not be valid if the Global Offering is terminated in accordance with the terms of the Underwriting Agreements.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

- If the Stock Exchange grants the listing of, and permission to deal in the Shares and the Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.
- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
- Investors should seek advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.
- All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong. As described in the section headed "Documents Delivered and Available for Inspection" in Appendix VI, a copy of the accountants' report is available for inspection.

ERNST & YOUNG
安永會計師事務所

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

September 25, 2006

The Board of Directors
Computime Group Limited
J.P. Morgan Securities (Asia Pacific) Limited

Dear Sirs,

We set out below our report on the financial information regarding Computime Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and associates for each of the three years ended March 31, 2004, 2005 and 2006 (the "Relevant Periods"), prepared under the basis of presentation set forth in Section 2 below, (the "Financial Information"), for inclusion in the prospectus of the Company dated September 25, 2006 (the "Prospectus").

The Company was incorporated in the Cayman Islands on June 23, 2006 with limited liability under the Companies Law Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. On September 16, 2006, the Company became the holding company of the subsidiaries now comprising the Group set out in Section 4 below pursuant to the group reorganization (the "Reorganization") as set out in Appendix V of the Prospectus.

The Company had not carried on any business since the date of its incorporation, save for the acquisition of the subsidiaries pursuant to the Reorganization. As at the date of this report, no audited financial statements have been prepared for the Company since the date of its incorporation. We have performed an independent review of all the relevant transactions of the Company in relation to the Reorganization for the period since the date of incorporation to the date of this report. The Group has adopted March 31 as its financial year end date.

For the purpose of this report, we have examined the audited financial statements or, where appropriate, the management accounts of all companies now comprising the Group for the Relevant Periods or since their dates of incorporation, whichever is a shorter period, in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). We have planned and performed our work so as to obtain reasonable assurance that the Financial Information upon which our opinion is given is free from material misstatement.

The combined results, combined statements of changes in equity, and the combined cash flow statements of the Group for the Relevant Periods and the combined balance sheets of the Group as at March 31, 2004, 2005, and 2006 together with the notes thereto set out in this report have been prepared based on the audited financial statements of the subsidiaries, or where appropriate, the management accounts of the companies now comprising the Group, after making such adjustments as considered appropriate, and are presented on the basis set out in Section 2 below.

The Directors are responsible for the preparation of the Financial Information which give a true and fair view and the contents of the Prospectus in which this report is included. It is our responsibility to form an independent opinion on the Financial Information, and to report our opinion to you.

Opinion in Respect of the Financial Information

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the combined results and combined cash flows of the Group for the Relevant Periods and of the state of affairs of the Group as at March 31, 2004, 2005 and 2006.

1. CORPORATE INFORMATION AND REORGANISATION

The Company is a limited liability company incorporated in the Cayman Islands on June 23, 2006. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681 GT, George Town, Grand Cayman, British West Indies. Particulars of the companies comprising the Group and associates are set out in Section 4 below.

In the opinion of the Directors, the Company does not have an ultimate holding company.

2. BASIS OF PRESENTATION

The Financial Information, which is prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger accounting for common control combinations" issued by the HKICPA, is based on the audited financial statements audited by Ernst & Young in accordance with Hong Kong Standards on Auditing or, where appropriate, the management accounts of the companies now comprising the Group, after making such adjustments as considered appropriate, includes the combined results, the combined statements of changes in equity, the combined cash flow statements and the combined balance sheets of the companies now comprising the Group, as if the current Group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever is a shorter period. All material intra-group transactions and balances have been eliminated on combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention except for derivative financial instrument, which have been measured at fair value. Assets held for sale is stated at the lower of carrying amount and fair value less costs to sell. The Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The HKICPA has issued a number of new and revised HKFRSs which are generally effective for accounting periods beginning on or after January 1, 2005. For the purposes of preparing and presenting the Financial Information, the Group has early adopted the new HKFRSs throughout the Relevant Periods as follows:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 3	Business Combinations
HK-Int 4	Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HKAS-Int 15	Operating Lease — Incentives

The significant accounting policies adopted by the Group in arriving at the Financial Information set out in this report, which conform with HKFRSs, are set out below:

Basis of combination

The Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. 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 significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the Relevant Periods has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

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.

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

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

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

Goodwill arising on acquisition is recognized in the combined 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 combined balance sheet.

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

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

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

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

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

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

Impairment of assets

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

An impairment loss is recognized 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, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized 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, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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 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 capitalized as an additional cost of that asset or as a replacement.

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

Leasehold land	Over the lease term
Buildings	2%
Leasehold improvements	10% - 33.3%
Furniture, fixtures and equipment	10% - 33.3%
Tools and machinery	10% - 33.3%
Motor vehicles	10% - 33.3%
Moulds and tooling	20%

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

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

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

Non-current assets held for sale

Non-current assets are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 capitalized 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 amortized using the straight-line basis over the commercial lives of the underlying products not exceeding one to three years, commencing from the date when the products are put into commercial production.

Other asset

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized 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 capitalized 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.

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.

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized 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 either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognized 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 recognized on the trade date, i.e., the date that the Group commits to purchase 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.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

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

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

Fair value

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

Impairment of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized 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 recognized in profit or loss.

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

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

Assets carried at cost

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

Available-for-sale financial assets

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

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 derecognized 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 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 recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in net profit or loss when the financial liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized 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 in the respective carrying amounts is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable 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 which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the income statement, or in equity if it relates to items that are recognized 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 taxation authorities.

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

Deferred tax liabilities are recognized 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 recognized 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 utilized, 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 recognized 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 utilized.

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 utilized. Conversely, previously unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized 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 utilized.

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

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

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
(b) engineering, handling and testing fee income, when the underlying services have been rendered;
(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
(d) dividend income, when the shareholders' right to receive payments has been established.

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 utilized by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

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

A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Pension scheme

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 recognized as a liability.

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

Foreign currencies

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

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

For the purpose of the combined cash flow statement, the cash flows of overseas subsidiaries and associates 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 and which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Information:

(i) *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 test.

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.

(i) *Provision for slow-moving inventories*

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

(ii) *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.

(iii) *Impairment of assets*

The Group determines whether an asset 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 asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset 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.

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 this Financial Information. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after January 1, 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

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

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after January 1, 2007.

The HKAS 21 Amendment requires exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation to be recognized initially in a separate component of equity in the consolidated financial statements, irrespective of the currency of the monetary item and of whether the monetary item results from a transaction with the reporting entity or any of its subsidiaries.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognized at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognized, less, when appropriate, cumulative amortization recognized in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 shall be applied for annual periods beginning on or after December 1, 2005, March 1, 2006, May 1, 2006 and June 1, 2006 respectively.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

4. PARTICULARS OF COMPANIES COMPRISING THE GROUP AND ASSOCIATES

The Company has direct and indirect interests in the following subsidiaries each of which is a limited liability company:

Company name	Place and date of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company			Principal activities
			2004	2005	2006	
Directly held:						
Computime International Limited(i)	British Virgin Islands/Hong Kong January 2, 1992	US$400	100%	100%	100%	Investment holding
Indirectly held:						
Subsidiaries						
Computime Enterprises Limited(i)	British Virgin Islands/Hong Kong January 24, 1992	US$1	100%	100%	100%	Investment holding and provision of sub-contracting services
Computime Limited 金寶通有限公司 (i)	Hong Kong May 21, 1974	HK$2,000,000	100%	100%	100%	Investment holding, research and development, design, manufacture and trading of electronic products
Seccom Technologies Limited(i) ..	Hong Kong September 22, 1992	HK$100,000	100%	100%	100%	Trading of electronic products

Company name	Place and date of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company			Principal activities
			2004	2005	2006	
Volta Investment Limited 禾達投資有限公司 (i)	Hong Kong October 1, 1992	HK$10,000	100%	100%	100%	Provision of management services
CK Technologies Company Limited 金德寶科技有限公司 (i)	Hong Kong September 13, 2002	HK$2	60%	60%	60%	Trading of electronic products
金寶通電子(深圳)有限公司 ("金寶通")* (Computime Electronics (Shenzhen) Co. Ltd.)(ii)	People's Republic of China ("PRC")/ Mainland China July 14, 2003	US$8,393,000	100%	100%	100%	Manufacture and trading of electronic products
Clovis Limited(i)	Hong Kong February 27, 2004	HK$1	N/A	100%	100%	Trading of electronic products
CT Global Inc.(iii)	United States of America December 10, 2003	US$10	100%	100%	100%	Distribution and trading of electronic products
Marcus-Plus International Ltd.(iii)	British Virgin Islands August 9, 2002	US$10	60%	60%	60%	Investment holding
CKT Manufacturing Limited(iii)	Cayman Islands July 11, 2003	US$10	60%	60%	60%	Investment holding
Computime Manufacturing Limited(i)	British Virgin Islands April 15, 2003	US$1	100%	100%	100%	Investment holding
Computime (N.A.) Technology Centre, Inc.(iii)	United States of America August 26, 1999	N/A	100%	100%	100%	Provision of administrative customer service, engineering and research and development support services
Computime Plastic & Packaging Limited(i)	Hong Kong September 22, 1992	HK$100,000	100%	100%	100%	Inactive
CTG Trading Limited(i)	Hong Kong September 29, 1992	HK$100,000	100%	100%	100%	Trading of electronic products
eTra.com Limited 易特通有限公司 (i)	Hong Kong May 24, 2000	HK$100	100%	100%	100%	Inactive
Hai Yen Enterprise Company Limited 海燕企業有限公司 (i)	Hong Kong August 31, 1993	HK$2	100%	100%	100%	Inactive
HVAC Controls Limited(i)	Hong Kong August 1, 2001	HK$2	100%	100%	100%	Investment holding
One For All Limited(i)	Hong Kong June 16, 1999	HK$10,000	100%	100%	100%	Inactive
Salus Controls Limited(iii)	British Virgin Islands March 5, 2004	US$1	100%	100%	100%	Investment holding

Company name	Place and date of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company			Principal activities
			2004	2005	2006	
Salus Controls Plc. (iv)	United Kingdom February 26, 2004	GBP50,000	55%	55%	55%	Distribution and trading of electronic products
Salus Technologies GmbH(iii)	Germany April 27, 2004	EUR25,000	55%	55%	55%	Distribution and trading of electronic products
Megastone Enterprises Corporation(iii)	British Virgin Islands January 28, 2005	US$1	N/A	N/A	100%	Investment holding
Computime Industrial Limited(v)#	British Virgin Islands February 10, 2000	US$1	100%	100%	100%	Inactive
Computime Electronic Inc.(v)#	British Virgin Islands February 10, 2000	US$1	100%	100%	100%	Investment holding
Fullbest Worldwide Limited(iii)#	British Virgin Islands June 18, 2003	US$1	100%	100%	100%	Investment holding
Remotec (BVI) Limited(iii)#	British Virgin Islands September 9, 2003	US$10	60%	60%	60%	Investment holding
Remotec North America Limited(i)#	Hong Kong September 11, 2003	HK$10	60%	60%	60%	Inactive
Associates						
Braeburn Systems LLC	United States of America August 29, 2001	N/A	27%	27%	27%	Trading of electronic products
Chamberlain Computime Investments Ltd.	British Virgin Islands May 17, 2005	US$10	N/A	N/A	40%	Investment holding
Chamberlain Computime Investments (HK) Ltd.	Hong Kong August 1, 2005	HK$1	N/A	N/A	40%	Investest holding and trading of electronic products
盛柏通電子(深圳)有限公司 ("盛柏通")* (Chamberlain Computime Electronics (Shenzhen) Co. Ltd.)	PRC/Mainland China September 16, 2005	US$332,500	N/A	N/A	40%	Manufacture and trading of electronic products

N/A — not yet incorporated or not yet acquired by the Group

* 金寶通 and 盛柏通 are registered as wholly-owned foreign enterprises under the PRC Law.

\# As part of the Reorganization, subsequent to the balance sheet date, these subsidiaries were disposed of. Details of the disposals are disclosed in note 10.

Notes:

(i) We have acted as auditors of these companies during the Relevant Periods.

(ii) The financial year end of 金寶通 is December 31. The statutory financial statements of this company for the period ended December 31, 2003 and for the two years ended December 31, 2004 and 2005 were audited by Shenzhen Guang Xin Certified Public Accountants and Shenzhen Zhong Xin Certified Public Accountants, respectively.

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

(iv) The statutory financial statements of Salus Controls Plc. for the period from February 26, 2004 to March 31, 2005 and for the year ended March 31, 2006 were audited by Ford Campbell Freedman LLP.

(v) We have acted as auditors of Computime Industrial Limited and Computime Electronic Inc. for the year ended March 31, 2004. No audited financial statements have been issued since that date as there is no statutory audit requirement.

5. COMBINED RESULTS

The following is a summary of the combined results of the Group for the Relevant Periods prepared on the basis set out in Section 2 above:

	Notes	Year ended March 31, 2004	2005	2006
		HK$'000	HK$'000	HK$'000
REVENUE	(b)	1,095,727	1,776,094	1,908,475
Cost of sales		(835,842)	(1,428,905)	(1,533,694)
GROSS PROFIT		259,885	347,189	374,781
Other income	(b)	4,080	7,199	16,769
Selling and distribution costs		(51,614)	(77,273)	(82,584)
Administrative expenses		(99,892)	(114,519)	(129,828)
Other operating expenses		(1,701)	(2,290)	(8,563)
Finance costs	(c)	(10,162)	(13,902)	(22,360)
Share of profits and losses of associates		516	(945)	4,508
PROFIT BEFORE TAX	(d)	101,112	145,459	152,723
Tax	(g)	(7,740)	(13,108)	(13,878)
PROFIT FOR THE YEAR		93,372	132,351	138,845
ATTRIBUTABLE TO:				
Equity holders of the Company		92,989	132,045	140,127
Minority interests		383	306	(1,282)
		93,372	132,351	138,845
DIVIDENDS	(h)			
Interim		115,514	30,000	50,000
Proposed final		—	—	15,000
		115,514	30,000	65,000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
— Basic (HK$ cent)	(i)	15.5	22.0	23.4

(a) 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 provided. 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:

(i) the building and home controls segment is engaged in the research and development, design, manufacture, trading and distribution of building and home control products;
(ii) the appliance controls segment is engaged in the research and development, design, manufacture and trading of appliance control products; and
(iii) the commercial and industrial controls segment is engaged in the research and development, design, manufacture, trading and distribution of commercial and industrial control products.

