



## **Computime Group Limited**

**金寶通集團有限公司\***

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

**(Stock code: 320)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006**

The board of directors (the “Board”) of Computime Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2006 (the “Period”) together with the comparative figures for the corresponding period in 2005.

## CONDENSED CONSOLIDATED INCOME STATEMENT

|   |              | <b>For the six months ended</b> |                      |
|---|--------------|---------------------------------|----------------------|
|   | <i>Notes</i> | <b>30 September</b>             |                      |
|   |              | <b>2006</b>                     | <b>2005</b>          |
|   |              | <i>(Unaudited)</i>              | <i>(Unaudited)</i>   |
|   |              | <i>HK\$'000</i>                 | <i>HK\$'000</i>      |
| REVENUE                                   | 3            | 1,041,718                       | 900,374              |
| Cost of sales                             |              | <u>(860,803)</u>                | <u>(725,717)</u>     |
| GROSS PROFIT                              |              | 180,915                         | 174,657              |
| Other income                              |              | 16,294                          | 7,846                |
| Selling and distribution costs            |              | (42,373)                        | (40,037)             |
| Administrative expenses                   |              | (58,050)                        | (59,690)             |
| Other operating expenses                  |              | (3,125)                         | (2,417)              |
| Finance costs                             | 4            | (10,927)                        | (11,358)             |
| Share of profits and losses of associates |              | <u>1,260</u>                    | <u>2,115</u>         |
| PROFIT BEFORE TAX                         | 5            | 83,994                          | 71,116               |
| Tax                                       | 6            | <u>(6,540)</u>                  | <u>(6,210)</u>       |
| PROFIT FOR THE PERIOD                     |              | <u><u>77,454</u></u>            | <u><u>64,906</u></u> |
| ATTRIBUTABLE TO:                          |              |                                 |                      |
| Equity holders of the Company             |              | 73,962                          | 65,854               |
| Minority interests                        |              | <u>3,492</u>                    | <u>(948)</u>         |
|   |              | <u><u>77,454</u></u>            | <u><u>64,906</u></u> |
| DIVIDEND                                  | 7            |                                 |                      |
| — Proposed interim                        |              | <u>14,940</u>                   | <u>—</u>             |
| EARNINGS PER SHARE                        | 8            |                                 |                      |
| — Basic (HK cents)                        |              | <u><u>12.33</u></u>             | <u><u>10.98</u></u>  |

## CONDENSED CONSOLIDATED BALANCE SHEET

|  | <i>Notes</i> | <b>30 September<br/>2006</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>31 March<br/>2006</b><br><i>(Audited)</i><br><i>HK\$'000</i> |
|--|--------------|---|---|
| <b>NON-CURRENT ASSETS</b>                    |              |   |   |
| Property, plant and equipment                |              | 165,769   | 167,831   |
| Prepaid land lease payments                  |              | —   | 4,005   |
| Club debenture                               |              | 705   | 705   |
| Intangible assets                            |              | 19,972  | 19,004  |
| Interests in associates                      |              | <u>5,268</u>  | <u>5,669</u>  |
| <br>Total non-current assets                 |              | <br><u>191,714</u>  | <br><u>197,214</u>  |
| <b>CURRENT ASSETS</b>                        |              |   |   |
| Amounts due from associates                  |              | 11,597  | 9,902   |
| Derivative financial instrument              |              | 3,875   | 3,900   |
| Inventories                                  |              | 321,004   | 277,865   |
| Trade receivables                            | 9            | 406,917   | 317,407   |
| Prepayments, deposits and other receivables  |              | 35,643  | 29,333  |
| Tax recoverable                              |              | 728   | 544   |
| Cash and cash equivalents                    |              | <u>158,128</u>  | <u>187,973</u>  |
| <br>Assets classified as held for sale       | <br>10       | <br><u>937,892</u><br><u>7,610</u>                                    | <br><u>826,924</u><br><u>—</u>                                  |
| <br>Total current assets                     |              | <br><u>945,502</u>  | <br><u>826,924</u>  |
| <b>CURRENT LIABILITIES</b>                   |              |   |   |
| Trade and bills payables                     | 11           | 292,516   | 296,491   |
| Tax payable                                  |              | 9,577   | 6,363   |
| Other payables and accrued liabilities       |              | 133,144   | 112,423   |
| Interest-bearing bank and other borrowings   |              | 288,894   | 220,363   |
| Dividend payable                             |              | 15,000  | 50,000  |
| Amounts due to minority shareholders         |              | <u>160</u>  | <u>850</u>  |
| <br>Total current liabilities                |              | <br><u>739,291</u>  | <br><u>686,490</u>  |
| <br>NET CURRENT ASSETS                       |              | <br><u>206,211</u>  | <br><u>140,434</u>  |
| <br>TOTAL ASSETS LESS CURRENT<br>LIABILITIES |              | <br><u>397,925</u>  | <br><u>337,648</u>  |
| <b>NON-CURRENT LIABILITIES</b>               |              |   |   |
| Interest-bearing bank and other borrowings   |              | 24,261  | 26,602  |
| Deferred tax liabilities                     |              | 5,006   | 5,006   |
| Provision for long service payments          |              | <u>5,703</u>  | <u>5,703</u>  |
| <br>Total non-current liabilities            |              | <br><u>34,970</u>   | <br><u>37,311</u>   |
| <br>Net assets                               |              | <br><u>362,955</u>  | <br><u>300,337</u>  |

