



*UniVision Engineering Limited*



**Annual Report**  
**Year ended 31 March 2007**

**UNIVISION ENGINEERING LIMITED**  
**Annual Report**  
**Year ended 31 March 2007**

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## BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

### Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*  
Stephen Pui Ming CHAN, *Chief Executive Officer*  
Chun Pan WONG, *Technical Director*  
Danny Kwok Fai YIP, *Finance Director*  
Johnny Ka Siu TANG, *Non-Executive Director*  
Richard FERNIE, *Non-Executive Director*  
Andrew Ping Sum TANG, *Non-Executive Director*

### Senior Management

Chun Hung WONG, *Director of Operations*  
Yip Tak CHAN, *Director of Sales and Marketing*

### Audit Committee

Johnny Ka Siu TANG, *Chairman*  
Andrew Ping Sum TANG  
Stephen Sin Mo KOO

### Remuneration Committee

Andrew Ping Sum TANG, *Chairman*  
Johnny Ka Siu TANG  
Stephen Sin Mo KOO

### Company Secretary

Danny Kwok Fai YIP

### Registered Office

8/F Lever Tech Centre  
69-71 King Yip Street  
Kwun Tong  
Kowloon  
Hong Kong  
Tel: (852) 2389 3256  
Fax: (852) 2797 8053  
E-mail: [uvel@hk.uvel.com](mailto:uvel@hk.uvel.com)  
Website: [www.uvel.com](http://www.uvel.com)

**AIM Stock Code: UVEL**

### Nominated Adviser and Broker

HB Corporate, a division of Hoodless Brennan plc,  
40 Marsh Wall  
London E14 9TP  
UK

### Auditors

CLB LITTEJOHN FRAZER  
1 Park Place Canary Wharf  
London E14 4HJ

CCIF CPA LIMITED  
20/F Sunning Plaza, 10 Hysan Avenue,  
Causeway Bay, Hong Kong

### Financial Public Relations

THREADNEEDLE COMMUNICATIONS  
107-111 Fleet Street  
London EC4A 2AB

### Registrars

Computershare Investor Services (Channel  
Islands) Limited  
PO Box 83 Ordnance House  
31 Pier Road St Helier  
Jersey JE4 8PW  
Channel Islands

### UK Depositary

Computershare Investor Services Plc  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH  
UK

# CHAIRMAN'S STATEMENT

## **INTRODUCTION**

I am pleased to report on the results of the Group for the financial year ended 31 March 2007, our second year as a public company, which has proved to be an exciting and successful period for UniVision.

The Company's Admission to the AIM of the London Stock Exchange in December 2005 has given us the opportunity to access international capital markets and enhance our growing reputation in the commercial marketplace, particularly in Asia and Middle East, where we see significant growth opportunities to develop as an international Group and create greater value for our shareholders.

We have been providing our customers with digital surveillance and integrated security systems in the Pacific region for a number of years and, as our product range and skills base have grown, we are increasingly able to expand our geographic reach. The recent acquisition of a majority shareholding in T-Com Tech. Co. Ltd and 100% shareholding in Leader Smart Engineering (Shanghai) Ltd has added momentum to our continued growth in the Greater China Region and enabled us to expand into the electrical and mechanical service sector.

Our objectives are to further develop our expertise in producing high quality, reliable and innovative digital video solutions and to consolidate our sales network throughout the Greater China region. With growing demand in the surveillance and security industry, both domestically and internationally, and with the launch of a new product range in the third quarter of the current year, we remain confident in the Group's long-term growth potential.

## **FINANCIAL REVIEW**

During the period under review, turnover increased by 130% to £8.93M (2006: £3.89m). This growth is attributable to additional sales from the acquisition of T-com and the existing clients and the improvement in market conditions and a heightened awareness in the areas on which we focus. The effect from our 100% owned subsidiaries Leader Smart (Shanghai) will be improve further our growth in the year of 2008. The development of new applications has generated additional revenue streams both from existing and new clients, which is particularly pleasing. I am delighted that turnover for the period was significantly higher than our internal forecasts.

Gross profit margin remains at 32% (2006: 33%). Administration expenses, other operating expenses and non-operating expenses were in line with the Group's increase in capital investment, marketing and office expansion rising to £1,403,744 (2006: £481,470). This increase is principally due to the additional administration cost of new subsidiaries T-Com and Leader Smart Shanghai and the management cost for listing of UniVision's shares according to AIM requirement, which under the International Financial Reporting Standards ("IFRSs") could not be written off against the Share Premium Account.

Net growth in profit before tax after excluding all one-off expenses relating to the Company's flotation increased by 304% to £1.43 million.

Basic earnings per share increase to 0.39p from 0.18p even with a greater number of shares in issue.

## **MARKET REVIEW**

According to A & S Asia Magazine, the total global demand for surveillance and monitoring systems is currently approximately US\$4.5 billion. This is expected to grow to approximately US\$ 11 billion by 2007. Industrial and economic growth in Hong Kong, China and Macau together with global events such as the

## CHAIRMAN'S STATEMENT

(continued)

Beijing Olympics 2008 and the Shanghai Expo 2010, all lead to increased construction of facilities, such as hotels, shopping centres, and convention and exhibition centres.

There is a continuing strong demand for digital video products such as Digital Video Server (DVS), Network Video Recorders (NVRs) and Internet Protocol (IP) cameras. Specific examples of this include the upgrade of traffic surveillance in Hong Kong and the upgrade of Digital Video Server (DVS) for the Hong Kong Kowloon and Canton Railway, the Hong Kong MTRC and the Hong Kong Housing Authority, as well as the new Hong Kong Government Headquarters and the Western Kowloon development complex.

### BUSINESS REVIEW

#### *Markets*

IP Video is providing the CCTV industry with a unique set of tools, particularly for use in the demanding transportation industry which has used the analogue system for a decade.

Hybrid IP analogue system is the most cost effective way to connect IP and analogue cameras with CCTV Matrix Controllers and DVS. Hybrid solutions provide large installed base analogue cameras with a gateway to transmit video streams from networks and the Internet.

There are considerable opportunities in Greater China which is providing avenues for the Hybrid solutions. The Group is looking into many different solutions, including Video compression technology MPEG-4 and H.264, Digital Encoder and Decoder (CoDec) with built-in video analysis algorithms in the Homeland Security field such as intruder detection, loitering detection, left behind objects and trip wire will be the new area of interest.

The Board believes that UniVision will be among the pioneers in providing the most effective solutions for businesses in the airport, rail and traffic surveillance industry and we hope to expand our sphere of business accordingly.