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

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

Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information on the Group's business segments for the Relevant Periods:

	Building and home controls	Appliance controls	Commercial and industrial controls	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended March 31, 2004				
Segment revenue:				
Sales to external customers	635,120	267,641	192,966	1,095,727
Segment results	84,615	16,897	14,084	115,596
Bank interest income				370
Other income				3,710
Corporate and other unallocated expenses				(8,918)
Finance costs				(10,162)
Share of profits and losses of associates	516			516
Profit before tax				101,112
Tax				(7,740)
Profit for the year				93,372
Attributable to the Company				92,989
Minority interests				383
Assets and liabilities				
Segment assets	145,851	86,735	40,586	273,172
Interests in associates	3,365	—	—	3,365
Corporate and other unallocated assets				336,288
Total assets				612,825
Segment liabilities	21,057	12,697	1,762	35,516
Corporate and other unallocated liabilities				468,449
Total liabilities				503,965
Other segment information:				
Amortization of deferred expenditure	6,485	2,683	3,894	13,062
Amortization of other asset	1,700	—	—	1,700

	Building and home controls	Appliance controls	Commercial and industrial controls	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended March 31, 2005				
Segment revenue:				
Sales to external customers	1,069,196	458,660	248,238	1,776,094
Segment results	114,590	23,408	26,463	164,461
Bank interest income				924
Other income				6,275
Corporate and other unallocated expenses				(11,354)
Finance costs				(13,902)
Share of profits and losses of associates	(945)			(945)
Profit before tax				145,459
Tax				(13,108)
Profit for the year				132,351
Attributable to the Company				132,045
Minority interests				306
Assets and liabilities				
Segment assets	166,085	155,311	63,805	385,201
Interests in associates	4,751	—	—	4,751
Corporate and other unallocated assets				462,147
Total assets				852,099
Segment liabilities	19,392	17,540	1,688	38,620
Corporate and other unallocated liabilities				601,801
Total liabilities				640,421
Other segment information:				
Amortization of deferred expenditure	9,605	3,727	3,237	16,569
Amortization of other asset	1,700	—	—	1,700

	Building and home controls	Appliance controls	Commercial and industrial controls	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended March 31, 2006				
Segment revenue:				
Sales to external customers	1,046,603	582,777	279,095	1,908,475
Segment results	119,984	32,303	18,013	170,300
Bank interest income				2,505
Other income				14,264
Corporate and other unallocated expenses				(16,494)
Finance costs				(22,360)
Share of profits and losses of associates	4,508			4,508
Profit before tax				152,723
Tax				(13,878)
Profit for the year				138,845
Attributable to the Company				140,127
Minority interests				(1,282)
Assets and liabilities				
Segment assets	193,508	224,707	30,863	449,078
Interests in associates	15,571	—	—	15,571
Corporate and other unallocated assets				559,489
Total assets				1,024,138
Segment liabilities	25,241	22,629	3,148	51,018
Corporate and other unallocated liabilities				672,783
Total liabilities				723,801
Other segment information:				
Amortization of deferred expenditure	9,037	3,587	3,236	15,860
Amortization of other asset	1,700	—	—	1,700

Geographical segments

The following tables present revenue information on the Group's geographical segments for the Relevant Periods:

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Segment revenue:			
Sales to external customers:			
The Americas	702,890	1,184,479	1,419,315
Europe	140,998	307,948	301,379
Asia	228,433	252,462	133,212
Other regions	23,406	31,205	54,569
Total	1,095,727	1,776,094	1,908,475

(b) 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 revenue and other income is as follows:

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Revenue			
Sale of goods	1,095,727	1,776,094	1,908,475
Other income			
Bank interest income	370	924	2,505
Engineering fee income	622	1,976	5,959
Handling and testing fee income	1,347	1,207	4,311
Sale of materials	984	1,482	1,866
Sundry income	757	1,610	2,128
	4,080	7,199	16,769

(c) Finance costs

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Interest on bank loans and overdrafts	9,241	13,442	21,803
Interest on finance leases	921	460	557
	10,162	13,902	22,360

(d) Profit before tax

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

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Cost of inventories sold*	825,764	1,424,409	1,530,029
Depreciation	15,664	19,653	24,375
Research and development costs:			
Amortization of deferred expenditure	13,062	16,569	15,860
Current year expenditure	10,733	8,957	13,326
	23,795	25,526	29,186
Amortization of other asset	1,700	1,700	1,700
Provision for inventories	10,078	4,496	3,665
Minimum lease payments under operating leases of land and buildings	10,458	16,467	25,408
Auditors' remuneration	350	420	520
Directors' remuneration:			
Fees	—	—	558
Other emoluments	5,147	7,608	8,444
Employee benefit expense* (including directors' remuneration (note (e) of Section 5):			
Wages, salaries and other benefits	55,709	96,532	133,233
Pension scheme contributions	1,313	1,387	1,776
Provision for untaken paid leave	1,346	208	982
	58,368	98,127	135,991
Foreign exchange differences, net	1,605	1,487	6,843

* Employee benefit expense of HK$69,144,000 (2005: HK$40,600,000 and 2004: HK$4,003,000) for the year are included in "Cost of inventories sold" above.

(e) Directors' remuneration

Details of directors' remuneration are as follows:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Fees	—	—	558
Other emoluments:			
Salaries, allowances and benefits in kind	4,523	5,184	6,020
Bonuses	600	2,400	2,400
Pension scheme contributions	24	24	24
	5,147	7,608	9,002

The remuneration of each of the directors for the year ended March 31, 2004 is set out below:

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Mr. Auyang Ho	1,118	—	—	1,118
Mr. Auyang Pak Hong, Bernard	1,845	350	12	2,207
Ms. Choi Po Yee, Alice	1,560	250	12	1,822
	4,523	600	24	5,147
Non-executive directors				
Mr. Wong Ying Ho, Kennedy	—	—	—	—
Mr. Kam Chi Chiu, Anthony	—	—	—	—
Mr. Patel Arvind Amratlal	—	—	—	—
	—	—	—	—
Independent non-executive directors				
Mr. Luk Koon Hoo	—	—	—	—
Mr. Siewert, Patrick Thomas	—	—	—	—
Mr. Feniger, Steven Julien	—	—	—	—
	—	—	—	—
	4,523	600	24	5,147

The remuneration of each of the directors for the year ended March 31, 2005 is set out below:

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Mr. Auyang Ho	1,118	—	—	1,118
Mr. Auyang Pak Hong, Bernard	2,246	1,400	12	3,658
Ms. Choi Po Yee, Alice	1,820	1,000	12	2,832
	5,184	2,400	24	7,608
Non-executive directors				
Mr. Wong Ying Ho, Kennedy	—	—	—	—
Mr. Kam Chi Chiu, Anthony	—	—	—	—
Mr. Patel Arvind Amratlal	—	—	—	—
	—	—	—	—
Independent non-executive directors				
Mr. Luk Koon Hoo	—	—	—	—
Mr. Siewert, Patrick Thomas	—	—	—	—
Mr. Feniger, Steven Julien	—	—	—	—
	—	—	—	—
	5,184	2,400	24	7,608

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

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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(f) Five highest paid employees

The five highest paid employees during the Relevant Periods included 2, 2 and 3 directors respectively. Information relating to directors' emoluments has been disclosed in note 5(e) above. The details of the emoluments of the remaining 3, 3 and 2 highest paid, non-director individuals during the Relevant Periods are as follows:

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Salaries, allowances and benefits in kind	4,837	6,180	3,528
Pension scheme contributions	24	42	40
	4,861	6,222	3,568

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

	Number of employees		
	2004	2005	2006
Nil to HK$1,500,000	1	—	—
HK$1,500,001 to HK$2,000,000	1	1	2
HK$2,000,001 to HK$2,500,000	1	2	—
	3	3	2

During the Relevant Periods, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

(g) Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5% and 2004: 17.5%) on the estimated assessable profits in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

金寶通 is a foreign investment manufacturing enterprise operating in Mainland China and is subject to State corporate income tax rate ("CIT") at 15%. Pursuant to the PRC income tax laws, 金寶通 is exempted from CIT for two years starting from the first profitable year, after deducting the tax losses carried forward, and is granted a 50% reduction in tax for three years thereafter.

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Group:			
Current — Hong Kong			
Charge for the year	11,265	16,497	13,878
Overprovision in prior years	(3,060)	(3,389)	—
Deferred (note (q) of Section 6)	(465)	—	—
Total tax charge for the year	7,740	13,108	13,878

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and the majority of subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Profit before tax	101,112	145,459	152,723
Tax at the statutory tax rate	17,695	25,455	26,726
Lower tax rate for specific province or local authority	—	—	(189)
Effect on opening deferred tax of increase in rate	(4)	—	—
Adjustments in respect of current tax of previous periods.	(3,060)	(3,389)	—
Profits and losses attributable to associates	(90)	165	(789)
Net profits from operation not subject to tax	(11,629)	(18,337)	(14,201)
Income not subject to tax	(268)	(234)	(453)
Expenses not deductible for tax	5,096	4,273	3,926
Losses in Mainland China not deductible for tax purposes	—	4,396	—
Tax losses utilized from previous periods	—	—	(1,142)
Tax losses not recognized	—	779	—
Tax charge at the effective rate	7,740	13,108	13,878

No share of tax was attributable to associates as at March 31, 2004, 2005 and 2006.

(h) Dividends

The Company had not been incorporated before March 31, 2006. The dividends distributed by the subsidiary of the Group during the Relevant Periods were as follows:

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Computime International Limited			
Interim	115,514	30,000	50,000
Proposed final	—	—	15,000
	115,514	30,000	65,000

The final dividend proposed by Computime International Limited for the year ended March 31, 2006 is subject to the approval of its shareholders at the forthcoming annual general meeting.

On September 20, 2006, the Company proposed a special dividend of HK$35,000,000, details of which are set out in note (ix) of Section 10.

The dividend rates are not presented as such information is considered not meaningful for the purpose of this report.

(i) Earnings per share attributable to ordinary equity holders of the Company

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company for each of the Relevant Periods, on the assumption that 600,000,000 shares, representing the number of shares of the Company immediately after the Capitalization Issue but excluding any shares to be issued pursuant to the public offering, had been in issue throughout the Relevant Periods.

No diluted earnings per share are presented for any of the Relevant Periods as no diluting events occurred during the Relevant Periods.

(j) Related party transactions

(1) The Group had the following material transactions with related parties during the Relevant Periods:

	Notes	Year ended March 31, 2004	2005	2006
		HK$'000	HK$'000	HK$'000
Associates				
Sale of raw materials*	(i)	—	—	1,637
Sale of finished goods*	(i)	55	27,851	56,317
An investee company				
Sale of finished goods	(v)	17,902	15,650	11,475
A related company controlled by a beneficial shareholder of the Company				
Sale of finished goods	(i)	53,168	15,176	—
Purchases of raw materials	(ii)	37,176	—	—
Purchases of finished goods	(ii)	1,311	27,367	—
A minority shareholder of a subsidiary				
Purchases of raw materials*	(vi)	885	2,263	2,813
A beneficial shareholder of an associate of the Group				
Sale of finished goods*	(i)	—	—	45,202
A related company controlled by a minority shareholder of a subsidiary				
Sale of raw materials	(iii)	8,443	11,727	—
Purchases of finished goods	(iv)	12,436	15,562	—
A related company in which certain beneficial shareholders of the Company have beneficial interests				
Sale of finished goods*	(v)	8,665	12,119	11,618
A related company in which a director of the Company has beneficial interest				
Sale of finished goods	(i)	—	2,338	275

Notes:

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

(ii) The purchases were made according to the prices and conditions offered by the related company to its major customers.

(iii) The sales were made at cost.

(iv) The purchases were made according to prices and conditions offered by the related company to its major customers.

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

(vi) The purchases from Kingdom Fine Metal Limited, a minority shareholder of a subsidiary, were conducted in accordance with mutually agreed terms with reference to the market conditions.

The directors are of the opinion that the above transactions were carried out in the ordinary course of business of the Group.

* These are continuing transactions.

(2) Other transactions with related parties

(i) During the year ended March 31, 2005, the Group disposed of a subsidiary (note (r) of Section 6) together with its equity investment (note (l) of Section 6) to a beneficial shareholder of the Company, at a consideration of HK$16,559,000, resulting in no significant gain or loss on the disposals.

(ii) During the Relevant Periods, the Group carried on certain manufacturing operations through materials processing agreements ("Material Processing Agreements") which were entered into between independent third parties and a partnership (the "Partnership") controlled by a beneficial shareholder of the Company. Throughout the Relevant Periods, the Partnership held the Material Processing Agreements for the sole benefit of the Group free of charge. On August 22, 2006, Computime Limited entered into supplemental agreements with the Partnership to transfer the Material Processing Agreements from the Partnership to Computime Limited.

(iii) During the Relevant Periods, certain bank loans and other borrowings made to the Group were secured by personal guarantees executed by certain beneficial shareholders of the Company. Further details are disclosed in note (o) of Section 6.

(3) Outstanding balances with related parties

(i) Details of the loan to a director as at March 31, 2004 and 2005 are set out in note (f) of Section 6.

(ii) Details of the trade balance with a related company as at March 31, 2004 are disclosed in note (g) of Section 6.

(iii) Details of trade balances with associates as at March 31, 2005 and 2006 are disclosed in note (j) of Section 6.

(iv) Details of amount due to beneficial shareholders as at March 31, 2004 are disclosed in note (m) of Section 6.

(4) Compensation of key management personnel of the Group

	Year ended March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Short term employee benefits	12,881	18,951	19,336
Post-employment benefits	84	127	151
	12,965	19,078	19,487

Further details of directors' emoluments are included in note (e) of Section 5.