|  | <b>30 September<br/>2006<br/>(Unaudited)<br/>HK\$'000</b> | <b>31 March<br/>2006<br/>(Audited)<br/>HK\$'000</b> |
|--|---|---|
| <b>EQUITY</b>  |   |   |
| Equity attributable to equity holders of the Company |   |   |
| Issued capital                                       | —   | 3   |
| Reserves   | 309,454   | 285,334   |
| Proposed dividends                                   | <u>49,940</u>   | <u>15,000</u>                                       |
|  | 359,394   | 300,337   |
| Minority interests                                   | <u>3,561</u>  | <u>—</u>  |
| Total equity   | <u><u>362,955</u></u>                                     | <u><u>300,337</u></u>                               |

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION AND GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 23 June 2006 as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The Company has established a place of business in Hong Kong at 17th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

Pursuant to the group reorganisation (the “Reorganisation”) in preparation for the listing of the Company’s shares (the “Global Offering”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company issued shares in exchange for the entire issued capital of Computime International Limited (“CIL”) on 16 September 2006 and thereby became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in Appendix V of the Company’s prospectus dated 25 September 2006 (the “Prospectus”).

The Company’s shares have been listed on the Stock Exchange with effect from 9 October 2006 (the “Listing Date”).

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the “Condensed Interim Financial Statements”) have been prepared in accordance with the principles as set out in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and as if the group structure resulting from the Reorganisation had been in existence beginning 1 April 2005 except that the results of subsidiaries disposed of during the Period have been accounted for up to the respective date of disposals.

The Condensed Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The significant accounting policies adopted in the preparation of the Condensed Interim Financial Statements are consistent with those used in the preparation of the Company’s accountants’ report as set out in Appendix I of the Prospectus (the “Accountants’ Report”). Accordingly, the Condensed Interim Financial Statements should be read in conjunction with the Accountants’ Report.

## 2.1. Impact of new and revised Hong Kong Financial Reporting Standards (“HKFRS”)

During the Period, the Group has applied, for the first time, the following amendments to HKASs and interpretation issued by the HKICPA which are relevant to the Group and effective for accounting periods beginning on or after 1 January 2006:

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

The application of the above amendments to HKASs and interpretation did not result in significant changes in accounting policies and did not have material impact on the Condensed Interim Financial Statements.

## 2.2. Impact of issued but not yet effective HKFRS

The Group has not early applied the following new standard, amendment to HKAS and interpretations that have been issued by the HKICPA but not yet effective:

|                  |  |
|------------------|--|
| HKAS 1 Amendment | Capital Disclosures                        |
| HKFRS 7          | Financial Instruments: Disclosures         |
| HK(IFRIC)-Int 8  | Scope of HKFRS 2                           |
| HK(IFRIC)-Int 9  | Reassessment of Embedded Derivatives       |
| HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment |

HKAS 1 Amendment will affect the disclosures about qualitative information about the Group’s objectives, policies and processes for managing capital; quantitative data about what the Group 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.

The Board anticipates that the application of the above new standard, amendment to HKAS and interpretations will not have material impact on the results and the financial positions of the Group.