#### *Technologies, Solutions and Products*

On the solutions side, an ongoing product development programme is in place to cater for the needs of the Group's growing client base in the Asia Pacific region.

The Group's newly developed Digital Video Server with PC and embedded base solutions came to market in July 2007 and has been used in several projects in Hong Kong. A new brand name for these products is expected to be announced in early 2008. A newly developed Video Amplifier with an on-screen display function was launched at the same time and the first order is due to be implemented into the CCTV System for the Hong Kong Island Area Traffic Control. We are currently working on H.264 CoDec with built in video analysis algorithms which we expect to launch early in the next financial year.

#### *Acquisitions and Investments*

The success of our investment in T-Com Tech. Co. Ltd and Leader Smart (Shanghai) Ltd has reinforced the Company's strategy of acquiring interests in companies with strategic value. To this end, the Group is currently assessing a number of companies in related fields with a view to making further strategic investments.

#### *Contract Wins*

During the reporting period, I am pleased to report that the Group was awarded a number of high profile projects including CCTV systems in the following locations; Shenzhen Western Corridor, Hong Kong General Post Office, the Lok Ma Chau Spur Line terminal, the Hong Kong Airport Baggage Handling Area, the Hong Kong MTRC Wheel Chair Platform, the Macau Crown Hotel Casino and the New Grand Lisboa Hotel Casino. We have also been awarded contracts for E & M & ELV Systems for the Beijing Bestride

## CHAIRMAN'S STATEMENT

(continued)

Recreation Club, an E & M System for the Shanghai NVIDIA Office, and CCTV and Access Controls System for the Formosa Plastic Factories in Taiwan.

### *Macau Casinos*

As well as growing our business by winning public sector mandates our reputation has grown in the entertainment and leisure industry and several significant projects were undertaken in Macau. The Board sees the leisure industry becoming an area of substantial opportunity over the coming years and the strategy that was put in place to capitalise on these developments is bearing fruit, as evidenced by the key projects at the Crown Hotel Casino and the New Grand Lisboa Hotel Casino.

### *MTR & Maintenance*

Our maintenance contracts are particularly important to the business by providing strong visibility in our revenue and I am delighted that we have continued to develop this side of the business. In particular, our relationship with the Mass Transit Railway has proved to be significant with a further 3-year maintenance contract for the CCTV, Public Address and Passenger Information Display System (PIDS). This was also extended during the period to include the important Disneyland Line. There is several renovation contracts anticipated for MTR in the fourth quarter 2007. In July 2007, UniVision entered into a 5-year maintenance contract for the CCTV System with the Hong Kong Island Traffic Control and a 5-year maintenance contract for CCTV System for Tsing Ma Traffic Control (Highway System for Hong Kong Airport).

## PROSPECTS

The Company's performance domestically has been strong with new revenue streams from both the public and private sector in the Greater China Region. We are working with partners in Australia, Thailand, and Dubai in securing product distribution channels. We continue to enhance our product and application development programmes.

The first few months of the current financial year have been very encouraging. In view of the strong demand for products from our existing customers, and the positive sentiment and exposure towards the digital surveillance products in general, the Board is confident of making further significant progress in the current year.

## APPRECIATION

Finally, on behalf of the Board, I would like to thank our customers, suppliers and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all the staff for their contribution and dedication to the Group.

**MR. STEPHEN KOO**  
EXECUTIVE CHAIRMAN  
27 September 2007

## **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

### **DIRECTORS' BIOGRAPHIES**

#### **Richard FERNIE – Non Executive Director (aged 61)**

Mr. Fernie was appointed as a non-executive Director on 19 December 2006. Mr. Fernie holds a Bachelor of Science degree from the University of Strathclyde. He has been a divisional managing director of international electronic security business with turnover up to 100m pounds

#### **Andrew Ping Sum TANG – Non Executive Director (aged 50)**

Mr. Tang was appointed as a non-executive Director on 1 December 2005. Mr. Tang holds a Bachelor of Commerce Degree from the University of Western Australia and a Masters Degree in Applied Finance from Macquarie University. He is a member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Certified Public Accountants of Australia and the Hong Kong Securities Institute, a director of the Institute of Securities Dealers and a member of the advisory board of the Society of Registered Financial Planners of Hong Kong. Mr. Tang was a Manager of the Licensing Department of Securities and Futures Commission from 1993 to 1995. As the Manager of Licensing Department, Mr. Tang's responsibilities covered, principally, processing applications, on-going monitoring of registrants under Securities Ordinance and other legislations. He also participated in the development of licensing systems and procedures. Mr. Tang has over 10 years experience in the financial services industry. He joined Hantec Group in Hong Kong in 1998 and was the Deputy Chairman and General Manager of Hantec Investment Holdings Limited, a financial services group listed on the main board of the Stock Exchange of Hong Kong. At present, Mr. Tang is the Director-China Business of Tai Fook Securities Group, a leading securities group which listed on the main board of the Stock Exchange of Hong Kong.

#### **Stephen Sin Mo KOO – Executive Chairman (aged 50)**

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He holds both a Bachelor Degree from the University of Technology, Sydney, and a Masters Degree in Business from the Royal Melbourne Institute of Technology in Australia. He was a director of MultiVision Holdings Limited in 2001, prior to being appointed to the Board of UniVision. He is a Fellow of the Institute of Certified Public Accountants of Australia and of the Hong Kong Institute of Certified Public Accountants.

#### **Stephen Pui Ming CHAN – Chief Executive Officer (aged 52)**

Mr. Chan joined UniVision in 2001 and was appointed as a Director on 1 December 2005. Mr. Chan holds a Master of Business Administration degree from Newport University, USA, and a Higher Certificate in Electronic Engineering from the Hong Kong Polytechnic University. He has over 20 years' experience in project management and was the Engineering Director of an international base company in Hong Kong prior to joining UniVision in 2001. Mr. Chan is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations. He is a member of the Institute of Electrical and Electronics Incorporated Engineers in the United Kingdom and of the Hong Kong Computer Society.

#### **Chun Pan WONG – Technical Director (aged 46)**

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He has a degree in Computer Science from the University of Edinburgh, Scotland, and over 15 years' experience in the surveillance industry. He is responsible for the development of UniVision's state of the art CCTV control and monitoring systems and smart card access systems.

## **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

(Continued)

### **Johnny Ka Siu TANG – Non-Executive Director (aged 36)**

Mr. Tang was appointed as Finance Director on 1 December 2005. He resigned on 18 October, 2006 and was appointed as a Non-Executive Director on 1 November 2006.