6. COMBINED BALANCE SHEETS

The following is a summary of the combined balance sheets of the Group as at the end of each of the Relevant Periods prepared on the basis set out in Section 2 above:

Group

		Year ended March 31,		
	Notes	2004	2005	2006
		HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	(a)	108,071	129,705	167,831
Prepaid land lease payments	(b)	4,217	4,111	4,005
Club debenture		705	705	705
Intangible assets	(c)	22,158	19,781	19,004
Interests in associates	(d)	3,365	1,985	5,669
Available-for-sale equity investment	(e)	—	—	—
Loan to a director	(f)	540	—	—
Total non-current assets		139,056	156,287	197,214
CURRENT ASSETS				
Amount due from a related company	(g)	699	—	—
Amounts due from associates	(d)	—	2,766	9,902
Loan to a director	(f)	540	540	—
Derivative financial instrument	(h)	—	—	3,900
Inventories	(i)	174,305	257,008	277,865
Trade receivables	(j)	165,289	233,875	317,407
Prepayments, deposits and other receivables		21,256	33,232	29,333
Tax recoverable		—	—	544
Cash and cash equivalents	(k)	95,121	168,391	187,973
		457,210	695,812	826,924
Asset classified as held for sale	(l)	16,559	—	—
Total current assets		473,769	695,812	826,924
CURRENT LIABILITIES				
Amounts due to beneficial shareholders	(m)	5,322	—	—
Trade and bills payables	(n)	153,278	207,492	296,491
Tax payable		15,576	8,396	6,363
Other payables and accrued liabilities		84,515	88,517	112,423
Interest-bearing bank and other borrowings	(o)	225,456	297,659	220,363
Dividend payable		2,130	24,088	50,000
Amounts due to minority shareholders		994	724	850
Total current liabilities		487,271	626,876	686,490
NET CURRENT ASSETS/(LIABILITIES)		(13,502)	68,936	140,434
TOTAL ASSETS LESS CURRENT LIABILITIES		125,554	225,223	337,648
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	(o)	6,433	3,043	26,602
Deferred tax liabilities	(q)	5,006	5,006	5,006
Provision for long service payments		5,255	5,496	5,703
Total non-current liabilities		16,694	13,545	37,311
Net assets		108,860	211,678	300,337
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital	Section 7	3	3	3
Reserves	Section 7	108,256	210,301	285,334
Proposed final dividend	Section 5(h)	—	—	15,000
		108,259	210,304	300,337
Minority interests	Section 7	601	1,374	—
Total equity		108,860	211,678	300,337

(a) Property, plant and equipment

	Building	Leasehold improvements	Furniture, fixtures and equipment	Tools and machinery	Motor vehicles	Moulds and tooling	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At April 1, 2003, net of accumulated depreciation	3,856	10,870	22,553	49,533	854	1,925	89,591
Additions	—	1,912	4,153	28,174	291	—	34,530
Disposals	—	—	(330)	(56)	—	—	(386)
Depreciation provided during the year	(87)	(1,924)	(4,278)	(7,889)	(203)	(1,283)	(15,664)
At March 31, 2004, and April 1, 2004, net of accumulated depreciation	3,769	10,858	22,098	69,762	942	642	108,071
Additions	—	11,087	7,368	23,357	1,006	—	42,818
Disposals	—	—	(52)	(1,464)	(15)	—	(1,531)
Depreciation provided during the year	(87)	(2,287)	(5,223)	(11,173)	(241)	(642)	(19,653)
At March 31, 2005, and April 1, 2005, net of accumulated depreciation	3,682	19,658	24,191	80,482	1,692	—	129,705
Additions	—	14,535	7,813	39,146	1,038	—	62,532
Disposals	—	—	(26)	—	(5)	—	(31)
Depreciation provided during the year	(87)	(4,116)	(6,058)	(13,870)	(244)	—	(24,375)
At March 31, 2006, net of accumulated depreciation	3,595	30,077	25,920	105,758	2,481	—	167,831
At March 31, 2004:							
Cost	4,644	19,324	45,089	111,910	2,312	7,746	191,025
Accumulated depreciation	(875)	(8,466)	(22,991)	(42,148)	(1,370)	(7,104)	(82,954)
Net carrying amount	3,769	10,858	22,098	69,762	942	642	108,071
At March 31, 2005:							
Cost	4,644	30,411	52,299	133,684	3,035	7,746	231,819
Accumulated depreciation	(962)	(10,753)	(28,108)	(53,202)	(1,343)	(7,746)	(102,114)
Net carrying amount	3,682	19,658	24,191	80,482	1,692	—	129,705
At March 31, 2006:							
Cost	4,644	44,946	60,121	172,830	2,979	7,746	293,266
Accumulated depreciation	(1,049)	(14,869)	(34,201)	(67,072)	(498)	(7,746)	(125,435)
Net carrying amount	3,595	30,077	25,920	105,758	2,481	—	167,831

The net book value 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 at March 31, 2004, 2005 and 2006, amounted to HK$15,625,000, HK$14,120,000 and HK$27,015,000, respectively.

The Group's building with a net book value of approximately HK$3,769,000 and HK$3,682,000 was pledged to secure general banking facilities granted to the Group (note (o) of Section 6) as at March 31, 2004 and 2005, respectively.

Subsequent to the balance sheet date, the Group entered into a provisional agreement to sell its building, together with the related prepaid land lease payments of HK$4,111,000 (note (b) of Section 6), to an independent third party. Further details of which are disclosed in note (vii) of Section 10.

(b) Prepaid land lease payments

	March 31,		
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Carrying amount at beginning of year	4,429	4,323	4,217
Recognized during the year	(106)	(106)	(106)
Carrying amount at end of year	4,323	4,217	4,111
Current portion	(106)	(106)	(106)
Non-current portion	4,217	4,111	4,005

The prepaid land lease payments under a medium term lease are situated in Hong Kong.

The Group's prepaid land lease payments with a book value of approximately HK$4,323,000 and HK$4,217,000 were pledged to secure general banking facilities granted to the Group (note (o) of Section 6) as at March 31, 2004 and 2005, respectively.

(c) Intangible assets

	Deferred expenditure	Other assets	Total
	HK$'000	HK$'000	HK$'000
March 31, 2006			
At April 1, 2005, net of accumulated amortization	16,805	2,976	19,781
Additions	16,783	—	16,783
Amortization provided during the year	(15,860)	(1,700)	(17,560)
At March 31, 2006	17,728	1,276	19,004
At March 31, 2006:			
Cost	109,551	8,502	118,053
Accumulated amortization	(91,823)	(7,226)	(99,049)
Net carrying amount	17,728	1,276	19,004

	Deferred expenditure	Other assets	Total
	HK$'000	HK$'000	HK$'000
March 31, 2005			
At April 1, 2004, net of accumulated amortization	17,482	4,676	22,158
Additions	15,892	—	15,892
Amortization provided during the year	(16,569)	(1,700)	(18,269)
At March 31, 2005	16,805	2,976	19,781
At March 31, 2005:			
Cost	92,768	8,502	101,270
Accumulated amortization	(75,963)	(5,526)	(81,489)
Net carrying amount	16,805	2,976	19,781

	Deferred expenditure	Other assets	Total
	HK$'000	HK$'000	HK$'000
March 31, 2004			
At April 1, 2003:			
Cost	63,339	8,502	71,841
Accumulated amortization	(46,332)	(2,126)	(48,458)
Net carrying amount	17,007	6,376	23,383
At April 1, 2003, net of accumulated amortization	17,007	6,376	23,383
Additions	13,537	—	13,537
Amortization provided during the year	(13,062)	(1,700)	(14,762)
At March 31, 2004	17,482	4,676	22,158
At March 31, 2004:			
Cost	76,876	8,502	85,378
Accumulated amortization	(59,394)	(3,826)	(63,220)
Net carrying amount	17,482	4,676	22,158

(d) Interests in associates/Amounts due from associates

			March 31,
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Share of net assets	1,807	427	4,111
Goodwill on acquisition	1,558	1,558	1,558
	3,365	1,985	5,669
Amounts due from associates	—	2,766	9,902
	3,365	4,751	15,571

Particulars of the associates of the Group are set out in Section 4.

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

The Group's trade receivable balances with associates are disclosed in note (j) of Section 6.

(e) Available-for-sale equity investment

			March 31,
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Unlisted equity investment in Hong Kong, at cost	5,798	5,798	5,798
Recognized impairment	(5,798)	(5,798)	(5,798)
	—	—	—

Unlisted equity investment is stated at cost because its fair value could not be reliably measured as at the balance sheet date. Due to the continuing non-performance of the investment, the directors considered that the investment was fully impaired in the prior years.

(f) Loan to a director

The loan to a director was unsecured, interest-free and repayable by six equal annual installments from the date of advance. The loan to a director as at March 31, 2004 and March 31, 2005 were fully settled.

(g) Amount due from a related company

The amount due from a related company was unsecured and interest-free. The amount due from a related company as at March 31, 2004 was fully repaid during the year ended March 31, 2005.

(h) Derivative financial instrument

			March 31,
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Derivative financial instrument..	—	—	3,900

The Group has entered into an index-linked note which did not meet the criteria for hedge accounting. There were no significant changes in the fair value of the non-hedging derivative financial instrument during the year ended March 31, 2006.

(i) Inventories

	March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Raw materials	114,674	152,743	200,758
Work-in-progress	42,211	59,498	41,690
Finished goods	17,420	44,767	35,417
	174,305	257,008	277,865

(j) Trade receivables

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one month to three months. The Group maintains strict credit control over its customers and outstanding receivables to minimize 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 is as follows:

	March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Within 1 month	139,293	198,341	276,325
1 to 2 months	10,026	17,213	15,407
2 to 3 months	5,507	8,455	8,709
Over 3 months	10,463	9,866	16,966
	165,289	233,875	317,407

Included in the Group's trade receivables are amounts due from the Group's associates as at March 31, 2004, 2005 and 2006 of HK$5,261,000, HK$10,266,000 and HK$23,310,000, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

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

(k) Cash and cash equivalents

	March 31,		
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Cash and bank balances	46,687	117,326	103,247
Time deposits	48,434	51,065	84,726
	95,121	168,391	187,973

The Group's cash and bank balances denominated in Renminbi ("RMB") amounted to HK$836,000, HK$866,000 and HK$5,340,000 as at March 31, 2004, 2005 and 2006, respectively. 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 authorized to conduct foreign exchange business.

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

(l) Asset classified as held for sale

The amount represents an unlisted equity investment in PD Trading (Hong Kong) Limited of which the Group acquired 30% and 1.84% equity interest in April 2003 and December 2003, respectively. On June 8, 2004, the Group entered into an agreement with a beneficiary shareholder of the Company to dispose of this investment for a consideration of HK$16,559,000, resulting in no gain or loss on the disposal. The transaction was completed in January 2005.

(m) Amounts due to beneficial shareholders

The amounts due to beneficial shareholders as at March 31, 2004 were unsecured, interest-free and were fully settled during the year ended March 31, 2005.

(n) Trade and bills payables

An aged analysis of trade and bills payables is as follows:

		March 31,	
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Within 1 month	117,712	165,041	273,531
1 to 2 months	19,182	22,593	16,085
2 to 3 months	1,874	8,852	2,043
Over 3 months	14,510	11,006	4,832
	153,278	207,492	296,491

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

The carrying amounts of the trade and bills payables approximate to their fair values.

(o) Interest-bearing bank and other borrowings

	Effective interest rate (%)	Maturity	March 31, 2004	2005	2006
			HK$'000	HK$'000	HK$'000
Current					
Finance lease payables (note (p) of Section 6)	2.75-7.00	2006	3,275	2,291	6,536
Bank overdrafts - unsecured	5.25-8.00	2006	—	—	206
Bank overdrafts - secured	4.50-5.75	2006	27,718	592	—
Bank loans - unsecured	2.08-7.75	2006	150,914	250,067	213,621
Bank loans - secured	4.50-4.75	2006	43,549	44,709	—
			225,456	297,659	220,363
Non-current					
Finance lease payables (note (p) of Section 6)	2.75-7.00	2007-2009	4,983	3,043	8,791
Bank loans - unsecured	3.46-6.15	2009	1,450	—	17,811
			6,433	3,043	26,602
			231,889	300,702	246,965
Analyzed into:					
Bank loans and overdrafts repayable:					
Within one year or on demand			222,181	295,368	213,827
In the second year			1,450	—	8,995
In the third to fifth years, inclusive			—	—	8,816
			223,631	295,368	231,638

The Group's banking facilities amounting to HK$56,000,000, of which HK$49,397,000 and HK$44,709,000 had been utilized as at March 31, 2004 and 2005, respectively, were secured by the Group's building (note (a) of Section 6) and prepaid land lease payments (note (b) of Section 6).

Certain bank loans and other borrowings made to the Group were secured by personal guarantees executed by certain beneficial shareholders up to HK$420,046,000, HK$500,426,000 and HK$499,762,000 as at March 31, 2004, 2005 and 2006, respectively. The personal guarantees executed by certain beneficial shareholders will be released after listing of the shares of the Company on the Stock Exchange.

Other interest rate information:

Group	2004 Fixed rate	2004 Floating rate	2005 Fixed rate	2005 Floating rate	2006 Fixed rate	2006 Floating rate
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Finance lease payables.......	438	7,820	546	4,788	3,910	11,417
Bank overdrafts..................	—	27,718	—	592	—	206
Bank loans - secured	—	43,549	—	44,709	—	—
Bank loans - unsecured	—	152,364	—	250,067	—	231,432

The carrying amounts of the Group's borrowings approximate to their fair values.

(p) 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 four years.

