COMPUTIME GROUP LIMITED

金 寶 通 集 團 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Board") of Computime Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008 (the "Year") together with the comparative figures for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	**2008**	2007
		HK$'000	*HK$'000*
REVENUE	*3, 4*	**2,274,075**	2,003,003
Cost of sales		**(1,909,321)**	(1,662,650)
Gross profit		**364,754**	340,353
Other income and gains	*4*	**25,988**	64,951
Selling and distribution costs		**(80,656)**	(79,638)
Administrative expenses		**(143,012)**	(131,351)
Other operating expenses		**(41,413)**	(6,145)
Finance costs	*5*	**(13,426)**	(20,121)
Share of profits and losses of associates		**4,765**	2,239
PROFIT BEFORE TAX	*6*	**117,000**	170,288
Tax	*7*	**(11,695)**	(12,101)
PROFIT FOR THE YEAR		**105,305**	158,187

	Notes	2008 HK$'000	2007 HK$'000
ATTRIBUTABLE TO:			
Equity holders of the Company		**105,351**	153,185
Minority interests		**(46)**	5,002
		105,305	158,187
DIVIDENDS	*8*	**41,500**	81,480
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		
Basic *(HK cents)*		**12.7**	21.6
Diluted *(HK cents)*		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**187,462**	175,167
Goodwill		**38,164**	1,744
Club debenture		**705**	705
Intangible assets		**31,412**	17,277
Interests in associates		**9,376**	5,607
Total non-current assets		**267,119**	200,500
CURRENT ASSETS			
Inventories		**455,306**	386,567
Trade receivables	*10*	**471,724**	406,752
Prepayments, deposits and other receivables		**32,538**	34,231
Amounts due from associates		**6,827**	18,060
Tax recoverable		**160**	30
Cash and cash equivalents		**568,819**	539,206
Total current assets		**1,535,374**	1,384,846
CURRENT LIABILITIES			
Trade and bills payables	*11*	**434,978**	337,579
Other payables and accrued liabilities		**116,206**	98,337
Interest-bearing bank and other borrowings		**228,098**	252,837
Derivative financial instrument		**34,358**	—
Amounts due to minority shareholders		**160**	160
Tax payable		**8,417**	8,365
Total current liabilities		**822,217**	697,278
NET CURRENT ASSETS		**713,157**	687,568
TOTAL ASSETS LESS CURRENT LIABILITIES		**980,276**	888,068

	Notes	**2008**	2007
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**40,856**	20,577
Deferred tax liabilities		**9,631**	5,006
Total non-current liabilities		**50,487**	25,583
Net assets		**929,789**	862,485
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**83,000**	83,000
Reserves		**822,658**	746,627
Proposed final dividend	*8*	**23,240**	31,540
		928,898	861,167
Minority interests		**891**	1,318
Total equity		**929,789**	862,485

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION AND CONSOLIDATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. 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 year 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 identifiable assets acquired, and 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, 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 not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Impact of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for HKAS 1 Amendment and HKFRS 7 which give rise to additional disclosures, the adoption of the remaining new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital 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
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions

Impact of issued but not yet effective HKFRSs

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

HKFRS 2 Amendments	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

Amendments to HKFRS 2 clarify the definition of "vesting conditions" and specify the accounting treatment of "cancellations" by the counterparty to a share-based arrangement.

HKFRS 3 (Revised) amended the definitions of a business and a business combination and additional guidance was added for identifying when a group of assets constitutes a business. It also clarifies how the acquirer makes any classifications, designations or assessments for the identifiable assets acquired and liabilities assumed in a business combination.

HKFRS 8, which will replace HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

HKAS 1 has been revised to affect the presentation of owner changes in equity and comprehensive income. The revised standard will use "statement of financial position" and "statement of cash flows" to replace the titles "balance sheet" and "cash flow statement", and in making reference to these two statements within a complete set of financial statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKAS 27 has been revised to add new term "non-controlling interest" to replace the term "minority interest", and required the changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity measures any gain or loss arising on the loss of control of a subsidiary.