Mr. Tang obtained a Bachelor of Arts degree in Accountancy from The Hong Kong Polytechnic University in 1993 and joined KPMG in the same year where he remained until 1999 before starting his own practice. He is a director of Zhong Yi (Hong Kong) CPA Company Limited and a member of the Hong Kong Institute of Certified Public Accountants and The Society of Chinese Accountants and Auditors.

### **Danny Kwok Fai YIP –Finance Director (aged 43)**

Mr. Yip was appointed as Finance Director on 18 September 2007. He was the Financial Controller for the Group before the appointment. Mr. Yip obtained a Bachelor of Commerce (Accounting) degree from The Curtin University of Technology in 2000. Before joining the Group, Mr. Yip was the Accounting Manager of Nissin Food Group, the leading instant noodle manufacturing MNC. Mr. Yip has approximately 20 years' experience in finance and accounting in different industries. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

## **SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES**

### **Chun Hung WONG – Director of Operations (aged 48)**

Mr. Wong was appointed Director of Operations in 2004. He has a Master's Degree in Business Administration from the Open University of Hong Kong and has over 11 years' experience in the electronics system industry. He is responsible for the management of UniVision's Project and Maintenance Division.

### **Yip Tak CHAN – Director of Sales and Marketing (aged 43)**

Mr. Chan joined UniVision in 1995. He holds a Degree in Computing from the University of Northwest Missouri and has approximately 10 years' experience in sales and project management. He is responsible for UniVision's Sales and Marketing Division.



# UNIVISION ENGINEERING LIMITED

## DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Company and Group for the year ended 31 March 2007.

### Principal Activities

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, sale of security related products. The Group is involved in similar activities as well as electrical and mechanical services,

### Review of the Business

A review of the Company and Group and its future development is included in the Chairman's Statement.

### Financial Position

The Group's consolidated profit for the year ended 31 March 2007 and the state of affairs of the Company at that date are set out in the income statement on page 18 and in the balance sheet on page 19 respectively.

The Group's changes in equity for the year ended 31 March 2007 are set out in the statement of changes in equity on page 21

The Group's consolidated cash flow for the year ended 31 March 2007 is set out in the cash flow statement on pages 23 to 24

### Key Performance Indicators ( KPI)

Current Ratio:	Current Asset / Current Liabilities	:	2.45
Average Collection Period :	Account receivable / Sales per Day	:	88 days
Inventory Turnover :	Cost of goods sold / Inventory	:	6.01
Gross profit Margin :	Gross profit / Sales	:	32%
Operating Profit Margin :	Operating Profit / Sales	:	14%
Profit /Equity :	Operating Profit / Equity	:	22%

### Share Capital and Reserves

Details of the movements in share capital are set out in note 26 on pages 47

The movements in reserves during the year are set out in the statement of changes in equity on page 21

### Dividends

The Directors do not propose the payment of a dividend for the year ended 31 March 2007 (2006: Nil).

### Plant and Equipment

Details of the movements in plant and equipment are set out in note 18 on page 40 to 41

# DIRECTORS' REPORT

(Continued)

## Directors

The directors who held office during the period and to the date of this report were as follows:

Stephen Pui Ming CHAN	
Stephen Sin Mo KOO	
Tak Ding TAM	(resigned on 1 November 2006)
Johnny Ka Siu TANG	(resigned as Finance Director on 18 October 2006) (appointed as Non-executive Director on 1 November 2006)
Andrew Ping Sum TANG	
Chun Pan WONG	
Ronald Kwok Wai SIN	(appointed on 19 October 2006) (resigned on 31 July 2007)
Richard FERNIE	(appointed on 19 December 2006)
Danny Kwok Fai YIP	(appointed on 18 September 2007)

Mr. Stephen Pui Ming CHAN, Mr. Johnny Ka Siu TANG, Mr. Andrew Ping Sum TANG., Mr. Richard FERNIE retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, offers themselves for re-election.

## Directors' Interests in Contracts

No director had a material interest in any contract of significance to the business of the Company to which the Company was a party subsisted at the end of the year or at any time during the year.

## Directors' Interests in Shares

According to the register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors (or their immediate families) who held office at the end of the financial year in the ordinary shares of the Company are as set out in the table below:

	Ordinary Shares held as at 31 March 2007
Stephen Pui Ming CHAN	-
Stephen Sin Mo KOO*	78,744,000
Tak Ding TAM	-
Johnny Ka Siu TANG	-
Andrew Ping Sum TANG	-
Chun Pan WONG	-
Richard FERNIE	-
Danny Kwok Fai YIP	-

\* The ordinary shares are registered under the name of Up Sky Investments Limited which is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Moo KOO. Mr. Stephen Sin Mo KOO, is deemed to be interested in all the ordinary shares registered in the name of Up Sky Investments Limited.

Save as disclosed in this report, none of the Directors (or their immediate families) who held office at the end of the financial year had interests in the share capital of the Company during the financial year.

## Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the directors of the Company to acquire by means of the acquisition of shares in, or debentures of any other body corporate.

# DIRECTORS' REPORT

(Continued)

## Substantial Shareholdings

As at 27 September 2007 the Directors had been informed of the following companies held in 3% or more of the Company's issued ordinary share capital.

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited <sup>(1)</sup>	183,736,000	47.9
Up sky Investments Limited <sup>(2)</sup>	78,744,000	20.5
Raven Nominees Limited	41,454,750	10.8
Pershing Keen Nominees Limited	19,791,335	5.2
W B Nominees Limited	15,431,800	4.0

<sup>(1)</sup> UniVision Holdings is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mayne Management Limited. Mayne Management Limited is a wholly-owned subsidiary of Cameo Management Group Limited which, in turn, is a trustee of a trust set up for the benefit of members of the Chen's family, a Hong Kong based family with widespread investments.

<sup>(2)</sup> Up Sky Investments Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO.

## Payments to Creditors

The Group does not follow any code or standard on payment practice but instead the Group policy is to pay all creditors in accordance with agreed terms of business.

## Political and Charitable Donations

During the year the Company made no political or charitable contributions (2006: Nil).

## Employees

The Group values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Group encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Group.

The Group recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Group will give every effort to ensure that their employment will continue and that sufficient training is arranged.

## Annual General Meeting

The Annual General Meeting of the Company will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 29 October 2007 at 5:00p.m. The Notice of Meeting appears on page 50.

## Annual Report

The annual report for the year ended 31 March 2007 will be sent to shareholders and will be available, free of charge, from the offices of the Company's nominated adviser, HB Corporate, a division of Hoodless Brennan plc., at 40 Marsh Wall, London, E14 9TP and the Company's registrar, Computershare Investor Services (Channel Islands) Limited at PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Island from 10 October 2007.