The total future minimum lease payments under finance leases and their present values at the balance sheet dates in the Relevant Periods were as follows:

Group	Minimum lease payments 2004	Minimum lease payments 2005	Minimum lease payments 2006	Present value of minimum lease payments 2004	Present value of minimum lease payments 2005	Present value of minimum lease payments 2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts payable:						
Within one year....................	3,575	2,459	7,346	3,275	2,291	6,536
In the second year	2,401	1,970	6,439	2,235	1,882	6,054
In the third to fifth years, inclusive	2,847	1,199	2,801	2,748	1,161	2,737
Total minimum finance lease payments..............................	8,823	5,628	16,586	8,258	5,334	15,327
Future finance charges	(565)	(294)	(1,259)			
Total net finance lease payables................................	8,258	5,334	15,327			
Portion classified as current liabilities (note (o) of Section 6)	(3,275)	(2,291)	(6,536)			
Non-current portion (note (o) of Section 6).........................	4,983	3,043	8,791			

(q) Deferred tax

The movement in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

Group	Accelerated tax depreciation
	HK$'000
At April 1, 2003	5,513
Deferred tax credited to the combined results (note (g) of Section 5)	(507)
At March 31, 2004, April 1, 2004, March 31, 2005, April 1, 2005 and at March 31, 2006	5,006

Deferred tax assets

Group	Losses available for offset against future taxable profit
	HK$'000
At April 1, 2003	42
Deferred tax charged to the combined results (note (g) of Section 5)	(42)
At March 31, 2004, April 1, 2004, March 31, 2005, April 1, 2005 and at March 31, 2006	—

The Group has tax losses arising in Hong Kong of HK$59,000, HK$325,000 and HK$287,000 that are available for offsetting against future taxable profits of the companies in which the losses arose as at March 31, 2004, 2005 and 2006, respectively. Deferred tax assets have not been recognized in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

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

(r) Disposal of a subsidiary

	2005
	HK$'000
Net liabilities disposed of:	
Other payables and accrued liabilities	(57)
Gain on disposal of a subsidiary	57
	—
Satisfied by:	
Cash*	—

* The consideration for the disposal was satisfied by cash with amount of HK$8.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	—

The results of the subsidiary disposed of in the year ended March 31, 2005 had no significant impact on the Group's combined revenue or profit after tax for that year.

(s) Operating lease commitments

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

As at March 31, 2004, 2005 and 2006, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

			March 31,
	2004	**2005**	**2006**
	HK$'000	**HK$'000**	**HK$'000**
Within one year	7,078	13,646	13,601
In the second to fifth years, inclusive	24,083	52,180	51,079
After five years	—	39,846	37,019
	31,161	105,672	101,699

(t) Commitments

In addition to the operating lease commitments detailed in note (s) above, the Group had the following capital commitments as at March 31, 2004, 2005 and 2006:

			March 31,
	2004	2005	2006
	HK$'000	HK$'000	HK$'000
Contracted but not provided for:			
Tools and machinery	1,045	2,053	1,046
Leasehold improvements	—	3,525	454
	1,045	5,578	1,500

(u) Financial risk management objectives and policies

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

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

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

(i) Cash flow interest rate risk

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

The interest rates and the terms of repayment of the Group's bank and other borrowings are disclosed in note (o) of Section 6 above. The Group has not used any derivative instruments to hedge its exposure to interest rate risk.

(ii) Foreign currency risk

The Group's exposure to the risk of changes in market rate relates primarily to the Group's trade receivables which are denominated in US dollars. Due to the fact that the Hong Kong dollars is pegged to the US dollars, the Group's exposure to foreign currency risk is low.

(iii) Credit risk

The Group trades only with recognized 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 Relevant Periods. Accordingly, the exposure to credit risk of the Group's trade receivables is not significant.

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

(iv) Liquidity risk

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

7. COMBINED STATEMENTS OF CHANGES IN EQUITY

The movements in the combined statements of changes in equity of the Group for the Relevant Periods prepared on the basis set out in Section 2 above are as follows:

		Attributable to equity holders of the Company							
	Notes	Issued capital	Capital reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At April 1, 2003		3	1,876	—	128,905	—	130,784	218	131,002
Net profit for the year		—	—	—	92,989	—	92,989	383	93,372
Interim 2004 dividend	5(h)	—	—	—	(115,514)	—	(115,514)	—	(115,514)
At March 31, 2004 and April 1, 2004		3	1,876	—	106,380	—	108,259	601	108,860
Net profit for the year		—	—	—	132,045	—	132,045	306	132,351
Contribution from minority shareholders		—	—	—	—	—	—	467	467
Interim 2005 dividend	5(h)	—	—	—	(30,000)	—	(30,000)	—	(30,000)
At March 31, 2005 and April 1, 2005		3	1,876	—	208,425	—	210,304	1,374	211,678
Net profit for the year		—	—	—	140,127	—	140,127	(1,282)	138,845
Interim 2006 dividend	5(h)	—	—	—	(50,000)	—	(50,000)	—	(50,000)
Proposed final 2006 dividend	5(h)	—	—	—	(15,000)	15,000	—	—	—
Exchange realignment		—	—	(94)	—	—	(94)	(92)	(186)
At March 31, 2006		3	1,876	(94)	283,552	15,000	300,337	—	300,337

The Company was not incorporated as at March 31, 2006, and therefore the Company did not have any reserves available for distribution to shareholders of the Company.

8. COMBINED CASH FLOW STATEMENTS

The combined cash flow statements of the Group for the Relevant Periods prepared on the basis set out in Section 2 above are as follows:

	Notes	Year ended March 31, 2004	2005	2006
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		101,112	145,459	152,723
Adjustments for:				
Finance costs	5(c)	10,162	13,902	22,360
Bank interest income	5(b)	(370)	(924)	(2,505)
Gain on disposal of a subsidiary		—	(57)	—
Loss/(gain) on disposal of items of property, plant and equipment		126	(220)	(79)
Depreciation	5(d)	15,664	19,653	24,375
Recognition of prepaid land lease payments		106	106	106
Amortization of deferred expenditure	5(d)	13,062	16,569	15,860
Amortization of other asset	5(d)	1,700	1,700	1,700
Provision for inventories	5(d)	10,078	4,496	3,665
Share of profits and losses of associates		(516)	945	(4,508)
Operating profit before working capital changes		151,124	201,629	213,697
Repayment of loan to a director		540	540	540
Decrease/(increase) in amounts due from a related company		(4,349)	699	—
Increase in amounts due from associates		—	(2,766)	(7,136)
Increase in derivative financial instrument		—	—	(3,900)
Increase in inventories		(61,340)	(87,199)	(24,522)
Increase in trade receivables		(51,011)	(68,586)	(83,532)
Decrease/(increase) in prepayments, deposits and other receivables		(13,143)	(11,976)	3,899
Decrease in amounts due to beneficial shareholders		(1,035)	(5,322)	—
Increase in trade and bills payables		63,675	54,214	88,813
Increase in other payables and accrued liabilities		39,918	4,059	23,906
Increase in provision for long service payments		5,255	241	207
Increase/(decrease) in amounts due to minority shareholders		835	(270)	126
Contribution from minority shareholders		—	467	—
Cash generated from operations		130,469	85,730	212,098
Hong Kong profits tax paid		(4,591)	(20,288)	(16,455)
Dividends paid		(7,870)	(8,042)	(24,088)
Net cash inflow from operating activities		118,008	57,400	171,555

	Notes	Year ended March 31, 2004	2005	2006
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		370	924	2,505
Purchases of items of property, plant and equipment		(34,530)	(42,179)	(47,534)
Proceeds from disposal of items of property, plant and equipment		260	1,751	110
Increase in deferred expenditure		(13,537)	(15,892)	(16,783)
Dividends received from an associate		—	435	824
Acquisition of club debenture		(75)	—	—
Acquisition of an associate		(2,847)	—	—
Decrease/(increase) in assets classified as held for sale		(16,559)	16,559	—
Net cash outflow from investing activities		(66,918)	(38,402)	(60,878)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans		4,565	11,645	41,180
Increase/(decrease) in trust receipt and packing loans		36,552	90,395	(87,042)
Repayment of bank loans		(6,341)	(3,177)	(17,482)
Capital element of finance lease rental payments		(6,999)	(3,563)	(5,005)
Interest paid		(9,241)	(13,442)	(21,803)
Interest element on finance lease rental payments		(921)	(460)	(557)
Net cash inflow/(outflow) from financing activities		17,615	81,398	(90,709)
NET INCREASE IN CASH AND CASH EQUIVALENTS		68,705	100,396	19,968
Cash and cash equivalents at beginning of year		(1,302)	67,403	167,799
CASH AND CASH EQUIVALENTS AT END OF YEAR		67,403	167,799	187,767
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents in the combined balance sheets	6(k)	46,687	117,326	103,247
Time deposits with original maturity of less than three months when acquired	6(k)	48,434	51,065	84,726
Bank overdrafts	6(o)	(27,718)	(592)	(206)
		67,403	167,799	187,767

Major non-cash transactions

(i) During the year ended March 31, 2004, an interim dividend of HK$115,514,000 was declared, out of which HK$7,870,000 was settled through the payment of cash, HK$97,662,000 was settled through the current accounts with the Company's beneficial shareholders, HK$7,852,000 was set off with the loans to directors and HK$2,130,000 was carried as dividend payable at March 31, 2004.

(ii) The Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$639,000 and HK$14,998,000 for the years ended March 31, 2005 and 2006, respectively.

9. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable in respect of any of the Relevant Periods referred to in this report by the Company or any of the subsidiaries now comprising the Group to the Directors of the Company. Under the arrangements currently in force, the estimated amount of Directors' fees and other emoluments payable to the Directors of the Company for the year ending March 31, 2007 will be approximately HK$7,400,000, excluding discretionary bonuses payable under Directors' service contracts, if any.

10. POST BALANCE SHEET EVENTS

(i) The companies now comprising the Group underwent a reorganization in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the reorganization are set out in Appendix V of the Prospectus.

(ii) As part of the Reorganization, on July 31, 2006, CKT Manufacturing Limited entered into an agreement with Boyd Corporation Limited to sell all its 40% equity interest in Boyd Asia Limited to Boyd Corporation Limited at a consideration of US$1,500,000 (equivalent to approximately HK$11,700,000), resulting in a gain on disposal of approximately HK$10.1 million.

(iii) On August 14, 2006, Computime Electronic Inc. sold its unlisted equity investment to an independent third party at a consideration of US$10,066 (equivalent to approximately HK$78,600), resulting in a gain on disposal of approximately HK$79,000.

(iv) As part of the Reorganization, on September 15, 2006, Computime International Limited entered into an agreement with Keen Step Corporation, a company which is controlled by certain substantial shareholders of the Company, to sell its entire equity interest in Computime Industrial Limited to Keen Step Corporation at a consideration of HK$1, resulting in no significant gain or loss on disposal.

(v) As part of the Reorganization, on September 15, 2006, Computime International Limited entered into an agreement with Keen Step Corporation to sell its entire equity interest in Computime Electronics Inc. to Keen Step Corporation at a consideration of HK$1, resulting in no significant gain or loss on disposal.

(vi) As part of the Reorganization, on September 15, 2006, Computime International Limited entered into an agreement with Keen Step Corporation to sell its entire equity interest in Fullbest Worldwide Limited to Keen Step Corporation at a consideration of HK$1, resulting in no significant gain or loss on disposal.

(vii) On September 15, 2006, Computime Limited entered into a provisional agreement with Ample Sun Limited (the "Purchaser"), an independent third party, to sell its property located in Hong Kong to the Purchaser for a consideration of HK$18.5 million. An estimated gain on disposal of HK$10.9 million will be resulted upon completion on or before March 31, 2007.

(viii) On August 22, 2006, Computime Limited entered into supplemental agreements with the Partnership to transfer the Material Processing Agreements from the Partnership to Computime Limited.

(ix) On September 20, 2006, the Company proposed a special dividend of HK$35,000,000 to the shareholders of the Company registered in the Company's Register of Members as at September 16, 2006, the payment of which is subject to the completion of the listing of the Company's shares.

11. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to March 31, 2006.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

For illustrative purpose only, the pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Global Offering and to illustrate the performance of the Group had the Global Offering been completed on March 31, 2006.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma information has been prepared, on the basis of the notes set out below, to illustrate how the Global Offering may have affected the net tangible assets attributable to equity holders of the Company had it occurred as at March 31, 2006. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited combined tangible assets attributable to equity holders of the Company as at March 31, 2006	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets[(3)]	Unaudited pro forma adjusted net tangible assets per Share[(4)]
	HK$'000[(1)]	HK$'000[(2)]	HK$'000	HK$
Based on an Offer Price of HK$1.83 per Share………………………	281,333	317,000	598,333	0.75
Based on an Offer Price of HK$2.28 per Share………………………	281,333	404,000	685,333	0.86

Notes:

(1) The audited combined net tangible assets attributable to equity holders of the Company as at March 31, 2006 is arrived at after deducting the intangible assets of HK$19,004,000 from the audited combined net assets of HK$300,337,000 as at March 31, 2006, as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

(2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Global Offering, net of related expenses, to be received by the Company. The estimated proceeds from the Global Offering assumes an Offer Price of HK$1.83 to HK$2.28 per Share, being the lower end to higher end of the stated offer price range.

(3) The unaudited pro forma net tangible assets did not take into account the special dividend of HK$35,000,000 declared by the Company on September 20, 2006.

(4) The number of Shares is based on a total of 800,000,000 Shares issued, adjusted as if the Global Offering had occurred at March 31, 2006, excluding any Shares that might be issued under the Over-allotment Option.

B. COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from Ernst & Young, the reporting accountants to the Company, with respect to the unaudited pro forma financial information.

ERNST & YOUNG
安永會計師事務所

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

September 25, 2006

The Board of Directors
Computime Group Limited

Dear Sirs,

Unaudited Pro Forma Adjusted Net Tangible Assets
Computime Group Limited (the "Company") and its subsidiaries (the "Group")

We report on the unaudited pro forma adjusted net tangible assets (the "Pro Forma Financial Information") set out in Section (A) of Appendix II to the prospectus of the Company dated September 25, 2006 in connection with the global offering of 200,000,000 Shares of HK$0.10 each in the Company, which has been prepared by the directors, for illustrative purposes only, to provide information about how the Global Offering might have affected the relevant financial information of the Group presented.

Responsibilities

It is the responsibilities solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at March 31, 2006 or any future date.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at June 30, 2006 of the property interests of the Group.

Sallmanns

西門

Corporate valuation and consultancy
www.sallmanns.com

22nd Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong
Tel: (852) 2169 6000
Fax: (852) 2528 5079

September 25, 2006

The Board of Directors
Computime Group Limited
17th Floor,
Great Eagle Centre,
No. 23 Harbour Road,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Computime Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in Hong Kong, the People's Republic of China (the "PRC"), the United States of America (the "USA") and the United Kingdom (the "UK"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at June 30, 2006 (the "date of valuation").