HKAS 32 and HKAS 1 Amendments permitted a range of entities to recognise their capital as equity rather than as financial liabilities, and required additional disclosures for puttable financial instruments classified as equity. The amendment reinforces that this is a limited scope exception to the definition of a financial liability and no analogies should be made to these requirements.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 "Employee Benefits", on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that except for the adoption of HKFRS 8 and HKAS 1 (Revised) which may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information on the Group's business segments for the years ended 31 March 2008 and 2007:

	Building and home controls		**Appliance controls**		**Commercial and industrial controls**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,096,133**	944,465	**860,754**	775,541	**317,188**	282,997	**2,274,075**	2,003,003
Segment results	**97,735**	103,722	**44,931**	20,305	**27,737**	20,160	**170,403**	144,187
Bank interest income							**12,587**	33,506
Other income and gains (excluding bank interest income)							**13,401**	31,445
Corporate and other unallocated expenses							**(70,730)**	(20,968)
Finance costs							**(13,426)**	(20,121)
Share of profits and losses of associates	**4,765**	2,239	**—**	—	**—**	—	**4,765**	2,239
Profit before tax							**117,000**	170,288
Tax							**(11,695)**	(12,101)
Profit for the year							**105,305**	158,187

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)
Assets and liabilities								
Segment assets	**338,927**	273,029	**371,047**	325,235	**115,228**	69,294	**825,202**	667,558
Interests in associates	**16,203**	23,667	**—**	—	**—**	—	**16,203**	23,667
Corporate and other unallocated assets							**961,088**	894,121
Total assets							**1,802,493**	1,585,346
Segment liabilities	**20,515**	31,580	**23,498**	29,222	**1,072**	2,686	**45,085**	63,488
Corporate and other unallocated liabilities							**827,619**	659,373
Total liabilities							**872,704**	722,861
Other segment information:								
Capital expenditures	**33,614**	29,174	**12,188**	16,172	**7,327**	12,946	**53,129**	58,292
Corporate and other unallocated amounts							**102,752**	—
							155,881	58,292
Amortisation of deferred expenditure	**7,216**	9,223	**3,496**	5,085	**2,842**	4,096	**13,554**	18,404
Amortisation of other asset	**—**	1,276	**—**	—	**—**	—	**—**	1,276
Depreciation	**20,142**	15,811	**10,452**	9,051	**5,501**	4,751	**36,095**	29,613
Impairment of trade receivables	**135**	—	**—**	—	**—**	—	**135**	—
Provision against inventories	**696**	6,007	**(240)**	1,485	**233**	1,072	**689**	8,564

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments for the years ended 31 March 2008 and 2007:

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Segment revenue:		
Sales to external customers:		
The Americas	**1,172,021**	1,156,920
Europe	**766,122**	593,845
Asia	**312,247**	211,205
Other regions	**23,685**	41,033
Total	**2,274,075**	2,003,003

4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Bank interest income	**12,587**	33,506
Engineering fee income	**4,406**	3,310
Handling and testing fee income	**5,246**	3,318
Sale of materials	**952**	1,722
Gain on disposal of associates	**—**	10,065
Gain on disposal of items of property, plant and equipment, net	**—**	9,667
Sundry income	**2,797**	3,363
	25,988	64,951

5. FINANCE COSTS

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**12,952**	19,320
Finance leases	**474**	801
	13,426	20,121

6. PROFIT BEFORE TAX

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

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold#	**1,908,632**	1,654,086
Depreciation	**36,095**	29,613
Research and development costs:		
Amortisation of deferred expenditure##	**13,554**	18,404
Current year expenditure	**17,415**	27,190
	30,969	45,594
Amortisation of other asset##	**—**	1,276
Provision against inventories	**689**	8,564
Recognition of prepaid land lease payments	**—**	106
Minimum lease payments under operating leases of land and buildings	**33,739**	29,446
Loss/(gain) on disposal of items of property, plant and equipment	**618**	(9,667)
Auditors' remuneration	**1,516**	1,019
Employee benefits expense# (including directors' remuneration):		
Wages, salaries and other benefits	**188,999**	157,812
Pension scheme contributions	**1,831**	1,522
Provision for untaken paid leave	**309**	276
Equity-settled share option expense	**650**	—
	191,789	159,610
Foreign exchange differences, net**	**5,467**	6,115
Impairment of trade receivables**	**135**	—
Fair value loss on derivative financial instrument**	**34,358**	—

\# Employee benefits expenses of HK$110,181,000 (2007: HK$90,177,000) are also included in "Cost of inventories sold" above.

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

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

At 31 March 2008, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2007: Nil).

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

Computime Electronics (Shenzhen) Co. Ltd. was entitled to 50% tax relief for the years ended 31 March 2007 and 31 March 2008 as those were respectively its third and fourth profitable years of operation, while Asia Electronics Technologies (Dongguan) Company Limited was fully exempted from CIT for the current year as it was its first profitable year of operation.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Tax Law"), which is effective from 1 January 2008. Under the New CIT Tax Law, corporate income tax rate for domestic companies and foreign-invested enterprises will decrease from 33% to 25% since 1 January 2008. In addition, for those enterprises benefiting from lower preferential tax rates, such preferential rates will be gradually phased out by increasing them over the next five years. Accordingly, Computime Electronics (Shenzhen) Co. Ltd is subject to CIT at 9.0% (2007: 7.5%) after 1 January 2008.