### 3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

|   | <b>Building and<br/>home<br/>controls</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>Appliance<br/>controls</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>Commercial<br/>and<br/>industrial<br/>controls</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>Total</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> |
|---|--|--|--|---|
| <b>For the six months ended<br/>30 September 2006</b> |  |  |  |   |
| <b>Segment revenue:</b>                               |  |  |  |   |
| Sales to external customers                           | <u>478,093</u>   | <u>440,277</u>   | <u>123,348</u>   | <u>1,041,718</u>                                      |
| <b>Segment results</b>                                | <u>53,171</u>  | <u>19,684</u>  | <u>13,144</u>  | 85,999  |
| Bank interest income                                  |  |  |  | 1,297   |
| Other income (excluding bank<br>interest income)      |  |  |  | 14,997  |
| Corporate and other unallocated expenses              |  |  |  | (8,632)   |
| Finance costs   |  |  |  | (10,927)  |
| Share of profits and losses of associates             |  |  |  | <u>1,260</u>  |
| Profit before tax                                     |  |  |  | 83,994  |
| Tax   |  |  |  | <u>(6,540)</u>  |
| Profit for the period                                 |  |  |  | <u>77,454</u>   |
| Attributable to the Company                           |  |  |  | 73,962  |
| Minority interests                                    |  |  |  | <u>3,492</u>  |

|   | <b>Building and<br/>home<br/>controls<br/>(Unaudited)<br/>HK\$'000</b> | <b>Appliance<br/>controls<br/>(Unaudited)<br/>HK\$'000</b> | <b>Commercial<br/>and<br/>industrial<br/>controls<br/>(Unaudited)<br/>HK\$'000</b> | <b>Total<br/>(Unaudited)<br/>HK\$'000</b> |
|---|--|--|--|---|
| <b>For the six months ended<br/>30 September 2005</b> |  |  |  |   |
| <b>Segment revenue:</b>                               |  |  |  |   |
| Sales to external customers                           | <u>485,997</u>   | <u>275,603</u>   | <u>138,774</u>   | <u>900,374</u>                            |
| <b>Segment results</b>                                | <u>54,731</u>  | <u>15,303</u>  | <u>8,644</u>   | 78,678                                    |
| Bank interest income                                  |  |  |  | 1,233                                     |
| Other income (excluding bank<br>interest income)      |  |  |  | 6,613                                     |
| Corporate and other unallocated expenses              |  |  |  | (6,165)                                   |
| Finance costs   |  |  |  | (11,358)                                  |
| Share of profits and losses of associates             |  |  |  | <u>2,115</u>                              |
| Profit before tax                                     |  |  |  | 71,116                                    |
| Tax   |  |  |  | <u>(6,210)</u>                            |
| Profit for the period                                 |  |  |  | <u>64,906</u>                             |
| Attributable to the Company                           |  |  |  | 65,854                                    |
| Minority interests                                    |  |  |  | <u>(948)</u>                              |

#### 4. FINANCE COSTS

|                             | <b>For the six months ended<br/>30 September</b> |  |
|-----------------------------|--|--|
|                             | <b>2006<br/>(Unaudited)<br/>HK\$'000</b>         | <b>2005<br/>(Unaudited)<br/>HK\$'000</b> |
| Interest on bank borrowings | 10,572   | 11,253                                   |
| Interest on finance leases  | <u>355</u>                                       | <u>105</u>                               |
|                             | <u>10,927</u>                                    | <u>11,358</u>                            |

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

|  | For the six months ended |             |
|--|--------------------------|-------------|
|  | 30 September             |             |
|  | 2006                     | 2005        |
|  | (Unaudited)              | (Unaudited) |
|  | HK\$'000                 | HK\$'000    |
| Depreciation                               | 14,259                   | 10,611      |
| Amortisation of intangible assets          | 7,255                    | 8,780       |
| Recognition of prepaid land lease payments | 53                       | 53          |
| Bank interest income                       | (1,297)                  | (1,233)     |
| Gain on disposal of associates             | <u>(10,065)</u>          | <u>—</u>    |

## 6. TAX

|                           | For the six months ended |              |
|---------------------------|--------------------------|--------------|
|                           | 30 September             |              |
|                           | 2006                     | 2005         |
|                           | (Unaudited)              | (Unaudited)  |
|                           | HK\$'000                 | HK\$'000     |
| Tax charge for the period | <u>6,540</u>             | <u>6,210</u> |

Tax charge for the period represents Hong Kong profits tax which has been calculated at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere, where applicable, are 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.

No share of tax is attributable to associates as at 30 September 2005 and 2006.

## 7. DIVIDEND

The Board has declared that an interim dividend of HK1.8 cents per share (total amounting to HK\$14,940,000 is calculated based on existing 830,000,000 shares in issue) for the six months ended 30 September 2006 shall be payable to the shareholders whose names appear on the Company's register of shareholders on 11 January 2007.