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in Group I by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

We have attributed no commercial value to the property interests in Groups II, III and IV, which are leased by the Group in Hong Kong, the PRC, the USA and the UK respectively, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing those property interests of the Group in Hong Kong held under the Government Leases expiring before June 30, 1997, we have taken account of the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until June 30, 2047 and that a rent of three per cent of the then rateable value is charged per annum from the date of extension.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition May 2003) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition January 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been provided with copies of the tenancy agreements relating to the property interests and have caused searches to be made at the Hong Kong Land Registries in relation to the property interests located in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain any amendment.

We have been shown copies of various title documents including Realty Title Certificates and official plans relating to the property interests located in the PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisor — King & Wood, concerning the validity of the Group's titles to the property interests.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 23 years' experience in the valuation of properties in the PRC and 26 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital value in existing state as at June 30, 2006
		HK$
1.	7th Floor How Ming Factory Building No. 99 How Ming Street Kwun Tong Kowloon Hong Kong	12,000,000
	Sub-total:	12,000,000

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital value in existing state as at June 30, 2006
		HK$
2.	21st and 22nd Floors Spectrum Tower No. 53 Hung To Road Kwun Tong Kowloon Hong Kong	No commercial value
	Sub-total:	Nil

GROUP III — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at June 30, 2006
		HK$
3.	Various buildings located at 88 Kang Qiao Road Yue Ken Guang Yu Industrial Zone Danzhutou Village Buji Town Longgang District Shenzhen Guangdong Province The PRC	No commercial value
4.	F/2, Unit B Productivity Building j/o Science Middle 3rd Road and Gaoxin Middle 2nd Road Science Park Nanshan District Shenzhen Guangdong Province The PRC	No commercial value
	Sub-total:	Nil

GROUP IV — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN OVERSEAS COUNTRIES

No.	Property	Capital value in existing state as at June 30, 2006
		HK$
5.	Unit #201 650 West Grand Avenue Elmhurst Illinois 60126 The USA	No commercial value
6.	Suite 1000 2305 Hurstbourne Village Drive Hurstbourne Village Office Condominiums Louisville Kentucky 40299 The USA	No commercial value
7.	Unit 18 Bala Enterprise Park Bala Gwynedd LL 23 7 NL The UK	No commercial value
	Sub-total:	Nil
	Grand-total:	**12,000,000**

Note: Subsequent to the date of valuation, the Group has entered into a tenancy agreement with an independent party to rent a property in Hong Kong for office purpose. We have attributed no commercial value to this property interest. Please refer to page III-16.

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
1.	7th Floor How Ming Factory Building No. 99 How Ming Street Kwun Tong Kowloon Hong Kong 4/48th equal undivided parts or shares of and in Kwun Tong Inland Lot No. 506	The property comprises the whole of 7th floor of an 11-storey industrial building completed in about 1970. The property has a saleable area of approximately 1,566.7 sq.m. The property is held under Conditions of Sale No. 8624 for a term of 99 years less the last three days thereof commencing from July 1, 1898 which has been statutorily extended till June 30, 2047. The current Government Rent is an amount equal to 3% of the rateable value per annum.	The property is currently occupied by the Group for storage and ancillary office purposes.	12,000,000

Notes:

1. The registered owner of the property is Computime Limited vide Assignment Memorial No. UB3933778 dated 6 December 1988.
2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB758496 dated August 25, 1970.
3. Pursuant to a provisional agreement for sale and purchase dated September 15, 2006, Computime Limited agrees to sell the property to an independent third party at a consideration of HK$18,500,000, and the transaction is expected to be completed on or before March 31, 2007.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
2.	21st and 22nd Floors Spectrum Tower No. 53 Hung To Road Kwun Tong Kowloon Hong Kong	The property comprises the whole of 21st and 22nd floors of a 23-storey industrial/office building completed in about 1997. The property has a total gross floor area of approximately 1,432 sq.m. Pursuant to a lease dated October 14, 2004, the property is leased to Computime Limited from New Hung Property Limited, an independent third party for a term of two years commencing from November 1, 2004 and expiring on October 31, 2006 at a monthly rent of HK$161,847 exclusive of management fees, rates, government rent and air-conditioning charges. The lease contains provisions for two rent free periods from November 1, 2004 to December 31, 2004 and from November 1, 2005 to January 31, 2006.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Computime Limited is a 100% owned subsidiary of the Company.
2. The registered owner of the property is New Hung Property Limited vide Assignment Memorial No. UB4595298 dated October 17, 1990.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
3.	Various buildings located at 88 Kang Qiao Road Yue Ken Guang Yu Industrial Zone Danzhutou Village Buji Town Longgang District Shenzhen Guangdong Province The PRC	The property comprises an ancillary office building, four industrial buildings, two dormitories and a warehouse completed in various stages between 2004 and 2005. The buildings have a total gross floor area of approximately 60,155.19 sq.m. The details of which are tabulated below:	The property is currently occupied by the Group for production, storage, staff quarters and ancillary office purposes.	No commercial value

No.	Building	Gross Floor Area (sq.m.)
1	Dormitory No. 2, Factories Nos. 1 and 2	22,475.19
2	Dormitory No. 1, Factories Nos. 3 and 4	32,098.92
3	Office building	5,364.94
4	Warehouse	216.14
	Total:	60,155.19

The property is leased to the Group pursuant to ten agreements as stated in notes no. 1 to 10.

Notes:

1. A tenancy agreement dated May 16, 2003 entered into between 深圳市廣璽宇聯實業有限公司 (深圳廣璽), an independent third party, and Computime Manufacturing Limited (CML), a 100% owned subsidiary of the Company in relation to the leasing of Dormitory No. 2, Factories Nos. 1 and 2 .
2. A supplemental tenancy agreement dated May 16, 2003 entered into between 深圳廣璽 , and CML in relation to the leasing of Phase I Factories and Dormitory (i.e. Factories Nos. 1 and 2 and Dormitory No. 2), Phase II Factories and Dormitory (i.e. Factories Nos. 3 and 4 and Dormitory No. 1), Levels 2-5 of office building.
3. A supplemental tenancy agreement dated December 28, 2003 entered into between 深圳廣璽 and CML in relation to the leasing of the whole office building and a warehouse.
4. A tenancy agreement dated February 7, 2005 entered into between 深圳廣璽 and 金寶通電子(深圳)有限公司 (金寶通電子), a 100% owned subsidiary of CML, in relation to the leasing of Dormitory No. 1, Factories Nos. 3 and 4.
5. A supplemental tenancy agreement dated February 8, 2005 entered into between 深圳廣璽 and CML in relation to the leasing of Dormitory No. 1, Factories Nos. 3 and 4.
6. A tenancy agreement dated December 1, 2005 entered into between 深圳廣璽 and 金寶通電子 in relation to the leasing of the whole office building.
7. A tenancy agreement dated April 1, 2006 entered into between 深圳廣璽 and 金寶通電子 in relation to the leasing of Dormitory No. 2, Factories Nos. 1 and 2.
8. An agreement dated April 24, 2006 entered into between 深圳廣璽 and CML in relation to termination of the tenancy of the warehouse of a gross floor area of approximately 216.14 sq.m. with effect from July 1, 2006.
9. A tenancy agreement dated June 30, 2006 entered into between 深圳廣璽 and 金寶通電子 in relation to the leasing of Dormitory No. 1, Factories Nos. 3 and 4.

10. A supplemental tenancy agreement dated July 1, 2006 entered into between 深圳廣璺, CML and 金寶通電子 in relation to, inter alia, the replacement of CML by 金寶通電子 in relation to the supplemental tenancy agreements mentioned in notes 2, 3 and 5.

11. Pursuant to the above agreements, the updated terms of the tenancies of the property in respect of floor area, lease term and rents are as follow:

	Factory Nos. 3 and 4, Dormitory No. 1		**Factory Nos. 1 and 2, Dormitory No. 2**		**Office**		**Warehouse**	
Area (sq.m)	32,098.92		22,475.19		5,364.94		216.14	
Term..............	commencing from November 15, 2004 and expiring on December 31, 2013		commencing from September 1, 2003 and expiring on December 31, 2013		commencing from December 1, 2003 and expiring on December 31, 2013		commencing from November 1, 2003 and expiring on June 30, 2006	
Monthly Rent	A) March 1, 2005 to June 30, 2006	RMB 12/sq.m.	A) September 1, 2003 to March 31, 2006	RMB 12/sq.m.	A) February 1, 2004 to March 31, 2005	RMB 16/sq.m.	A) February 1, 2004 to March 31, 2006	RMB 12/sq.m.
	B) July 1, 2006 to March 31, 2008	RMB 13/sq.m.	B) April 1, 2006 to March 31, 2008	RMB 13/sq.m.	B) April 1, 2005 to March 31, 2006	RMB 17/sq.m.	B) April 1, 2006 to June 30, 2006	RMB 13/sq.m.
	C) April 1, 2008 to March 31, 2012	To be reviewed every four years with reference to rental of similar properties, increment or reduction not to exceed 10% of the existing rent.	C) April 1, 2008 to March 31, 2012	To be reviewed every four years with reference to rental of similar properties, increment or reduction not to exceed 10% of the existing rent.	C) April 1, 2006 to March 31, 2008	RMB 18/sq.m.		
	D) April 1, 2012 to December 31, 2013	To be confirmed by the lessor and lessee	D) April 1, 2012 to December 31, 2013	To be confirmed by the lessor and lessee	D) April 1, 2008 to March 31, 2012	To be reviewed every four years with reference to rental of similar properties, increment or reduction not to exceed 10% of the existing rent.		
					E) April 1, 2012 to December 31, 2013	To be confirmed by the lessor and lessee		

12. We have been provided with a legal opinion on the legality of the tenancy agreements in relation to the property issued by the Company's PRC legal advisor, which contains, inter alia, the following:

(i) The tenancy of the warehouse has been terminated;

(ii) the lessor, 深圳廣璽 , has not obtained the Realty Title Certificate of Dormitory No.1. According to a letter dated June 29, 2006 issued by the lessor, construction of the dormitory has been completed and satisfactorily inspected by the Construction Bureau. However, due to land acquisition for road widening by the government, the Realty Title Certificate of this building cannot be processed pending finalization of the relevant planning;

(iii) the lessor, 深圳廣璽 has obtained the Realty Title Certificates of Factories Nos. 1-4, Dormitory No. 2 and the office building (these buildings), and has the rights to let these buildings;

(iv) According to the documents provided by the Company and verified by the Company's PRC legal advisor, these buildings are not subject to mortgage or any third party's rights.

(v) the above tenancy agreements and supplemental tenancy agreements are legal, valid, binding and enforceable; and

(vi) 金寶通電子 has the rights to use the above office building, factories and dormitories during the terms of the tenancies

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
4.	F/2, Unit B Productivity Building j/o Science Middle 3rd Road and Gaoxin Middle 2nd Road Science Park Nanshan District Shenzhen Guangdong Province The PRC	The property comprises an unit of a 7-storey building within the Science Park completed in about 2005. The property has a gross floor area of approximately 728.35 sq.m. Pursuant to a tenancy agreement dated April 17, 2006 and a supplemental agreement dated July 26, 2006, the property is leased to CML from Shenzhen Science & Industry Park Corporation, an independent third party for a term of three years commencing from May 15, 2006 and expiring on May 14, 2009 at a monthly rent of RMB43,701 exclusive of water, electricity and gas charges.	The property is currently occupied by the Group for research and development and office purposes.	No commercial value

Notes:

1. CML is a 100% owned subsidiary of the Company.
2. We have been provided with a legal opinion on the legality of the tenancy agreement in relation to the property issued by the Company's PRC legal advisor, which contains, *inter alia*, the following:
   (i) The contents of the tenancy agreement are legal, but as no relevant document in relation to the lessor's ownership in the property has been provided, no legal opinion is provided in relation to the lessor's right to let the property and the rights of CML to use the property during the term of the tenancy;
   (ii) According to the terms and conditions of the tenancy agreement, the lessor should ensure that the leased property is suitable and fits for the use and purpose under the tenancy agreement and that the safety of the leased property complies with the relevant laws and regulations. In the event that the lessee suffers losses caused by the lessor's acts or faults, the lessee has the rights to seek for compensation from the lessor. Therefore, the Company's PRC legal advisor is of the opinion that if the lessee is unable to continue to use the property because the lessor has not obtained the title of the property, the lessee has the rights to claim compensation from the lessor for the losses so caused.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN OVERSEAS COUNTRIES

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
5.	Unit #201 650 West Grand Avenue Elmhurst Illinois 60126 The USA	The property comprises an office/warehouse unit of an 1-storey building completed in about 1987. The property has a gross building area of approximately 230 sq.m. Pursuant to a lease dated June 6, 2005 the property is leased to Computime (N.A.) Technology Center, Inc. from La Salle National Bank as successor trustee to La Salle National Trust, NA, as trustee under Trust No. 107031, an independent third party for a term of three years commencing from July 1, 2005 and expiring on June 30, 2008, with an option to renew for a further term of two years, at a monthly rent of USD 2,400 from July 1, 2005 to June 30, 2006, USD 2,472 from July 1, 2006 to June 30, 2007, and USD 2,546 from July 1, 2007 to June 30, 2008, exclusive of maintenance costs and other outgoings.	The property is currently occupied by the Group for office and warehouse purposes.	No commercial value

Notes:

1. Computime (N.A.) Technology Center, Inc. is a 100% owned subsidiary of the Company.
2. The registered owner of the property is Chicago Title Land Trust Company as successor to La Salle National Bank as trustee, Trust No. 107031, trust agreement dated December 12, 1983.
3. Our valuation conclusion is reached having regard to the valuation report undertaken by Lee F. Canel, MAI, a qualified oversea real estate professional in Real Estate who has 22 years of valuation experience in respect of the properties in the USA and is a member of the Appraisal Institute.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
6.	Suite 1000 2305 Hurstbourne Village Drive Hurstbourne Village Office Condominiums Louisville Kentucky 40299 The USA	The property comprises an office unit on 2nd floor of a two-storey office building completed in about 1999. The property has a gross building area of approximately 79 sq.m. Pursuant to a lease agreement dated November 1, 2004, the property is leased to CT Global, Inc. from B&M Financial Investment, LLC, an independent third party for a term of three years commencing from December 1, 2004 and expiring on November 30, 2007 at a monthly rent of USD 815, exclusive of maintenance costs and other outgoings.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. CT Global, Inc. is a 100% owned subsidiary of the Company.
2. The registered owner of the property is B&M Financial Investment, LLC..
3. Our valuation conclusion is reached having regard to the valuation report undertaken by David J. Glauber, MAI & Robert W. Hardin Jr.. Mr. Glauber is a qualified overseas real estate professional in Real Estate who has 20 years of valuation experience in respect of the properties in the USA and is a member of the Appraisal Institute.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at June 30, 2006
				HK$
7.	Unit 18 Bala Enterprise Park Bala Gwynedd LL 23 7 NL The UK	The property comprises a single storey warehouse completed in about 2003. The property has a gross internal area of approximately 526.33 sq.m. Pursuant to a lease dated August 1, 2005 the property is leased to Salus Controls PLC from The Welsh Development Agency, an independent third party for a term of six years commencing from August 1, 2005 at an annual rent of £18,837 for the first three years and thereafter at the open market rent, exclusive of rates, insurance and repairing costs.	The property is currently occupied by the Group for storage and office purposes.	No commercial value