**DIRECTORS' REPORT**  
(Continued)

**Auditors**

A resolution to re-appoint the retiring joint auditors, CLB Littlejohn Frazer, Chartered Accountants and CCIF CPA Limited will be put at the forthcoming Annual General Meeting.

By Order of the Board

**Mr. Stephen Sin Mo KOO**  
Executive Chairman

Hong Kong  
27 September 2007

## REMUNERATION REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board.

### Membership of Remuneration Committee

The Remuneration Committee comprises Mr. Johnny Ka Siu TANG (our Non-executive Director), Mr. Andrew Ping Sum TANG (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Andrew Ping Sum TANG.

### Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the executive Directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the executive directors is determined by the remuneration committee having regard to the performance and experience of individuals, the overall performance of the Group and market trends.

### Directors' Remuneration

Details of individual Directors' remuneration for the year are set out in the table below:

	Salary and fees	Pension Scheme Contribution	Bonus	2007 Total	2006 Total
	£	£	£	£	£
<b>Executive Directors</b>					
Stephen Pui Ming CHAN	45,930	815	3,734	<b>50,479</b>	16,147
Stephen Sin Mo KOO	55,401	-	4,617	<b>60,018</b>	24,510
*Johnny Ka Siu TANG	14,258	-	-	<b>14,258</b>	8,650
Chun Pan WONG	28,943	815	2,390	<b>32,148</b>	34,421
Ronald Kwok Wai SIN	13,524	339	638	<b>14,501</b>	-
<b>Non-executive Directors</b>					
Tak Ding TAM	4,753	-	-	<b>4,753</b>	2,883
Andrew Ping Sum TANG	8,147	-	-	<b>8,147</b>	2,883
*Johnny Ka Siu TANG	3,395	-	-	<b>3,395</b>	-
Richard FERNIE	2,000	-	-	<b>2,000</b>	-

### Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interest in Shares are given in the Directors' Report.

# REPORT ON CORPORATE GOVERNANCE

## Introduction

The Directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is listed on AIM and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the Combined Code on Corporate Governance. However, it is the intention of the Board to manage the Company affairs in accordance with this Code, in so far as is practical and appropriate for a public company of this size and complexity. The following are a few examples on how the Directors have applied the principles of good corporate governance to manage the Company throughout the year.

## Board of Directors

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the year and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' and Senior Management's Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointments, the Directors are offered an opportunity to request for information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all non-executive directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These non-executive directors do not participate in any of the Company's pension schemes or bonus. The Chairman of the Audit and Remuneration Committee are both non-executive directors.

## Nomination Committee

As the Board of Directors of the Company is small, there is no separate Nomination Committee. All nominations to the Board are considered by all of the directors.

## Audit Committee

Our Audit Committee comprises Mr. Johnny Ka Siu TANG (our Non-executive Director), Mr. Andrew Ping Sum TANG (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Johnny Ka Siu, TANG. The Chairman of the Audit Committee has full discretion to invite any Executive Directors to attend its meetings. The Audit Committee meets not less than twice per annum.

The responsibilities of the Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's Accounting Policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the audit and discuss the audit fees;
- review reports from the Auditors relating to the Company's accounting and internal controls;
- to ensure the Company complies with the AIM Rules.

# REPORT ON CORPORATE GOVERNANCE

(Continued)

## Remuneration Committee

Our Remuneration Committee comprises Mr. Johnny Ka Siu, TANG (our Non-executive Director), Mr. Andrew Ping Sum TANG (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Andrew Ping Sum TANG. The Remuneration Committee meets as required.

The responsibilities of the Committee are to:

- determine the specific remuneration package for each Directors including Director's fees, salaries, allowances, bonuses, options, benefits-in-kind;
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate; and

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expenses of such advices shall be borne by the Company.

## Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures for all Group companies. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information are used within the Group and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal financial control by reviewing the overall process and the performance of the systems, setting annual budgets and monthly forecasts, and seeking any prior approval for all significant expenditure.

The Group currently does not have an internal audit department and after extensive review and consideration, the Board has concluded that the existing control mechanisms are sufficient for the size of the Group. This decision will be kept under review.

## Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's and Group's financial statements.

## Investor Relations

The Company realizes that effective communication can increase the transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website ([www.uvel.com](http://www.uvel.com)). The Company will make every effort to ensure that all price-sensitive information is released publicly and immediately. If an immediate announcement is not possible, the Company will try to publicize the information at the earliest time possible to ensure that the shareholders and the public will have a fair access to it.

The Company will send the Annual Report and the notice of the Annual General Meeting (AGM) to all its shareholders. This notice is also made available on RNS. The Company recognizes the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and direct their queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcomed to discuss any issues on an informal basis at the conclusion of the AGMs.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Directors are responsible to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIVISION ENGINEERING LIMITED**

### **Report on the financial statements**

We have audited the Group and Parent Company Financial Statements (the 'Financial Statements') of Univision Engineering Limited for the year ended 31 March 2007 which comprise the Group Income Statement, the Group and Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity, the accounting policies and related notes 1 to 30. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in compliance with the AIM rules as published by the London Stock Exchange ('AIM Rules'). Our work has been undertaken so we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body for this report or for the opinions we have formed.

### **Management's responsibilities for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to audit the Financial Statements in accordance with the relevant legal and regulatory requirements including the AIM Rules and International Standards on Auditing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in compliance with the AIM Rules. We also report to you whether the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report, the Chairman's Statement, Remuneration Committee Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
UNIVISION ENGINEERING LIMITED  
(CONT'D)**

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements

**Opinion**

In our opinion the Group Financial Statements give a true and fair view of the state of affairs of the Group and Company as at 31 March 2007 and of its results and cash flows for the year then ended, and have been properly prepared in accordance with International Financial Reporting Standards and the information given in the Directors' Report is consistent with the Financial Statements.