On 20 September 2006, the Board proposed a special dividend of HK\$35,000,000 to the then shareholders of the Company, the payment of which was subject to the completion of the listing of the Company's shares.

Since the Company was incorporated on 23 June 2006, no dividend was paid by the Company for the six months ended 30 September 2005. CIL, a subsidiary of the Company, paid the interim dividend of HK\$50,000,000 for the year ended 31 March 2006 during the Period and paid the final dividend of HK\$15,000,000 for the year ended 31 March 2006 subsequent to 30 September 2006 but before the Listing Date to its then shareholders prior to the Reorganisation.

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to equity holders of the Company amounting to HK\$73,962,000 (2005: HK\$ 65,854,000) and on 600,000,000 shares in issue during the periods as if the capitalisation issue of 599,999,600 shares pursuant to the Global Offering has been effective since 1 April 2005.

No diluted earnings per share has been presented for both periods as the Company did not have dilutive potential shares.

## 9. TRADE RECEIVABLES

The credit period granted to customers generally ranges from one month to three months. An aged analysis of the trade receivables is as follows:

|                | <b>30 September<br/>2006</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>31 March<br/>2006</b><br><i>(Audited)</i><br><i>HK\$'000</i> |
|----------------|---|---|
| Within 1 month | 307,024   | 276,325   |
| 1 to 2 months  | 24,560  | 15,407  |
| 2 to 3 months  | 9,586   | 8,709   |
| Over 3 months  | <u>65,747</u>   | <u>16,966</u>   |
|                | <u>406,917</u>  | <u>317,407</u>  |

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

On 15 September 2006, the Group entered into a provisional agreement with an independent third party (the "Purchaser") to sell its property located in Hong Kong (comprising the building and prepaid land lease payments) to the Purchaser for a consideration of HK\$18,500,000.

In October 2006, the Group entered into the formal sale and purchase agreement with the Purchaser. Upon completion of the transaction on or before 31 March 2007, an estimated gain of approximately HK\$10,890,000 will be resulted. Accordingly, the carrying amount of building amounting to HK\$3,552,000 and the carrying amount of prepaid land lease payments amounting to HK\$4,058,000 were reclassified to assets classified as held for sale.

## 11. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and generally have payment terms ranging from one month to three months. An aged analysis of trade and bills payables is as follows:

|                | <b>30 September<br/>2006</b><br><i>(Unaudited)</i><br><i>HK\$'000</i> | <b>31 March<br/>2006</b><br><i>(Audited)</i><br><i>HK\$'000</i> |
|----------------|---|---|
| Within 1 month | 260,777   | 273,531   |
| 1 to 2 months  | 25,075  | 16,085  |
| 2 to 3 months  | 136   | 2,043   |
| Over 3 months  | <u>6,528</u>  | <u>4,832</u>  |
|                | <u>292,516</u>  | <u>296,491</u>  |

## **FINANCIAL HIGHLIGHTS**

During the Period, the Group's turnover and profit attributable to equity holders of the Company increased by approximately 15.7% to HK\$1,041.7 million and approximately 12.3% to HK\$74.0 million respectively, as compared with the corresponding period last year. EBITDA for the Period was HK\$112.9 million, an approximate 9.9% increase against the same period last year. During the Period, turnover from the segments of building and home controls, appliance controls, and commercial and industrial controls amounted to HK\$478.1 million, HK\$440.3 million and HK\$123.3 million respectively, accounting for approximately 45.9%, 42.3% and 11.8% of the Group's turnover respectively. Compared with the corresponding period last year, turnover of appliance controls segment increased significantly by approximately 59.8% while those of building and home controls and commercial and industrial controls segments decreased moderately by approximately 1.6% and 11.1% respectively. The Group's gross profit margin decreased to approximately 17.4% as a result of the change in sales mix and the effect of rise in costs of certain materials, such as plastics and printed circuit boards, though partly offset by the Group's continuous effort of cost reduction. During the Period, the Group disposed of its entire equity interests (representing 24% effective equity interest attributable to the Group) in Boyd Asia Limited for a consideration of US\$1.5 million (equivalent to approximately HK\$11.7 million), resulting in a gain on disposal of associates of approximately HK\$10.1 million (of which approximately HK\$6.0 million was attributable to the equity holders of the Company).