Notes:

1. Salus Controls PLC is a 55% owned subsidiary of the Company.
2. The property is not currently registered at the Land Registry.
3. Our valuation conclusion is reached having regard to the valuation report undertaken by Gareth Peters, a qualified overseas real estate professional in Real Estate who has 10 years of valuation experience in respect of the properties in the UK and is a member of the Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

PROPERTY INTERESTS RENTED BY THE GROUP IN HONG KONG AFTER THE DATE OF VALUATION

Property	Description and tenure	Particulars of occupancy
17th Floor Great Eagle Centre No. 23 Harbour Road Wanchai Hong Kong	The property comprises the whole of 17th floor of a 33-storey commercial building (plus 2 levels of basement) completed in about 1983. The property has a saleable area of approximately 1,316.9 sq.m. Pursuant to a tenancy agreement dated August 1, 2006, the property is leased to Computime Limited from Harbour View 17 Limited, an independent third party for a term of three years commencing from August 1, 2006 and expiring on July 31, 2009, with an option to renew for a further term of two years at the then open market rent, at a monthly rent of HK$383,699 exclusive of air-conditioning charges, service charges, rates and other outgoings. The tenancy agreement contains provisions for a rent free period of 61 days from August 1, 2006.	The property is currently vacant and under renovation and fitting out works.

Notes:

1. Computime Limited is a 100% owned subsidiary of the Company.
2. The registered owner of the property is Harbour View 17 Limited vide Assignment Memorial No. UB8145215 dated June 30, 2000.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2006 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on September 15, 2006. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five percent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) percent in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorized representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Articles) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five percent (5%) or more of the total voting rights at such meeting.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95) percent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty (20) percent in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty (20) percent per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty (20) percent per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from July 4, 2006.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up by either an order of the Court or by a special resolution of its members. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidator; and the Court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting shall be called by Public Notice (as defined in the Companies Law) or otherwise as the Registrar of Companies of the Cayman Islands may direct.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five (75) percent in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety (90) percent of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

Incorporation

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on June 23, 2006. The Company has established a place of business in Hong Kong at 17th Floor, Great Eagle Centre, No. 23 Harbour Road, Hong Kong and is registered in Hong Kong under Part XI of the Companies Ordinance, with Mr. Auyang Pak Hong, Bernard and Ms. Choi Po Yee, Alice being appointed as the authorized representatives of the Company to accept service of legal process and notices in Hong Kong on behalf of the Company. The address for service of legal process and notices in Hong Kong is 17th Floor, Great Eagle Centre, No. 23 Harbour Road, Hong Kong. As the Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution. Its constitution comprises the Memorandum and Articles of Association. A summary of various parts of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

Changes in Share Capital of the Company

The following changes in the share capital of the Company have taken place since the date of its incorporation up to the date of this prospectus:

(a) As at the date of incorporation of the Company on June 23, 2006, its authorized share capital was HK$380,000 divided into 3,800,000 shares of HK$0.10 each. One share of the Company was issued nil paid to Mr. Auyang Pak Hong Bernard and was subsequently transferred to SPGL on September 14, 2006.

(b) Pursuant to written resolutions of the sole shareholder of the Company passed on September 15, 2006, the following matters were approved:

(i) the one nil-paid share in the Company issued to SPGL was paid up in full at par and Shares of HK$0.10 each were allotted and issued to the persons and in the numbers set out below, credited as fully paid up in consideration of Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited transferring their interests in Computime International Limited to the Company.

Name of Company	Number of Shares issued by the Company
SPGL	234 Shares
Crystalplaza Limited	89 Shares
Cheer Fountain Limited	41 Shares
Little Venice Limited	35 Shares

(ii) the authorized share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of an additional 4,996,200,000 Shares, such new Shares ranking pari passu in all respects with the existing Shares.

As at the Latest Practicable Date, the issued share capital of the Company were held as follows:

Name of Company	Number of Shares held
SPGL	235 Shares
Crystalplaza Limited	89 Shares
Cheer Fountain Limited	41 Shares
Little Venice Limited	35 Shares

Assuming that the Global Offering and Capitalization Issue become unconditional and the Offer Shares are issued but taking no account of any Shares which may be issued upon exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme, the authorized share capital of the Company will be HK$500,000,000 divided into 5,000,000,000 Shares and the issued share capital of the Company will be HK$80,000,000 divided into 800,000,000 Shares, each of which will be fully paid or credited as fully paid, and 4,200,000,000 Shares will remain unissued. Other than the issue of Shares under the Global Offering, the Capitalization Issue, the Over-allotment Option and the Share Option Scheme, the Directors have no present intention to issue any part of the authorized but unissued share capital of the Company and, no issue of Shares will be made which would effectively alter the control of the Company within 12 months from the Listing Date.

Save as aforesaid and except as referred to in "A. Further Information About the Company and its Subsidiaries — Reorganization" in this Appendix, there has been no alteration in the share capital of the Company since its incorporation.

Written Resolutions of the sole Shareholder

Pursuant to written resolutions of the sole Shareholder passed on September 15, 2006:

(a) the authorized share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of an additional 4,996,200,000 Shares to rank pari passu in all respects with the Shares then in issue;

(b) the terms of the reorganization agreement between (i) Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited as vendors; (ii) Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard and Solar Power Group Limited as warrantors in respect of certain representations, warranties and indemnities contained therein; and (iii) the Company as purchaser, pursuant to which the Company will purchase 41, 35, 89, 159, 44 and 32 shares of US$1.00 each in Computime International Limited from Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited respectively, representing the entire issued share capital of Computime International Limited, in consideration of the allotment and issue by the Company of 41, 35, 89 and 234 Shares, credited as fully paid, respectively to Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited and (at the direction of Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited), SPGL and paying up in full at par the one nil paid Share in the Company registered in the name of SPGL, were approved;

(c) conditional upon all the conditions set out in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus being fulfilled:

(1) the Global Offering was approved and the Directors were authorized to determine the Offer Price for, and to approve the allotment and issue of the Offer Shares, as the case may be, pursuant to the Global Offering on and subject to the terms and conditions stated herein and in the relevant application forms;

(2) the Over-allotment Option was approved and the Directors were authorized to allot and issue any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option;

(3) conditional further on the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any options granted under the Share Option Scheme, the rules of the Share Option Scheme was approved and adopted and the Directors were authorized to make such further changes to the Share Option Scheme as may be required by the Stock Exchange and which they deem necessary and/or desirable and to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted thereunder and to take all such actions as they consider necessary and/or desirable to implement or give effect to the Share Option Scheme;

(4) conditional on the share premium account of the Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, an amount of HK$59,999,960 (then standing to the credit of the share premium account of the Company) be capitalized and applied to pay up in full at par a total of 599,999,600 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at close of business on September 22, 2006 (or as they may direct) in the following manner:

Name of Shareholder	**No. of Shares to be allotted and issued**
SPGL	352,499,765
Crystalplaza Limited	133,499,911
Cheer Fountain Limited	61,499,959
Little Venice Limited	52,499,965

(d) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with the Shares or securities convertible into Shares and to make an offer or agreement or to grant an option which would or might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of rights issue or pursuant to the exercise of any options which may be granted under the Share Option Scheme or an allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) and the Capitalization Issue;

(e) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to purchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) and the Capitalization Issue;

(f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the mandate to purchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) and the Capitalization Issue; and

(g) the Company adopted the Articles of Association.

Each of the general mandates referred to in paragraphs (d) and (e) above will remain in effect until whichever is the earliest of: (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within which the next annual general meeting of the Company is required be held by Cayman Islands law or the Articles of Association; or (3) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

Reorganization

As part of the Reorganization, the following events took place:

(a) On June 23, 2006, the Company was incorporated in the Cayman Islands with an authorized share capital of HK$380,000 comprising of 3,800,000 shares of HK$0.10 each.

(b) On July 31, 2006, CKT Manufacturing Limited sold all its 23,632 shares in Boyd Asia Limited (representing 40% of its total issued share capital) to Boyd Corporation Limited for a consideration of US$1,500,000 pursuant to the sale and purchase agreement dated July 31, 2006 between, among other parties, CKT Manufacturing Limited and Boyd Corporation Limited, the details of which are summarized in item 1 in "Summary of Material Contracts" in this Appendix. The shares sold represent our 24% effective shareholding in Boyd Asia Limited.

(c) On September 15, 2006, Computime International Limited sold the entire issued share capital of Computime Industrial Limited to Keen Step Corporation for a consideration of HK$1.00 pursuant to the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation, the details of which are summarized in item 3 in "C. Further Information About the Business — Summary of Material Contracts" in this Appendix.

(d) On September 15, 2006, Computime International Limited sold the entire issued share capital of Computime Electronic Inc. to Keen Step Corporation for a consideration of HK$1.00 pursuant to the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation, the details of which are summarized in item 4 in "C. Further Information About the Business — Summary of Material Contracts" in this Appendix.

(e) On September 15, 2006, Computime International Limited sold the entire issued share capital of Fullbest Worldwide Ltd. to Keen Step Corporation for a consideration of HK$1.00 pursuant to the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation, the details of which are summarized in item 5 in "C. Further Information About the Business — Summary of Material Contracts" in this Appendix.

(f) On September 16, 2006, the Company acquired from Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited 10.25%, 8.75%, 22.25%, 39.75%, 11% and 8% respectively of the issued share capital of Computime International Limited (representing an aggregate of 100% of the issued share capital of Computime International Limited), in consideration of the allotment and issue of 41, 35, 89 and 234 Shares of HK$0.10 each in the Company, credited as fully paid, respectively to Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited and (at the direction of Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited) SPGL and paying up in full at par of the one nil paid share in the Company registered in the name of SPGL.

Changes in Share Capital of Subsidiaries

The Company's subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

In addition to those disclosed in "A. Further Information About the Company and its Subsidiaries — Reorganization" in this Appendix, the following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

Megastone Enterprises Corporation

Megastone Enterprises Corporation was established in the British Virgin Islands on January 28, 2005 with limited liability. On January 28, 2005, Computime International Limited subscribed for one share of US$1.00 in Megastone Enterprises Corporation, representing the entire issued share capital of Megastone Enterprises Corporation.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within the two years preceding the date of this prospectus.

Information on the PRC subsidiary of the Company

Set out below are the details of our PRC subsidiary as at the Latest Practicable Date.

金寶通電子(深圳)有限公司 (Computime Electronics (Shenzhen) Co., Ltd.)

Registered owner(s)	Computime Manufacturing Limited
Type of business	Wholly-owned foreign investment enterprise
Total Investment	US$9,000,000
Registered capital	US$9,000,000
Group's attributable interest	100%
Term of operation	20 years until July 14, 2023
Scope of business	Production of electronics products

B. PURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the purchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(1) Shareholders' Approval

The Listing Rules provide that all purchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(2) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any purchases by the Company may be made out of profits or out of an issue of new shares made for the purpose of the purchase or, if authorized by its articles of association and subject to the provisions of the Companies Law, out of capital, and, in the case of any premium payable on the purchase out of profits or from sums standing to the credit of the share premium account of the Company or, if authorized by its articles of association and subject to the provisions of the Companies Law, out of capital.

The Directors do not propose to exercise the purchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company. However, there might be a material adverse impact on the working capital requirements of the Company as set out in this prospectus in the event that the purchase mandate is exercised in full.

(3) Status of Purchased Securities

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the Cayman Islands law, a company's purchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the purchased shares accordingly although the authorized share capital of the company will not be reduced.

(4) Connected Parties

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the company.

(b) Reasons for Purchases

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to purchase Shares on the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such purchases will benefit the Company and its shareholders.

(c) Exercise of the Purchase Mandate

Exercise in full of the purchase mandate on the basis of 800,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme) could accordingly result in up to 80,000,000 Shares being purchased by the Company during the period prior to (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within which the next annual general meeting of the Company is required by the Cayman Islands law or the Articles of Association to be held; or (3) the revocation or variation of the purchase mandate by ordinary resolution of Shareholders in a general meeting, whichever occurs first.

(d) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries if the purchase mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the purchase mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

If as a result of a purchase of Shares, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. In the event that the purchase mandate is exercised to the extent that the percentage shareholding of SPGL is increased by more than 2%, SPGL may be required to make a mandatory offer in accordance with Rule 26 of the Code. However, the Directors do not have an intention to exercise the purchase mandate to the extent that will trigger a mandatory offer obligation of SPGL.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, nor has he undertaken not to do so if the purchase mandate is exercised.

C. FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

1. the sale and purchase agreement dated July 31, 2006 between (i) Mr. Auyang Pak Hong, Bernard, (ii) CKT Manufacturing Limited as vendor, (iii) Kingdom Fine Metal Limited and Computime Limited; (iv) Boyd Corporation Limited as purchaser; and (v) Boyd Asia Limited in relation to, among other things, the sale by CKT Manufacturing Limited of its 23,632 shares in Boyd Asia Limited to Boyd Corporation Limited for a consideration of US$1,500,000 and the repayment by Boyd Asia Limited of an amount of US$462,842 to Kingdom Fine Metal Limited and Computime Limited;

2. a deed dated August 29, 2006 between Mr. Auyang Ho, Mr. Leung Man Cho (梁文藻) and Computime Enterprises Limited pursuant to which (i) Mr. Auyang Ho and Mr. Leung Man Cho (together in partnership trading as Hai Yen Enterprises Company and/or 海燕企業公司 and/or 香港海燕企業公司) confirmed that they through the partnership entered into and have always held the Bantian Processing Arrangement, the Meilin Processing Arrangement and have held the Previous Processing Arrangement since 1992 for the sole benefit of and to be borne solely by Computime Limited and subsequently Computime Enterprises Limited and (ii) Mr. Auyang Ho and Mr. Leung Man Cho have undertaken to Computime Enterprises Limited promptly to execute all documents as may be required by Computime Enterprises Limited to complete the transfer to and vest in it all the legal and beneficial rights in respect of the above processing arrangements and their respective operations and all rights, title and interest in relation to the names "Hai Yen Enterprises Company", "海燕企業公司" and "香港海燕企業公司".