CCIF CPA Limited  
Certified Public Accountants  
Hong Kong  
27 September 2007

Chan Wai Dune, Charles  
Practising Certificate Number P00712

CLB Littlejohn Frazer  
Chartered Accountants and  
Registered Auditors  
London  
27 September 2007

**UNIVISION ENGINEERING LIMITED**  
**GROUP INCOME STATEMENT**

For the year ended 31 March 2007

	Note	<u>2007</u> £	<u>As restated</u> <u>2006</u> £
<b>Revenue</b>	7	<b>8,935,778</b>	3,886,780
Cost of sales		<u>(6,053,721)</u>	<u>(2,607,317)</u>
Gross profit		<b>2,882,057</b>	1,279,463
Other income	8	<b>139,284</b>	244,487
Distribution costs		<b>(63,345)</b>	(94,133)
Administrative expenses		<b>(1,403,744)</b>	(481,470)
Other operating expenses		<u>(77,353)</u>	<u>(201,836)</u>
Profit from operations before tax and finance costs	9	<b>1,476,899</b>	746,511
Non-operating expenses	10	-	(392,380)
Finance costs	11	<u>(44,476)</u>	<u>-</u>
<b>Profit before taxation</b>		<b>1,432,423</b>	354,131
Income tax expense	14	<u>(30,659)</u>	<u>-</u>
<b>Profit for the year</b>		<u><b>1,401,764</b></u>	<u>354,131</u>
Attributable to minority interest		<b>120,575</b>	-
<b>Profit for attributable to equity holders of the parent</b>		<u><b>1,281,189</b></u>	<u>354,131</u>
		<u><b>1,401,764</b></u>	<u>354,131</u>
<hr/>			
<b>Earnings per share</b>			
Basic	15	<u><b>0.39p</b></u>	<u>0.13p</u>
Diluted	15	<u><b>N/A</b></u>	<u>N/A</u>

The notes numbered 1 to 30 form an integral part of these financial statements.

**UNIVISION ENGINEERING LIMITED**  
**GROUP BALANCE SHEET**

At 31 March 2007

	Note	<u>2007</u> £	<u>As restated</u> <u>2006</u> £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	17	961,845	-
Plant and equipment	18	340,560	13,665
		<u>1,302,405</u>	<u>13,665</u>
<b>Current assets</b>			
Inventories	20	1,007,434	192,213
Due from construction contract customers	21	1,849,509	934,195
Trade and other receivables	22	3,259,346	2,202,605
Cash and cash equivalents	23	1,603,932	1,414,313
		<u>7,720,221</u>	<u>4,743,326</u>
<b>Total assets</b>		<u><u>9,022,626</u></u>	<u><u>4,756,991</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>		<u>5,875,457</u>	<u>3,613,139</u>
<b>Total equity</b>		<u><u>5,875,457</u></u>	<u><u>3,613,139</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank loans, secured	24	1,241,905	-
Bills payables		220,858	-
Due to construction contract customers	21	599,462	452,536
Trade payables and accruals	25	1,084,944	691,316
<b>Total liabilities</b>		<u><u>3,147,169</u></u>	<u><u>1,143,852</u></u>
<b>Total equity and liabilities</b>		<u><u>9,022,626</u></u>	<u><u>4,756,991</u></u>
<b>Minority interest</b>		<u><u>285,641</u></u>	<u><u>-</u></u>

These financial statements were approved by the Board on Directors on 27 September 2007 and authorised for issue.

On behalf of the Board of Directors

**Stephen Sin Mo KOO**  
Director

**Stephen Pui Ming CHAN**  
Director

The notes numbered 1 to 30 form an integral part of these financial statements.

**UNIVISION ENGINEERING LIMITED**  
**PARENT COMPANY BALANCE SHEET**

At 31 March 2007

	Note	<u>2007</u> £	<u>As Restated</u> <u>2006</u> £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary undertakings	19	2,054,081	-
Plant and equipment	18	<u>15,075</u>	<u>13,665</u>
		<u>2,069,156</u>	<u>13,665</u>
<b>Current assets</b>			
Inventories	20	818,140	192,213
Due from construction contract customers	21	763,951	934,195
Trade and other receivables	22	1,592,211	2,202,605
Cash and cash equivalents	23	<u>1,488,295</u>	<u>1,414,313</u>
		<u>4,662,597</u>	<u>4,743,326</u>
<b>Total assets</b>		<u><u>6,731,753</u></u>	<u><u>4,756,991</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>		<u>5,469,484</u>	<u>3,613,139</u>
<b>Total equity</b>		<u><u>5,469,484</u></u>	<u><u>3,613,139</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to construction contract customers	21	583,962	452,536
Trade payables and accruals	25	<u>678,307</u>	<u>691,316</u>
<b>Total liabilities</b>		<u><u>1,262,269</u></u>	<u><u>1,143,852</u></u>
<b>Total equity and liabilities</b>		<u><u>6,731,753</u></u>	<u><u>4,756,991</u></u>

These financial statements were approved by the Board on Directors on 27 September 2007 and authorised for issue.

On behalf of the Board of Directors

**Stephen Sin Mo KOO**  
Director

**Stephen Pui Ming CHAN**  
Director

The notes numbered 1 to 30 form an integral part of these financial statements.

**UNIVISION ENGINEERING LIMITED**  
**GROUP STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 March 2007

Note	Share capital £	Share premium £	Retained earnings £	Special capital reserve "A" £	Special capital reserve "B" £	Exchange differences £	Sub-total £	Minority interest £	Total equity £
Balance at 31 March 2005 – previously reported	883,903	-	381,803	-	143,439	18,430	1,427,575	-	1,427,575
Presentational currency adjustment	284,078	-	(247,199)	-	-	(36,879)	-	-	-
Balance at 31 March 2005 – restated	1,167,981	-	134,604	-	143,439	(18,449)	1,427,575	-	1,427,575
Issue of shares upon listing	235,015	1,279,985	-	-	-	-	1,515,000	-	1,515,000
Issue of shares upon placing	48,089	261,911	-	-	-	-	310,000	-	310,000
Share issue costs	-	(262,915)	-	-	-	-	(262,915)	-	(262,915)
Net profit for the year	-	-	510,007	-	-	-	510,007	-	510,007
Effect of translation	-	-	-	-	-	113,472	113,472	-	113,472
Balance at 31 March 2006 – previously reported	1,451,085	1,278,981	644,611	-	143,439	95,023	3,613,139	-	3,613,139
Recovery of provision for bad debts <sup>1</sup>	-	-	(13,124)	13,124	-	-	-	-	-
Recovery of provision for obsolete inventories <sup>1</sup>	-	-	-	142,752	-	-	142,752	-	142,752
Provision for obsolete inventories <sup>2</sup>	-	-	(142,752)	-	-	-	(142,752)	-	(142,752)
Balance at 31 March 2006 – restated	1,451,085	1,278,981	488,735	155,876	143,439	95,023	3,613,139	-	3,613,139
Issue of shares for acquisition of a subsidiary undertaking	19, 26	22,991	217,039	-	-	-	240,030	165,066	405,096
Issue of shares upon placing	26	223,541	811,257	-	-	-	1,034,798	-	1,034,798
Share issue cost	10	-	(114,637)	-	-	-	(114,637)	-	(114,637)
Net profit for the year	-	-	1,281,189	-	-	-	1,281,189	120,575	1,401,764
Effect of translation	-	-	-	-	-	(464,703)	(464,703)	-	(464,703)
Balance at 31 March 2007	<u>1,697,617</u>	<u>2,192,640</u>	<u>1,769,924</u>	<u>155,876</u>	<u>143,439</u>	<u>(369,680)</u>	<u>5,589,816</u>	<u>285,641</u>	<u>5,875,457</u>

<sup>1</sup> The adjustment was made to reflect the recoveries of the provision for bad debts and obsolete inventories that should be credited to the non-distributable special capital reserve "A" instead of income statement for the year ended 31 March 2006 pursuant to the order of the High Court dated 20 November 2004.