## **BUSINESS REVIEW**

### **Building and home controls business**

Revenue from the segment decreased slightly by approximately 1.6% from HK\$486.0 million to HK\$478.1 million. Within the climate control sector, heating, ventilation and air-conditioning products posted strong growth in the "do-it-yourself" and contractor channels. The Group continued to deliver to the market new thermostats that are easy to use and save energy. The Group's "Salus" brand products achieved strong growth in the United Kingdom and the Group also saw increasing demand from the professional markets. However, such growth was offset by the delayed launch of two air quality platforms to early 2007 with customer delay. The demand for home controls remained stable and demand for multi-media and home automation controls remained strong.

### **Appliance controls business**

Revenue from the segment increased strongly by approximately 59.8% from HK\$275.6 million to HK\$440.3 million. The white goods sector grew markedly with new projects and strong demand from large international well-known customers. New product platforms for induction oven controls, range oven controls and refrigerator dispenser controls were introduced during the Period. The brown goods sector remained stable with the introduction of a new customer. The Group also started its business in the spa and pool sector with the introduction of two new customers. Launching of new products, strong market demand, capturing business from competitors and entry into new markets all contributed to the strong growth of the appliance controls business.

## **Commercial and industrial controls business**

During the Period, the Group restructured the commercial and industrial controls segment to match its refocusing on four core business segments: healthcare, infotainment, commercial and industrial controls. Some product lines of lower profit margin and non-strategic customers were exited. As a result, the Group managed a decline of revenue from HK\$138.8 million to HK\$123.3 million. The Group's healthcare business had strong growth as a result of its expansion into drug delivery systems with a new customer. To capture higher profit margin businesses in the industrial control and infotainment business, the Group invested in setting up a specialised production facility for high mix and low volume products. This set up has attracted to the Group new customers which run broadcasting studio equipment business and the industrial controls business.

## **OUTLOOK**

The Group will continue to focus on and strengthen research and development of technology and engineering capabilities, which will enable it to offer innovative and cost-effective end-to-end solutions to customers. The Group will continue to broaden its product line and expand the scope of its business within the control industry. It will target the higher profit margin market segments and step up effort in fostering its own branded business to enhance performance.

The Group will continue to evaluate opportunities for acquiring companies and assets that can increase its technological, manufacturing and brand distribution capabilities with the amounts set aside in the net proceeds from the Global Offering (details contained in the section titled "Future Plans and Use of Proceeds" in the Prospectus). The Group's targets are to expand its technological expertise, introduce new products, strengthen existing customer relationships and secure new customers and markets.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 September 2006, the Group had bank and cash balances of HK\$158.1 million, most of which were either denominated in US dollars or Hong Kong dollars. Average trade receivable turnover period was 63.6 days (31 March 2006: 52.7 days). The major reason for the increase in average trade receivable turnover period was attributed to the significant growth in turnover from the appliance controls segment whose customers' average collection period was longer than those of the other two business segments. Average inventory turnover period was 52.6 days (31 March 2006: 51.1 days), which remained relatively stable. Overall, the Group maintained a current ratio of 1.28 as at 30 September 2006 (31 March 2006: 1.20).

As at 30 September 2006, total interest-bearing bank and other borrowings were HK\$313.1 million, comprising bank loans and overdrafts of HK\$262.0 million repayable within one year or on demand, term loans of HK\$39.1 million with maturity of not more than three years and finance lease payables of HK\$12.0 million. The majority of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily determined by reference to HIBOR. As at 30 September 2006, these banking facilities were

generally secured by guarantees provided by certain of the then beneficial shareholders of the Company. The banks agreed in principle to release all of these personal guarantees conditional upon the listing of the Company's shares on the Stock Exchange and are in the process of preparing the relevant release documents.

The Group's net gearing ratio as at 30 September 2006 was 43.1%, which is calculated by dividing total interest-bearing bank and other borrowings (net of bank and cash balances) over total equity attributable to equity holders of the Company. Comparing with that of 31 March 2006, net gearing ratio increased primarily because the Group utilised more short-term trade facilities to meet working capital demand resulting from significant increase in orders in the appliance controls segment and paid interim dividend amounting to HK\$50,000,000 for the year ended 31 March 2006 to the then shareholders of CIL through internal resources.

In October 2006, the Company issued 230,000,000 new shares (including 30,000,000 shares issued upon the exercise of over-allotment option) at HK\$2.28 per share pursuant to the Global Offering. The net proceeds from the Global Offering amounted to approximately HK\$470 million. Details of the Global Offering are set out in the Prospectus.