3. the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation in relation to the sale by Computime International Limited of the entire issued share capital of Computime Industrial Limited to Keen Step Corporation for a consideration of HK$1.00;

4. the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation in relation to the sale by Computime International Limited of the entire issued share capital of Computime Electronic Inc. to Keen Step Corporation for a consideration of HK$1.00;

5. the sale and purchase agreement dated September 15, 2006 between Computime International Limited and Keen Step Corporation in relation to the sale by Computime International Limited of the entire issued share capital of Fullbest Worldwide Limited to Keen Step Corporation for a consideration of HK$1.00;

6. a share sale and purchase agreement dated September 16, 2006 entered into between Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited as vendors, the Company as purchaser and Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard as warrantors pursuant to which the Company purchased 41, 35, 89, 159, 44 and 32 shares of US$1.00 each in Computime International Limited from Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited, Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited respectively in consideration of the Company allotting and issuing 41, 35, 89 and 234 Shares, credited as fully paid, respectively to Cheer Fountain Limited, Little Venice Limited, Crystalplaza Limited and (at the direction of Everbright Offshore Ltd., Welltake Enterprises Ltd. and Bosen Investments Limited) SPGL, and paying up the one nil paid share in the Company registered in the name of SPGL;

7. the deed of non-competition undertaking dated September 18, 2006 given by SPGL, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard in favor of the Company;

8. the placing agreement dated September 19, 2006 between the Company, Value Partners Limited and J.P. Morgan Securities Ltd.;

9. a deed of indemnity dated September 22, 2006 given by SPGL, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard in favor of the Group containing, among other things, indemnities referred to in "G. Other Information — Estate Duty, Tax and Other Indemnity" in this Appendix; and

10. the Hong Kong Underwriting Agreement.

D. INTELLECTUAL PROPERTY OF THE GROUP

As at the Latest Practicable Date, the following intellectual property rights were material to the Group's business:

(a) Trademarks

Trademark	Country of Registration	Class/description of products registered	Application Number	Registration Date	Expiry Date
	Australia	9	801041	July 21, 1999	July 21, 2009
Securia	Australia	9	801043	July 21, 1999	July 21, 2009
STACOM	Canada	Electronic products, namely, electronic appliance controls and sensors; digital time controls; digital thermostatic controls; radio frequency and infrared remote controls; security and safety devices namely burglar alarms, vehicle alarms, bicycle alarms, panic alarms, motion alarms, passive infrared alarms, detectors and sensors, fire alarms, detectors and sensors, gas detection alarms, sensors and detectors, locks and locking mechanisms, flood alarms, sensors and detectors; radio and electric telephone communications equipment, namely, radio transmitters, receivers, monitors, telephones, digital and mobile phones, earphones, speaker phones, and phone messaging units; surge and power protection control wireless electronics; chargers; line voltage thermostats.	Application Pending	Application Pending	Application Pending
IQ SERIES	Canada	Remote controls for electric and electronic equipment.	Application Pending	Application Pending	Application Pending

Trademark	Country of Registration	Class/description of products registered	Application Number	Registration Date	Expiry Date
	Canada	Electronic appliance controls and sensors; digital time controls; digital thermostatic controls; radio frequency and infrared remote controls; security and safety devices namely burglar alarms, vehicle alarms, bicycle alarms, panic alarms, motion alarms, passive infrared alarms, detectors and sensors, fire alarms, detectors and sensors, gas detection alarms, sensors and detectors, locks and locking mechanisms, flood alarms, sensors and detectors; radio and electronic telephone communications equipment, namely, radio transmitters, receivers, monitors, telephones, digital and mobile phones, earphones, speaker phones, and phone messaging units; surge and power protection control wireless electronics; line voltage thermostats. Consultation, creation, design and manufacturing services relating to the custom design, creation, manufacturing and distribution of products in the security, safety, electronics, digital, infrared and communication industries.	TMA530902	August 9, 2000	August 9, 2010
COMPUTIME	Canada	Consultation, creation, design and manufacturing services relating to the custom design, tooling, creation, manufacturing and distribution of electronic appliance controls and sensors; digital time controls; digital thermostatic controls; radio frequency and infrared remote controls; security and safety devices namely burglar alarms, vehicle alarms, bicycle alarms, panic alarms, motion alarms, passive infrared alarms, detectors and sensors, fire alarms, detectors and sensors, gas detection alarms, sensors and detectors, locks and locking mechanisms, flood alarms, sensors and detectors; radio and electric telephone communications equipment, namely, radio transmitters, receivers, monitors, telephones, digital and mobile phones, earphones, speaker phones, and phone messaging units; surge and power protection control wireless electronics; chargers; line voltage thermostats.	TMA658201	February 7, 2006	February 7, 2016

Trademark	Country of Registration	Class/description of products registered	Application Number	Registration Date	Expiry Date
computime	China	9	1402470	May 28, 2000	May 28, 2010
SALUS	European Union	9 11	Application Pending	Application Pending	Application Pending
COMPUTIME	Japan	14	4327068	October 22, 1999	October 22, 2009
	Hong Kong	9	1999B10574	February 18, 1998	February 18, 2015
CTT	Hong Kong	9	2001B08102	January 27, 1998	January 27, 2015
CTT	Hong Kong	11	1999B14574	January 27, 1998	January 27, 2015
CTT	Hong Kong	12	1999B14554	January 27, 1998	January 27, 2015
	Hong Kong	9	2001B05532	November 19, 1999	November 19, 2006
	Hong Kong	9	2001B07862	March 8, 1999	March 8, 2016
	Hong Kong	11	2001B07863	March 8, 1999	March 8, 2016
	Hong Kong	12	2001B07864	March 8, 1999	March 8, 2016
	United States	40	Application Pending	Application Pending	Application Pending
COMPUTIME	United States	9 42	Application Pending	Application Pending	Application Pending
SALUS	United States	9	Application Pending	Application Pending	Application Pending

(b) Patents

Registered patent

Type of Patent	Patent No.	Date of Patent	Patent Description
United States Patent	6,714,136	March 30, 2004	Alarm Clock with remote control function

Patents under application

As at the Latest Practicable Date, application has been made for the registration of the following intellectual property rights and confirmatory assignments have been executed to assign the following patents to us upon registration:

Type of Patent	Class/ description of patent to be registered	Date of submission of application
United States Patent	Conveying Temperature Information in a Controlled Variable Speed Air Conditioning System	June 28, 2006
United States Patent	Cycle Rate Control Algorithm	January 18, 2006
United States Patent	Alarm Clock with Remote Control Function	February 17, 2004
United States Patent	Matching a Transmitter and a Receiver Supplied by the Same Power Module	October 18, 2005

(c) Domain name

Domain Name	Registrant	Registration Date	Expiry date
computime.com	Computime Limited	September 4, 1995	September 3, 2006
computime-jp.com	Computime Limited	June 14, 2005	June 14, 2007
computime.com.hk	Computime Limited	December 13, 1996	October 1, 2006
seccom.com.hk	Seccom Technologies Limited	June 4, 1999	
cktechnologies.com...........	Computime Limited	December 6, 2002	December 6, 2007
ct-globl.com	Computime Limited	October 12, 2003	October 12, 2006
eofficeasia.com..................	Computime Limited	January 9, 2000	January 9, 2007
computime-ems.com.hk ...	Computime Manufacturing Limited	June 17, 1999	

E. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDER AND EXPERTS

Interests and Short Positions of Directors in the Share Capital of the Company and Its Associated Corporations Following the Global Offering

Immediately following completion of the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Long Positions in Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of issued Shares immediately after the Global Offering
Mr. Auyang Ho	Corporate (Note 1)	352,500,000	44.06% (Note 2)

Note 1: These Shares are directly held by SPGL, whose issued share capital is owned as to 67.66% by Mr. Auyang Ho and 32.34% by Mr. Auyang Pak Hong, Bernard.

Note 2: The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that no Shares will be issued pursuant to the Over-allotment Option and options which may be granted under the Share Option Scheme and that 800,000,000 Shares, being the aggregate of the number of Shares in issue which will fall to be issued pursuant to the Global Offering (other than under the Over-allotment Option) and the Capitalization Issue, will be in issue on the Listing Date.

Substantial Shareholder

So far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company), will, immediately following completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or which may be allotted and issued pursuant to the exercise of the Over-allotment Option, have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Position in the Shares under the SFO

Name	Nature of interest	Number of Shares	Approximate percentage of Issued Shares immediately after the Global Offering (Note 5)
Ms. Leung Yee Li, Lana	Corporate (Note 1)	186,000,000	23.25%
Mr. Heung Lap Chi, Eugene (Note 2)	Spouse	186,000,000	23.25%
Ms. Tse Shuk Ming (Note 3)	Spouse	352,500,000	44.06%
SPGL (Note 4)	Corporate	352,500,000	44.06%
Crystalplaza Limited	Beneficial	133,500,000	16.69%
Little Venice Limited	Beneficial	52,500,000	6.56%
Cheer Fountain Limited (Note 5)	Beneficial	61,500,000	7.69%
Trustcorp Limited (Note 5)	Trustee	61,500,000	7.69%
Mr. Wong Wing Keung (Note 5)	Founder	61,500,000	7.69%

Note 1: These Shares are directly held by Crystalplaza Limited (as to 133,500,000 Shares) and Little Venice Limited (as to 52,500,000 Shares), both companies of which are wholly owned by Ms. Leung Yee Li, Lana.

Note 2: Mr. Heung Lap Chi, Eugene is the spouse of Ms. Leung Yee Li, Lana.

Note 3: Ms. Tse Shuk Ming is the spouse of Mr. Auyang Ho.

Note 4: SPGL is owned as to 67.66% by Mr. Auyang Ho and 32.34% by Mr. Auyang Pak Hong, Bernard.

Note 5: Cheer Fountain Limited is wholly-owned by Trustcorp Limited, a company incorporated in Jersey, the Channel Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Mr. Wong Wing Keung. For the purposes of the SFO, Mr. Wong Wing Keung is the founder of this trust.

Note 6: The relevant percentages are calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that no Shares will be issued pursuant to the Over-allotment Option and options which may be granted under the Share Option Scheme and that 800,000,000 Shares, being the aggregate of the number of Shares in issue and those which will fall to be issued pursuant to the Global Offering (other than under the Over-allotment Options) and the Capitalization Issue will be in issue on the Listing Date.

Interest in the subsidiaries of the Company

Name	Name of the subsidiary	Nature of interest	Number of Shares/ amount of Registered Capital	Approximate percentage of Issued Shares/ total registered capital of the relevant subsidiaries
Mr. Paul Edwin Lines	Salus Controls Plc	Beneficial	6750 Shares	13.5%
Mr. Iain Forest McLaren Ellvers	Salus Controls Plc	Beneficial	6750 Shares	13.5%
Mr. Peter Ball	Salus Controls Plc	Beneficial	6750 Shares	13.5%
D-Secour European Safety Products GmbH (Note 1)	Salus Technologies GmbH	Beneficial	EURO 11,250	45%
Kingdom Fine Metal Limited	Marcus-Plus International Ltd.	Beneficial	4 Shares	40%
Sun Kwok Wah, Peter (Note 2)	Marcus-Plus International Ltd.	Corporate	4 Shares	40%

Note 1: Mr. Bernd Luckey owns 75% interest in D-Secour European Safety Products GmbH. Accordingly, he is indirectly a substantial shareholder of Salus Technologies GmbH for the purposes of the Listing Rules.

Note 2: Mr Sun Kwok Wah, Peter owns 52.9% interest in Kingdom Fine Metal Limited. Accordingly, he is indirectly a substantial shareholder of Marcus-Plus International Ltd. for the purposes of the Listing Rules.

Particulars of Service Contracts

(a) Each of Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard and Ms. Choi Po Yee, Alice, being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing on the Listing Date which shall be terminated in accordance with the provisions of the service contract or, during the third year of appointment only, by either party giving to the other not less than three months' prior notice in writing.

After each completed year of service, the executive Directors' salaries under the service contracts (all of which are conditional on the listing of the Shares on the Stock Exchange) shall be reviewed by the Board (except that no review shall be made by the Board for the first year after commencement of the appointment). Such executive Directors will also be entitled to a discretionary bonus provided that the total amount of bonus to be paid to all such executive Directors in each year ending March 31 shall not exceed 10% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year.

The annual salaries of the executive Directors from the Listing Date are as follows:

	HK$'000
Mr. Auyang Ho	1,430
Mr. Auyang Pak Hong, Bernard	2,665
Ms. Choi Po Yee, Alice	2,288

(b) Each of Mr. Wong Ying Ho, Kennedy, Mr. Kam Chi Chiu, Anthony and Mr. Patel Arvind Amratlal, being the non-executive Directors, will receive the following annual remuneration:

	HK$'000
Mr. Wong Ying Ho, Kennedy	120
Mr. Kam Chi Chiu, Anthony	120
Mr. Patel, Arvind Amratlal	466

(c) Each of Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien has been appointed as an independent non-executive Director for an initial term of one year with the following annual salaries:

	HK$'000
Mr. Luk Koon Hoo	120
Mr. Siewert, Patrick Thomas	120
Mr. Feniger, Steven Julien	120

Directors' Remuneration

Remuneration and benefits in kind of approximately HK$9.0 million in aggregate were paid and granted by the Group to the Directors in respect of the financial year ended March 31, 2006.

Under the current arrangements presently in force, the Directors will be entitled to receive remuneration which, for the year ending March 31, 2007, is expected to be approximately HK$7.4 million, excluding the discretionary bonuses payable to the executive Directors.