<sup>2</sup> The adjustment was made to reflect the wrong treatment of provision for obsolete inventories as mentioned in item <sup>1</sup> above that results in an under-provision of obsolete inventories amounting to £142,752 for the year ended 31 March 2006.

The currency translation from Hong Kong dollars to the presentational currency of £ Sterling used in these financial statements has no impact on the available distributable reserves of the Company which at 31 March 2007 were HK\$24,885,054 (as restated 2006 : HK\$7,403,922).

The notes numbered 1 to 30 form an integral part of these financial statements.

**UNIVISION ENGINEERING LIMITED**  
**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 March 2007

Note	Share capital £	Share premium £	Retained earnings £	Special capital reserve "A" £	Special capital reserve "B" £	Exchange differences £	Total equity £
Balance at 31 March 2005 – previously reported	883,903	-	381,803	-	143,439	18,430	1,427,575
Presentational currency adjustment	284,078	-	(247,199)	-	-	(36,879)	-
Balance at 31 March 2005 – restated	1,167,981	-	134,604	-	143,439	(18,449)	1,427,575
Issue of shares upon listing	235,015	1,279,985	-	-	-	-	1,515,000
Issue of shares upon placing	48,089	261,911	-	-	-	-	310,000
Share issue costs	-	(262,915)	-	-	-	-	(262,915)
Net profit for the year	-	-	510,007	-	-	-	510,007
Effect of translation	-	-	-	-	-	113,472	113,472
Balance at 31 March 2006 – previously reported	1,451,085	1,278,981	644,611	-	143,439	95,023	3,613,139
Recovery of provision for bad debts <sup>1</sup>	-	-	(13,124)	13,124	-	-	-
Recovery of provision for obsolete inventories <sup>1</sup>	-	-	-	142,752	-	-	142,752
Provision for obsolete inventories <sup>2</sup>	-	-	(142,752)	-	-	-	(142,752)
Balance at 31 March 2006 – restated	1,451,085	1,278,981	488,735	155,876	143,439	95,023	3,613,139
Issue of shares for acquisition of a subsidiary undertaking	19, 26	22,991	217,039	-	-	-	240,030
Issue of shares upon placing	26	223,541	811,257	-	-	-	1,034,798
Share issue cost	10	-	(114,637)	-	-	-	(114,637)
Net profit for the year	-	-	1,186,859	-	-	-	1,186,859
Effect of translation	-	-	-	-	-	(490,705)	(490,705)
Balance at 31 March 2007	<u>1,697,617</u>	<u>2,192,640</u>	<u>1,675,594</u>	<u>155,876</u>	<u>143,439</u>	<u>(395,682)</u>	<u>5,469,484</u>

<sup>1</sup> The adjustment was made to reflect the recoveries of the provision for bad debts and obsolete inventories that should be credited to the non-distributable special capital reserve "A" instead of income statement for the year ended 31 March 2006 pursuant to the order of the High Court dated 20 November 2004.

<sup>2</sup> The adjustment was made to reflect the wrong treatment of provision for obsolete inventories as mentioned in item <sup>1</sup> above that lead to an under-provision of obsolete inventories amounting to £142,752 for the year ended 31 March 2006.

The notes numbered 1 to 30 form an integral part of these financial statements.

# UNIVISION ENGINEERING LIMITED

## GROUP CASH FLOW STATEMENT

For the year ended 31 March 2007

	Note	<u>2007</u> £	<u>As restated</u> <u>2006</u> £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,432,423	354,131
Adjustments for:			
Depreciation		115,412	5,833
Admission to AIM costs		-	392,380
Gain on disposal of investment securities		(30,105)	-
(Recovery of)/provision for obsolete inventories, net		(205,064)	201,836
Written back on trade payables and accruals		(51,730)	(77,136)
Unrealised loss on investment account carried at fair value		14,747	-
Impairment losses on deposits, prepayments and other receivables		46,700	-
Loss on disposal of plant and equipment		739	-
Interest income		(19,966)	(15,929)
Interest expenses		44,476	-
		1,347,632	861,115
Operating profit before working capital changes		1,347,632	861,115
(Increase)/decrease in inventories		(48,130)	404,631
Increase in amounts due from construction contract customers		(219,064)	(520,553)
Increase in trade and other receivables		(257,938)	(705,301)
Decrease in bills payables		(50,440)	-
Increase in trade payables and accruals		(497,863)	(56,660)
Increase in amounts due to construction contract customers		108,673	175,351
		382,870	158,583
Net cash generated from operations		382,870	158,583
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of plant and equipment		(52,098)	(9,207)
Receipts from settlement of short term loan		-	176,465
Net cash outflow from acquisition of subsidiary undertakings		(793,122)	-
Advance of short term loan receivable		-	(360,428)
Decrease/(increase) in pledged bank deposits		37,402	(122,655)
Proceeds from disposal of plant and equipment		46	-
Proceeds from disposal of investment securities		876,784	-
Purchases of investment securities		(846,679)	-
Interest received		19,966	15,929
		(757,701)	(299,896)
Net cash used in investing activities		(757,701)	(299,896)



**UNIVISION ENGINEERING LIMITED**  
**GROUP CASH FLOW STATEMENT (Continued)**

For the year ended 31 March 2007

	2007	<u>As restated</u>
Note	£	<u>2006</u>
		£
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(44,476)	-
Proceeds from issue of shares	1,034,798	1,810,000
Payment for issue of shares and admission to AIM	(114,637)	(653,220)
Bank loan, secured	171,511	-
	<u>1,047,196</u>	<u>1,156,780</u>
Net cash generated from financing activities		
	<b>1,047,196</b>	1,156,780
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>672,365</b>	1,015,467
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE</b>	<b>(482,746)</b>	17,031
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,414,313</u>	<u>381,815</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23 <u>1,603,932</u>	<u>1,414,313</u>

**Major non-cash transactions**

On 10 October 2006, 5,363,990 new ordinary shares of HK\$0.0625 were issued as partial consideration for the acquisition of Leader Smart Engineering Limited and its subsidiary namely Leader Smart Engineering (Shanghai) Limited (together "Leader Smart") and were valued at £240,030 of which £22,991 and £217,039 was credited to the Share Capital Account and Share Premium Account respectively, before expenses.