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong	**5,532**	9,239
Current — Mainland China	**1,663**	2,862
Deferred	**4,500**	—
Total tax charge for the year	**11,695**	12,101

8. DIVIDENDS

	For the year ended 31 March 2008 HK$'000	2007 HK$'000
Dividends attributable to the year		
Special dividend△	**—**	35,000
Interim — HK$0.022 (2007: HK$0.018) per ordinary share	**18,260**	14,940
Final dividend proposed after the balance sheet date — HK$0.028 (2007: HK$0.038) per ordinary share	**23,240**	31,540
	41,500	81,480

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and has not been recognized as a liability at the balance sheet date.

	For the year ended 31 March 2008 HK$'000	2007 HK$'000
Dividends attributable to the previous financial year, approved and paid during the year		
Final dividend in respect of the previous financial year, approved and paid during the year — HK$0.038 per ordinary share	**31,540**	—
	31,540	—

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

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

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$105,351,000 (2007: HK$153,185,000) and the weighted average of 830,000,000 ordinary shares in issue (2007: 709,315,000 ordinary shares deemed to have been in issue) during the year.

Diluted earnings per share for the year ended 31 March 2008 has not been disclosed as the share options granted and outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year. No diluted earnings per share is presented for the year ended 31 March 2007 as no diluting events occurred during that year.

10. TRADE RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**472,865**	406,752
Impairment	**(1,141)**	—
	471,724	406,752

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

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

	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**412,870**	300,754
1 to 2 months	**22,791**	15,626
2 to 3 months	**11,366**	23,512
Over 3 months	**24,697**	66,860
	471,724	406,752

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

11. TRADE AND BILLS PAYABLES

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

	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**406,541**	325,838
1 to 2 months	**20,734**	2,579
2 to 3 months	**3,697**	745
Over 3 months	**4,006**	8,417
	434,978	337,579

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

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on 8 September 2008 (the "2008 AGM") a final dividend of HK$0.028 per share for the Year to be paid on or about 9 October 2008 to those Shareholders whose names appear on the register of members of the Company on 8 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 4 September 2008 to Monday, 8 September 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 March 2008 and for attending and voting at the 2008 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 September 2008.

ANNUAL GENERAL MEETING

It is proposed that the 2008 AGM will be held on 8 September 2008. Notice of the 2008 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

Turnover by Business Segment

During the Year, the Group recorded an increase in revenue by approximately 13.5% to HK$2,274,075,000 as compared to that of last year. The growth was attributable to the boost in sales of building and home controls, appliance controls, and commercial and industrial controls to HK$1,096,133,000, HK$860,754,000 and HK$317,188,000, representing an increase of approximately 16.1%, 11.0% and 12.1% respectively. As a percentage to turnover, sales from building and home controls, appliance controls, and commercial and industrial controls segments accounted for approximately 48.2%, 37.9% and 13.9% of the Group's total revenue respectively.

Turnover by Geographical Location

In terms of geographical location, the Group continued to expand its business coverage in European and Asian countries. With the acquisition of Salus Controls Plc and Asia Electronics HK Technologies Limited ("AEHK", formerly known as Electra HK Technologies Limited) during the Year, the Group recorded strong growth in sales to the European and Asian markets by approximately 29.0% and 47.8% respectively as compared to that of last year, which sales accounted for approximately 33.7% and

13.7% of its turnover respectively. Although the United States ("US") market is generally weak, the Group's sales to the Americas slightly increased by 1.3%. The proportion of sales generated from this market decreased to approximately 51.5% of the Group's turnover as compared to 57.8% last year as a result of the diversification of revenue sources from different geographical locations.

Profitability and Margin

Despite the challenging operating environment, the Group's gross profit increased by 7.2% to HK$364,754,000. Gross profit margin decreased slightly by 1.0% to 16.0% due to the combined effects of decrease in sales of high margin thermostat control products owing to the further weakening US housing market, increase in raw material costs, general inflation in Mainland China in which the Group's production facilities are located and appreciation of Renminbi ("RMB") during the Year, which was partially offset by the increase in sales mix to customers and products with better margin for its appliance controls and commercial and industrial controls businesses, mainly in the European and Asian markets. Despite constraints in the operating environment, the Group managed to rein in operating expenses to a slight increase and recorded a substantial decrease in finance costs with effective cost controls.