Save as disclosed in this prospectus, no Director in the promotion of the Company has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the promotion or formation of the Company.

Disclaimers

Save as disclosed in this prospectus:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(b) none of the Directors or the experts named in "G. Other Information — Consents of Experts and Others" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this prospectus;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(e) taking no account of Shares which may be taken up under the Global Offering and the Over-allotment Option, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, the Capitalization Issue and exercise of the Over-allotment Option (if any), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and

(f) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.

F. SHARE OPTION SCHEME

For the purpose of this section only, unless the context otherwise requires the following words shall have the following meanings:

"Adoption Date"	September 15, 2006, the date on which the Share Option Scheme was conditionally adopted by written resolutions of the sole Shareholder;
"Auditors"	the auditors of the Company for the time being;
"Board"	the board of directors of the Company for the time being or a duly authorized committee thereof;
"Business Day"	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
"Date of Grant"	in respect of an Option, the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Shareholders' approval on the terms of this Scheme;
"Grantee"	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
"Offer"	the offer of the grant of an Option;

"Option"	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
"Option Period"	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
"Participants"	directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group;
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction; and
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance), of the Company, whether incorporated in Hong Kong or elsewhere and "Subsidiaries" shall be construed accordingly.

The Share Option Scheme contains the following terms:

(a) Purpose

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who May Join

On and subject to the terms of the Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme has been terminated or after the Participant for whom the Offer is made has ceased to be a Participant. An Offer is deemed to be accepted when the Company receives from the Grantee the offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to the Company of $1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(c) Grant of Options to Connected Persons or any of their Associates

Any grant of Options to any director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive directors of the Company (excluding independent non-executive directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

(1) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and

(2) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favor of the resolution at such general meeting of the Shareholders.

(d) Subscription Price

The subscription price for the Options shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(1) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant which must be a Business Day;

(2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and

(3) the nominal value of the Shares.

(e) Maximum Number of Shares

(1) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (the "Scheme Mandate Limit"), representing 80,000,000 Shares. Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

(2) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:

(i) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and

(ii) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

(3) Subject to paragraph (4) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed one percent of the Shares in issue for the time being (the "Individual Limit").

(4) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one percent of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(f) Maximum Number of Options

At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(g) Time of Exercise of Option

Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, an Option may be exercised by the Grantee in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board to each Grantee, at the time of making an offer of the grant of an Option which shall not expire later than ten years from the Date of Grant.

(h) Rights Are Personal to Grantees

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Option.

(i) (1) Rights on Termination of Employment by Dismissal

(i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangement or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, his Option shall lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the subscription price for the Shares received by the Company in respect of the purported exercised of such Option.

(ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(2) Rights on death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph i(i) above has arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of twelve months following the date of his death.

(j) Effect of Alterations to Share Capital

In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party. Adjustment (if any) shall be made to (a) the number or nominal amount of Shares subject to the Option so far as unexercised; (b) the subscription price for the Shares subject to the Option so far as unexercised; (c) the Shares to which the Option relates; and (d) the method of exercise of the Option, or any combination thereof as the Auditors or the independent financial adviser to the Company shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any such adjustments must give a Grantee the same proportion of the equity capital of the Company as to which that Grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the Auditors or the independent financial adviser to the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

(k) Rights on a General Offer by Way of Takeover

In the event of a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

(l) Rights on a General Offer by Way of Scheme of Arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice.

(m) Rights on Winding Up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of fully paid Shares to the Grantee which fall to be issued on exercise of such Option.

(n) Rights on a Compromise or Arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

(o) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum of Association and Articles of Association of the Company for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(p) Period of the Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the Share Option Scheme.

(q) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(r) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

(1) the passing of the resolution by the sole Shareholder to approve and adopt the Share Option Scheme and to authorize the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;

(2) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of any Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date and Shares which may be allotted and issued under the Over-allotment Option); and

(3) the commencement of dealing in Shares on the Main Board of the Stock Exchange.

(s) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

(1) the expiry of the Option Period;

(2) the expiry of the periods referred to in paragraphs (i), (m) or (n) above respectively;

(3) the expiry of the period referred to in paragraph (k) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the offer;

(4) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Option as referred to in paragraph (l) above;

(5) the date of the commencement of the winding-up of the Company;

(6) the date on which the Grantee ceases to be a Participant as referred to in paragraph i(1)(i);

(7) the date on which the Grantee commits a breach by selling, transferring, changing, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any Option; and

(8) subject to paragraph i(1)(ii), the date the Grantee ceases to be a Participant for any other reason.

(t) Termination of the Share Option Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(u) Restriction on Grant of Option

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers pursuant to Rule 17.05 of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(v) Cancellation

Any Options granted but not exercised may be cancelled if the Participant so agrees.

Present Status of the Share Option Scheme

As at the date of this prospectus, no Option has been granted or agreed to be granted pursuant to the Share Option Scheme.

G. OTHER INFORMATION

Estate Duty, Tax and Other Indemnity

Each of SPGL, Mr. Auyang Ho and Mr. Auyang Pak Hong, Bernard (the "Indemnifier(s)") has given joint and several indemnities in connection with, inter alia,

(a) any liability for Hong Kong estate duty which is or might be payable by any member of the Group by reasons of any transfer of property (within the meaning of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to any member of the Group;

(b) any other tax liabilities (including all fines, penalties, costs, charges, expenses and interest related to taxation) which (might be payable by any member of the Group in respect of any income, profit or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional;

(c) any liability, costs or expenses whereby any Group company is prohibited from using or occupying or being evicted from any one or more of the properties currently leased and occupied by any member of the Group in Hong Kong and the PRC whether by the landlord or any third party whosoever (including without limitation any government authorities or other competent authorities in Hong Kong and/or the PRC) on the grounds that the relevant tenancy/lease/license is invalid or unenforceable or has been breached or the relevant member of the Group has not obtained the requisite licenses, permits and/or title certificates or any requisite procedure (including but not limited to registration or filing with the relevant government authorities in Hong Kong and/or the PRC) has not been completed;

(d) all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses, and fines of whatever nature suffered or incurred by any member of the Group as a result of or in connection with any legal proceedings instituted by or against any member of the Group in relation to events on or before the date the Global Offering becomes unconditional (including liabilities and expenses which may be incurred in relation to claims by Hunter Fan in respect of its proceedings as disclosed in "Litigation" below);

(e) any loss, liability or damages suffered by any member of the Group arising out of or in connection with any non-compliance or alleged non-compliance by any member of the Group with any applicable rules and regulations in the PRC in the course of its business on or before the date on which the Global Offering becomes unconditional,

Indemnities in relation to taxation in (a) and (b) do not cover any taxation claims in the following circumstances:

(i) to the extent where provision has been made for such taxation liabilities in the accountants' report in Appendix I to this prospectus;

(ii) taxation falling on any member of the Group in respect of any accounting period commencing on or after the Listing Date (the "Relevant Date") unless liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by the covenantor with any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day trading operations on or before the trading of the Shares;

(iii) to the extent where such taxation liabilities arose or were incurred as a consequence of any change in the law having retrospective effect coming into force after the Relevant Date or to the extent that such taxation arises or is increased by an increase in rates of taxation after the Relevant Date with retrospective effect; or

(iv) for any penalty imposed on any member of the Group under section 42 of the Estate Duty Ordinance by reason of any Group company defaulting, at any time after the date of the deed of indemnity, in any obligation to give information to the Commissioner under section 42(1) of the Estate Duty Ordinance, but the Indemnifier(s) shall be liable far any interest on unpaid estate duty.

Litigation

On June 1, 2006, our subsidiary, Computime Limited received a demand letter from Hunter Fan Company in relation to an action against Hunter Fan Company in state court in Houston, Texas, USA by State Farm Lloyds as subrogee of the insured. The demand letter stated that Hunter Fan Company has been sued in respect of a fire on August 20, 2004 which was alleged, based on an expert report commissioned by State Farm Insurance, to have been caused by the failure of the 44550 thermostat. Under the demand letter, Hunter Fan Company has required us and our insurance carrier to indemnify and hold harmless Hunter Fan Company against any loss arising in respect of the above action in accordance with our supply contract with them.

Save as disclosed above, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the exercise of options granted under the Share Option Scheme.

Preliminary Expenses

The preliminary expenses of the Company are estimated to be approximately HK$50,000 and are payable by the Company.

The promoter of the Company is Mr. Auyang Pak Hong, Bernard as disclosed in this prospectus, no amount or benefit has been paid or given to the promoter in connection with the Global Offering or related transactions described in this prospectus within two years immediately preceding the date of this prospectus and no such amount or benefit is intended to be paid or given to the promoter. Within the two years preceding the date of this prospectus, no commission was paid for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of the Company.

Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
JPMorgan	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the SFO
Ernst & Young	Certified public accountants
King & Wood	Registered law firm in the PRC
Sallmanns (Far East) Limited	Property valuers
Conyers Dill & Pearman.............	Cayman Islands Attorneys-at-law

Frost & Sullivan

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis of the end-product markets which are applicable to the Company. Frost & Sullivan compiled a spreadsheet of data dated June 15, 2006, which consists of historical data for the period from 2000 to 2005, where available, and forecasts for the period from 2006 to 2010, of control and automation market size in US dollars in Europe and North America in respect of the building and home controls segments, appliance controls segments and commercial and industrial controls segments.

The methodology underlying market sizes combines primary and secondary research to provide a composite analysis of the market. Data collection is carried out by analysts with specific knowledge in the relevant industry. Secondary sources have provided the historical context for the analysis of trends and market revenue through a range of trade sources, journals and company reports. In addition, Frost & Sullivan conducted numerous interviews with suppliers, manufacturers, distributors, major buyers and industry commentators in order to support its forecast model. The forecasts were developed using a "bottom-up" methodology which involves building up the market picture from various sub-segments and modeling key market drivers across the various sub-segments to determine the future development of a market.

We have included certain information from the data compiled by Frost & Sullivan for the purpose of this prospectus because we believe such information, which is not publicly available, facilities an understanding of these markets for potential investors. Although we believe the data compiled by Frost & Sullivan fairly represent the analysis of the markets mentioned above, neither, we, the Global Coordinator, the Sponsor nor any of the Underwriters have verified the accuracy of the data compiled by Frost & Sullivan.

Frost & Sullivan is an international market consulting company with over 45 years of experience. Frost & Sullivan has 25 global offices and more than 1,000 analysts and consultants worldwide. The team of researchers at Frost & Sullivan was led by Mr. Matthew Anseau. Mr. Matthew Anseau, consultant for the business and financial services division at Frost & Sullivan, is responsible for the development of the consulting business of Frost & Sullivan, and retains overall responsibility for the delivery of services. He has extensive experience in providing advice in relation to strategy and market intelligence. He has participated in assignments associated with market research of technology related services.

We are required to pay a total of pound sterling 12,323 to Frost & Sullivan for its services.

Consents of Experts and Others

Each of the experts set out above and Frost & Sullivan, has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or opinion and/or data (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named in this paragraph nor Frost & Sullivan has any shareholding interests in the Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group.

Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44E of the Companies Ordinance insofar as applicable.

Miscellaneous

(a) Save as disclosed in this prospectus:

(1) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(2) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(b) Since March 31, 2006, there has been no material adverse change in the financial or trading position or prospects of the Group.

(c) The Company has no founder shares, management shares or deferred shares in the capital of the Company.

(d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

H. GENERAL

(a) Share Registers

The register of members of the Company will be maintained in the Cayman Islands by Butterfield Fund Services (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's branch share registrars in Hong Kong and may not be lodged in the Cayman Islands.

(b) Taxation of Holders of Shares

(1) The Cayman Islands

Under the present the Cayman Islands Law, transfers and other disposals of Shares are not subject to the Cayman Islands stamp duty unless the Company holds an interest in land in the Cayman Islands.

(2) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax for persons who carry on a business of trading or dealing in securities in Hong Kong.

The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong). The Legislative Council passed the Revenue (Abolition of Estate Duty) Bill 2005 on November 2, 2005 and the relevant ordinance came into effect on February 11, 2006. The Hong Kong estate of an investor who passes away on or after the commencement date of such ordinance will not be subject to Hong Kong estate duty. However, the estate duty chargeable in respect of deaths occurring on or after July 15, 2005 but before the commencement date of such ordinance would be reduced with retrospective effect to a nominal amount of HK$100 for estates of assessed value exceeding HK$7.5 million.

(3) Generally

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasized that none of the Company, the Global Coordinator, the Underwriters and the Sponsor and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in Shares.

(c) Bilingual Prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of **white**, **yellow** and **pink** Application Forms, the written consents referred to in "G. Other Information — Consents of Experts and Others" in Appendix V to this prospectus, copies of the material contracts referred to in "E. Further Information about the Business — Summary of Material Contracts" in Appendix V to this prospectus, a statement of adjustments made by Ernst & Young in arriving at the figures set out in the accountants' report in Appendix I to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Richards Butler at 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong during normal business hours up to and including the date which falls 14 days after the date of the prospectus;

- the Memorandum of Association and the Articles of Association;
- the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus, and the related statement of adjustments;
- the audited consolidated financial statements of the Group for each of the two years ended March 31, 2006;
- a statement of adjustments prepared by Ernst & Young in arriving at the figures shown in the accountants' report and giving the reasons therefor;
- the letter received from Ernst & Young on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- the letter, summary of valuation and valuation certificate relating to the property interests of the Group prepared by Sallmanns, the text of which is set out in Appendix III to this prospectus;
- the PRC legal opinion dated September 25, 2006 issued by King & Wood, in respect of, inter alia, general corporate matters, property interests and taxation matters of the Group in the PRC;
- the letter of advice dated September 25, 2006 prepared by Conyers, Dill & Pearman summarizing certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- copies of material contracts referred to in "E. Further Information About the Business — Summary of Material Contracts" in Appendix V to this prospectus;
- the written consents referred to in "G. Other Information — Consent of Experts and Others" in Appendix V to this prospectus;
- the service contracts referred to in "E. Further Information about Directors, management, staff and experts — Particulars of Service Contracts" in Appendix V to this prospectus;
- the Companies Law; and
- the rules of the Share Option Scheme.

computime
SINCE 1974

COMPUTIME GROUP LIMITED