On 14 March 2007, 52,500,000 new ordinary shares of HK\$0.0625 were placed at a price of 2 pence per share by HB Corporate. At the same time, 2,500,000 ordinary shares of HK\$0.0625 were allotted and issued at 2 pence per share to HB Corporate in satisfaction of their placing fee. £223,541 and £811,257 was credited to the Share Capital Account and the Share Premium Account in respect of this placing respectively, before expenses.

The notes numbered 1 to 30 form an integral part of these financial statements.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**1. GENERAL INFORMATION**

The Company is incorporated in Hong Kong as a limited company. The address of its registered office is 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company has its primary public listing on the Alternative Investment Market of the London Stock Exchange (“AIM”).

The Company is engaged in the supply, design, installation and maintenance of closed circuit television and surveillance systems, the sale of security system related products and provision for electrical and mechanical services. The principal activities of the subsidiaries are set out in note 19 to the financial statements.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations and in accordance with the rules of the International Accounting Standards Board (IASB). The financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in Note 6.

**Standards and Interpretations in issue but not yet effective or not yet relevant**

IFRS 7 “Financial Instruments: Disclosures”, and the complementary amendments to IAS 1 “Presentation of Financial Statements”, require new disclosures relating to financial instruments. This standard is effective for the year ending 31 December 2007 but will not have an impact on the classification or valuation of the Group’s financial instruments.

IFRS 8 “Operating Segments” requires companies to adopt a management approach to reporting on their operating segments. This standard is effective for the year ending 31 December 2009 but is not expected to have an impact on the Group’s reporting segments.

IFRIC 8 “Scope of IFRS 2” addresses whether IFRS 2 “Share-based Payment” applies to transactions in which the entity cannot identify specifically some or all of the goods or services received in return for issuing equity instruments. The interpretation is effective for the year ending 31 December 2007. The interpretation is not expected to have a major impact on the Group’s results or equity.

IFRIC 9 “Reassessment of Embedded Derivatives” is effective for the year ending 31 December 2007. As none of the terms of the Group’s contracts have changed, IFRIC 9 is not relevant to the Group.

IFRIC 10 “Interim Financial Reporting and Impairment” prohibits companies from reversing impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost, where a loss would not have been recognised at a subsequent balance sheet date. The interpretation is effective for the year ending 31 December 2007. The interpretation is not expected to have a major impact on the Group’s results or equity.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**2. BASIS OF PREPARATION OF FINANCIAL STATEMENT (CONT'D)**

IFRIC 11 IFRS 2 – “Group and Treasury Share Transactions” considers how certain grants of equity instruments should be treated under IFRS 2 “Share-based Payment”. The interpretation is effective for the year ending 31 December 2008. The interpretation is not expected to have a major impact on the Group’s results or equity.

IFRIC 12 “Service Concession Arrangements” is effective for the year ending 31 December 2008. As none of the Group entities is involved in public-to-private service concession arrangements, IFRIC 12 is not relevant to the Group.

The company will be adopting IFRIC 10 “Interim Financial Reporting and Impairment”

**3. BASIS OF PREPARATION OF CONSOLIDATION**

The Group Financial Statements consolidate the financial statements of UniVision Engineering Limited and all its subsidiary undertakings made up to 31 March 2007.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

The acquisition of subsidiary undertakings has been accounted for using the purchase method of accounting. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary undertakings have been adjusted where necessary to ensure consistency with the Accounting Policies adopted by the Group.

The Group treats transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets in the subsidiary undertakings.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**3. BASIS OF PREPARATION OF CONSOLIDATION (CONT'D)**

Whilst none of the subsidiaries have a statutory year end of 31 March 2007, management accounts have been produced and audited for the purpose of preparing Group Financial Statements.

**4. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

**(a) Revenue recognition**

Revenue represents the fair value of the consideration received or receivable by the Group for goods supplied and services provided in the ordinary course of the Group's activities.

Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the delivery of goods to customers and the passing of title to customers.

Revenue from service contracts is recognised on a straight line basis over the service periods thereof.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see note 4(b)).

Revenue from solution sales is recognised when the services are rendered.

**(b) Construction contracts**

The Group enters into contracts for the supply, design and installation of closed circuit television and surveillance systems. These contracts are classified as construction contracts.

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the degree of completion of each contract. Costs are recognised as a proportion of total costs incurred at the balance sheet date compared with the estimated total cost of the contract. The related revenue is recognised using the estimated profit margin of the project.

Other than in cases where there is an expected loss, contract costs are recognised as expenses in the period in which they are incurred.

Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to construction contract customers. Otherwise the balance is shown as due from construction contract customers.

**UNIVISION ENGINEERING LIMITED**  
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**4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(c) Research and development costs**

Expenditure on research activities, undertaken with prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the capitalised development costs.

**(d) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses. It is depreciated at rates sufficient to write off its cost over its estimated useful lives on a straight line basis. The principal annual rates are as follows:

Computer equipment	30%
Furniture and fixtures	20%
Leasehold improvements	20%
Motor vehicles	30%
Research assets	20%

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

**(e) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where necessary, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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**4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(g) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts. Where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

**(h) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

**(i) Trade payables and accruals**

Trade payables and accruals are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(j) Cash and cash equivalents**

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the cash flow statement, bank overdrafts which are repayable on demand and form an integral part of an enterprise's cash management are also included as a component of cash and cash equivalents.

**(k) Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated impairment losses and are systematically tested for impairment at each balance sheet date.

**(l) Investments**

The Company records investments in subsidiary undertakings at fair value of each company at acquisition less and related impairment costs.

These investments are subject to an annual impairment review.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2007

**4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(m) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term.

**(n) Foreign currency translation**

The Group's functional currencies are the Hong Kong Dollar, New Taiwan Dollar and PRC Renminbi. Transactions in foreign currencies have been translated into functional currencies at the approximate rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

The Group has chosen to use Pounds Sterling as the presentational currency for the financial information presented in these financial statements. Assets and liabilities at each balance sheet date have been translated at the closing rate for that balance sheet date. Income and expenses for each income statement have been translated at the average rate for each year, which rate is considered to be a reasonable approximation to the actual rates arising in the year. Components of equity have been translated at the rate in effect when the equity item arose. Share capital and retained earnings were first converted into the presentational currency on 1 April 2002 and the rate in effect on that date was used to convert share capital and retained earnings at that date. All resulting exchange differences have been recognised as a separate component of equity.