## **TREASURY POLICIES**

During the Period, the majority of the Group's transactions were denominated in US dollars and Hong Kong dollars. Due to the fact that Hong Kong dollars are pegged to the US dollars, there will not be significant foreign exchange exposure. For the principal interest rates applicable to the Group, the management did not anticipate any material rise in HIBOR during the Period. Accordingly, the Group did not enter into hedging instruments on foreign exchange and interest rate risks. However, the management is closely monitoring the Group's exposure to any potential foreign exchange and interest rate risks and will enter into appropriate financial instruments for hedging purpose when necessary.

## **CAPITAL EXPENDITURE**

During the Period, the Group incurred total capital expenditure of approximately HK\$15.8 million, of which approximately HK\$10.4 million were financed partly by internal resources and partly by unutilised term loans for the purchase of tools and machinery. As at 30 September 2006, the Group did not have significant capital commitments in respect of the purchase of property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 30 September 2006, the Group did not have significant contingent liabilities.

## **EMPLOYEE INFORMATION**

As at 30 September 2006, the Group had a total of approximately 4,600 full-time employees. Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees. On 15 September 2006, the Company adopted a share option scheme under which the Company can grant options to the employees of the Group to subscribe for shares of the Company. Since the adoption of the share option scheme, no share option has been granted by the Company.

## **USE OF PROCEEDS**

The Group intends to use the net proceeds of approximately HK\$470 million from the Global Offering for the purposes as stated in the Prospectus.

## **POST BALANCE SHEET EVENT**

On 14 November 2006, the Group entered into an agreement with D-Secour European Safety Products GmbH ("D-Secour"), a minority shareholder of Salus Technologies GmbH which its capital was then owned as to 55% by the Group and 45% by D-Secour, to acquire the entire 45% equity interest in Salus Technologies GmbH from D-Secour for a cash consideration of Euro dollars 100,000. In the opinion of the Board, this transaction constituted a de minimis connected transaction which is exempt from reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK1.8 cents per share for the six months ended 30 September 2006 payable on or about Tuesday, 23 January 2007 to the shareholders whose names appear on the register of members of the Company on Thursday, 11 January 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 8 January 2007 to Thursday, 11 January 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 5 January 2007.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Since the Listing Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders as a whole. In the opinion of the Board, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the “CG Code”) during the period from the Listing Date up to the date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code for directors’ dealing in securities of the Company (the “Own Code”). Having made specific enquiry of the Company’s directors, the directors confirmed that they have fully complied with the required standard as set out in the Own Code from the Listing Date to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) on 15 September 2006 with terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process and internal control system.

The 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 the Audit Committee is Mr. Luk Koon Hoo.

The Audit Committee reviewed the Group’s Condensed Interim Financial Statements for the Period and discussed with the management the results and financial position of the Group. Ernst & Young, the Company’s external auditors, have been engaged by the Company to conduct certain procedures on the Group’s Condensed Interim Financial Statements for the Period in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the HKICPA. The Audit Committee discussed with Ernst & Young the findings of these procedures including consistency of accounting policies and procedures adopted by the Group in preparing these financial statements and the relevant disclosures made in accordance with the requirements of HKAS 34 and Appendix 16 to the Listing Rules.

## **CHANGE OF ADDRESS DESCRIPTION OF THE REGISTERED OFFICE IN THE CAYMAN ISLANDS**

The address description of the registered office of the Company in the Cayman Islands has been changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands with immediate effect. The said change was due to a change in the address system in the Cayman Islands and the adoption of a new postal code as a result of a Cayman government mandated change of postal policy. There is no change in the actual location of the Company's registered office.

### **APPRECIATION**

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

By Order of the Board  
**Auyang Ho**  
*Chairman*

Hong Kong, 11 December 2006

As at the date of this announcement, the executive directors of the Company are Mr. Auyang Ho, Mr. Auyang Pak Hong, Bernard and Ms. Choi Po Yee, Alice; the non-executive directors of the Company are Mr. Wong Ying Ho, Kennedy, Mr. Kam Chi Chiu, Anthony and Mr. Patel Arvind Amratlal; and the independent non-executive directors of the Company are Mr. Luk Koon Hoo, Mr. Siewert, Patrick Thomas and Mr. Feniger, Steven Julien.

*\* For identification purposes only.*

Please also refer to the published version of this announcement in The Standard.