Without taking into account the capital gain on disposal of associates and disposal of items of property, plant and equipment for the year ended 31 March 2007, earnings before net interest expenses, tax, depreciation and amortization for the Year (excluding the fair value loss on derivative financial instrument, which was mainly attributable to a forward contract entered into by the Group) amounted to HK$201,846,000 as compared to HK$186,464,000 last year. Profit attributable to equity holders of the Company for the Year was approximately HK$105,351,000.

Business Review

Building and Home Controls Business

The Group recorded strong growth in the building and home controls business and revenue from this segment increased by approximately HK$151,668,000 or 16.1% to HK$1,096,133,000 as compared to HK$944,465,000 for the previous year. The increase in turnover was mainly attributable to the launch of new generation air quality products in the US, increase in sales of home automation products and electronic control for air conditioning products as well as robust growth in sales of Salus brand products.

With the completion of acquisition of the remaining minority interests of Salus Controls Plc during the Year, the Group placed greater efforts in promoting its own Salus brand in the European market and increased the sales force to expand the distribution channels. With innovative design, first-class quality and competitive pricing strategy, the Salus brand products have been well-received by customers in the United Kingdom and German markets. Within these regions, the Group saw an increasing demand from professional wholesalers and installers. To capture this growing segment, the Group continued to diversify the product offerings of the Salus brand to enhance brand recognition and deepen market penetration.

Appliance Controls Business

During the Year, appliance controls business reported a double digit growth with sales up by approximately HK$85,213,000 or 11.0% to HK$860,754,000 as compared to HK$775,541,000 last year. Contribution to revenue growth came from the increase in sale of controllers to certain appliance customers in the European market. The Group has strategically discontinued low profit margin products and focused on developing high value-added products. This strategy, backed by the cost improvement program launched during the Year, enhanced the profitability of this segment.

Commercial and Industrial Controls Business

The Group's commercial and industrial controls business segment achieved significant sales growth of approximately HK$34,191,000 or 12.1% to HK$317,188,000 as compared to HK$282,997,000 last year. The increase in turnover was mainly due to the increase in sale of commercial broadcasting and industrial equipment products which offered a higher profit margin.

Outlook

Looking ahead, the coming year will be a challenging year to the Group giving the operating environment in Mainland China remains stern. Rising cost of raw materials, labour and energy as well as general inflation in Mainland China and continuous appreciation of RMB have been putting cost pressure on the Group's manufacturing operations in Mainland China. A softening US market is expected to continue which will slow down the global economic growth. The tough condition will accelerate consolidation in the electronic controls industry, weeding out the less competitive players in the market.

Capitalizing on its innovative design, research and development capabilities, advanced technology platform, strong pipeline and operation efficiency, the Group remains confident in its competitiveness. The Group will increase its efforts to improve its profitability through price increase and continuous stringent cost controls. Factory productivity improvement program is also in place to manage cost increase by setting up automation task force and outsourcing group. Furthermore, the Group will continue to expand its market coverage in Europe and Asia. The Group has successfully established Salus as Europe's fastest growth specialist brand of temperature control products. With a promising start of creating a foothold of its branded products in Europe, the Group will continue to foster growth of its branded business by replicating the successful model to Asian markets such as Mainland China, India, South East Asia and Australia/New Zealand.

The Group sees an immense growth potential in the energy management and renewable energy market given the exploding prices of conventional resources such as oil, gas and electricity. Moreover, there is a growing global movement toward energy conservation and environmental preservation as tougher standards and guidelines are being put in place to reduce greenhouse gas emissions, driving consumers to smart energy solutions in an effort to improve energy efficiency and reduce energy costs. Application of wireless technologies in energy management and home automation is an emerging market with great potential. The Group is on track to position itself as a global premier brand of smart energy initiative with its smart energy products became one of the first in the world to be certified by ZigBee Alliance. Staying at the forefront of the electronic controls and automation industry, the Group will devote more resources along the lines of increasing research and development efforts and expanding strategic alliances with renowned universities to facilitate the development of renewable energy products such as Salus Solar Thermal Systems for water heating in residential and commercial applications, as well as Nortus home automation system.

Looking forward, the branded business will be a major growth driver for the Group, bringing multiple revenue streams and high profit margin for sustainable long-term business growth. The Group will continue to identify suitable companies for acquisition that can enhance its technology capabilities and broaden its brand distribution channels to capture new markets.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2008, the Group had cash and cash equivalents of HK$568,819,000, majority of which were denominated either in US dollars or Hong Kong dollars and HK$18,002,000 were denominated in RMB. Average trade receivable and average inventory turnover periods were 53.3 days and 61.5 days respectively. Overall, the Group maintained a strong current ratio of 1.87 as at 31 March 2008.

As at 31 March 2008, total interest-bearing bank and other borrowings were HK$268,954,000, comprising bank loans and overdrafts of HK$265,821,000 and finance lease payable of HK$3,133,000, of which HK$228,098,000 will be repayable within one year and HK$40,856,000 will be repayable after one year. The majority of these borrowings were denominated either in US dollars or Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate. As at 31 March 2008, total equity attributable to equity holders of the Company amounted to HK$928,898,000.

As at 31 March 2008, the Group had net cash of HK$299,865,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings such that no gearing ratio was presented. The Group's net cash position remained strong, which was mainly in line with the strong net operating cash inflow of HK$228,762,000 generated during the Year.

Treasury Policies

The majority of the Group's sales and purchases are denominated in US dollar and Hong Kong dollar. Due to the fact that the Hong Kong dollar is pegged to the US dollar, the Group's exposure to foreign currency risk is low. Certain production and operating overhead of the Group's production facilities in Mainland China are denominated in RMB. During the Year, the Group entered into forward contract with a licensed bank in Hong Kong to reduce its exposure of RMB appreciation in this respect.

Capital Expenditure and Commitments

During the Year, the Group incurred total capital expenditure amounting to approximately HK$155,881,000 of which approximately HK$50,464,000 were spent for addition of property, plant and equipment and deferred expenditure, HK$2,665,000 and HK$102,752,000 were applied in the acquisition of minority interest in Salus Controls Plc and investments in and repayment of shareholder's loan of AEHK respectively.

In April 2007, the Group completed the acquisition of 45% equity interest in Salus Controls Plc from its minority shareholders and thus increasing its equity interest in Salus Controls Plc to 100%. Salus Controls Plc principally distributes the Salus brand products of building and home controls segment in the European market.

In August 2007, the Group completed the acquisition of 100% equity interest in AEHK which in turn owns 100% equity interest in Asia Electronics Technologies (Dongguan) Company Limited. AEHK Group principally designs, manufactures and markets electronic controls for air-conditioners, major appliances and industrial and spa and pool products, and has established an extensive customer network spanning Europe, Asia, Middle East and Australia.

As at 31 March 2008, the Group had capital commitments of HK$12,788,000 and HK$5,038,000, which represented commitment contracted but not provided for in respect of the establishment of a joint venture operation and commitment authorized but not contracted for in respect of investment in a subsidiary respectively. Furthermore, the Group had commitments contracted but not provided for mainly in respect of acquisition of property, plant and equipment of HK$2,191,000.

Contingent Liabilities

As at 31 March 2008, the Group did not have significant contingent liabilities.

Employee Information

As at 31 March 2008, the Group had a total of approximately 4,900 full-time employees. Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees. The Company has also adopted a share option scheme under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and the Shareholders as a whole. Up to the date of this announcement, 3,048,000 share options remained outstanding under such share option scheme.

Use of Net Proceeds from the Company's Initial Public Offering

The proceeds from the Company's issue of new shares (including shares issued on the exercise of over-allotment option) for listing on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in October 2006, after deduction of related expenses, amounted to approximately HK$469,419,000. The Group intends to apply the net proceeds for the purposes as set out in the section headed "Future Plans And Use of Proceeds" in the prospectus of the Company dated 25 September 2006. As at 31 March 2008, approximately HK$106,250,000 were utilised for strategic business combination and acquisitions, approximately HK$5,614,000 for the expansion of distribution network, approximately HK$44,176,000 for the repayment of bank borrowings and approximately HK$44,176,000 for general corporate purposes, and the remaining balance of the net proceeds was placed in certain financial institutions and licensed banks in Hong Kong as short-term deposits.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders 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 Rules Governing the Listing of Securities on the Stock Exchange throughout the period from 1 April 2007 to the date of this announcement.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 March 2008, which shall be sent to the Shareholders in due course.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely Mr. Luk Koon Hoo, Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger and two non-executive directors, namely Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amratlal Patel, has reviewed the audited financial statements of the Company for the year ended 31 March 2008 and discussed with the management and the auditors of the Company the accounting principles and practices adopted by the Group and internal control and financial reporting matters.

REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2008 in this preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatch to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

By Order of the Board
Auyang Ho
Chairman

Hong Kong, 14 July 2008

As at the date of this announcement, the Board comprises the following directors:

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

Non-executive directors
Mr. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Wong Chun Kong

Independent non-executive directors
Mr. Luk Koon Hoo
Mr. Patrick Thomas Siewert
Mr. Steven Julien Feniger

** For identification purposes only*