**(o) Borrowing costs**

Borrowing costs are expensed in the income statement in the year in which they are incurred.

**(p) Employee benefits**

Obligations for contributions to defined contribution retirement plans, are recognised as expenses in the income statement as incurred.

**(q) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

**(r) Related parties**

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(s) Taxation**

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowable. Profits tax is provided at the rate prevailing for the year based on the assessable profit for the year less allowable losses, if any, brought forward for each jurisdiction in which the Group has a taxable presence.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates applied at the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity. In this case the deferred taxation is also dealt with in equity.

**(t) Events after the balance sheet date**

The effect of events after the balance sheet date are adjusted for in the financial statements if they provide additional information about the Group's position at the balance sheet date or indicate that the going concern assumption is not appropriate. Any material non-adjusting items are disclosed in the notes to the financial statements.

**(u) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

**(v) Share based payments**

Share based payments for goods or services are reflected at fair value of the shares issued or the service provided.

**(w) Comparative figures**

Certain comparative figures have been restated or reclassified to conform with the current year's presentation.



**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**5. FINANCIAL RISK MANAGEMENT**

Financial assets of the Group are bank and cash; pledged bank deposits; deposits, prepayments and other receivables; amounts due from construction contract customers; bills receivables; short term loan receivables; trade receivables and retention receivables. Financial liabilities include trade payables and accruals; bills payables; bank loans and amounts due to construction contract customers. The Group had no position in derivative contracts that qualified as, or were designated as, hedging instruments as at 31 March 2006 and 2007 respectively.

**Financial risk management objectives and policies**

The Group's exposure to financial risk includes primarily credit risk, liquidity risk, foreign currency risk, interest rate risk and fair value estimation.

***Credit risk***

The Group's credit risk is primarily attributable to amounts due from contract customers, trade receivables, short term loan receivable and retention receivables due to the risk inherent in debt collections within the segment in which the Group operates. Strict control and management is required to assess customer credit before tendering for contract works to mitigate credit risk. All receivable balances are monitored on an ongoing basis and overdue balances are followed up by senior management.

At 31 March 2007, the Group has certain trade receivables of £668,724 due from two People's Republic of China ("PRC") customers in respect of solution sales conducted during the year. Management has reviewed the progress of the contracts undertaken by the customers and a repayment schedule for the trade receivables of £385,776 was agreed subsequent to the year end date that the receivables will be repaid within 1 year.

In addition the Group has an interest free short term loan of £325,150 advanced to the one PRC customer which the repayment date was expired during the year. The loan is secured on 100% of the share capital of the PRC customer and 45% of the share capital of another related PRC company.

In view of the above, the Group's exposure to bad debts on the trade receivables and the short term loan receivable has been reduced.

***Liquidity risk***

In managing the liquidity risk, the Group's policy is to regularly monitor and maintain an adequate level of cash and cash equivalents determined by the management to finance the Group's operations. The management also needs to ensure the continuity of funding for both the short and long terms, and to mitigate the effects of cash flow fluctuation.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

***Foreign currency risk***

The Group operates mostly in Hong Kong, Taiwan and PRC and revenue and expenditure are mainly denominated in Hong Kong Dollars (“HKD”), New Taiwan Dollars and PRC Renminbi. The Group is also exposed to foreign currency risks as it engages in projects that were billed in US dollars (“USD”). For sales denominated in USD, as HKD is pegged to USD, the Group does not expect any significant movements in the USD/HKD exchange rate. The foreign currency exposure regarding the USD is considered to be minimal.

The Group currently does not have any policy on hedges of foreign currency risk. However, the management monitors the foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

***Interest rate risk***

For the year ended 31 March 2007, the Group has minor amounts of bank and other borrowings. Accordingly, management consider that the Group’s exposure to interest rate risk is not significant.

***Fair value estimation***

Management consider that the carrying amounts of the Group’s financial assets and liabilities is approximate to fair value at each balance sheet date.

6. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors. These include expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management’s best knowledge of current events and actions, the actual results will, by definition, seldom equal those estimates. The estimates and assumptions that involve a high degree of judgements are discussed below:

**Estimation of contract costs**

Estimated costs to complete contracts are judged by management through the application of their experience and knowledge of the industry in which the Group operates. However, contract performance can be difficult to predict accurately. Management believes that contract budgets do not deviate materially from actual costs incurred due to a strong cost control system with regular review of budgets which highlight any incidences that could affect estimated costs to completion.

**Estimation of provision for inventories**

The identification of any provision for inventories of the Group requires the use of judgement and estimates by the management. Management estimate the net realisable value of inventories with reference to the latest invoice prices and the value in use. Operational procedures are in place to monitor the condition and usefulness of inventories. Management regularly review the age of inventories to identify slow moving items and a physical inventory count is carried out on a regular basis to identify obsolete or defective items. Provisions will be established for inventories where an impairment has been identified. At 31 March 2007, there was no provision for obsolete inventories recognised as expense in the income statement.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

**Estimation of provision for trade and other receivables**

The estimation of provision for trade and other receivables includes an assessment of recoverability of individual account balance and a review of ageing analysis of trade and other receivables by management. Management will also review the credit history of customers in assessing the recoverability of trade and other receivables. When any indication comes to their attention that a trade and receivable might not be recovered in full, provision will be made and recognised as expense in the income statement.

At 31 March 2007, the Group has certain trade receivables of £668,724 due from two People's Republic of China ("PRC") customers in respect of solution sales conducted during the year. Management has reviewed the progress of the contracts undertaken by the customers and a repayment schedule for the trade receivables of £385,776 was agreed subsequent to the year end date that the receivables will be repaid within 1 year. Therefore, no provision for bad debts in respect of these trade receivables is recognised in the income statement.

**Estimation of fair value of goodwill**

The fair value is calculated as based on projections of the future profitability and cash flows for each cash generating unit. Future cash flows are then discounted at an appropriate rate. Management is exercising its judgement in a number of forward looking areas. Since these judgements relate to the future, actual results are likely to be different because events and circumstances frequently do not occur as expected both due to error in estimation and external events, and the differences may be material.

**Deferred Taxation**

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxation profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxation profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

# UNIVISION ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

### 7. SEGMENT INFORMATION

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

#### (a) Business segments

The Group is organised into the following business segments:

- Construction contracts
- Maintenance contracts
- Product sales
- Solution sales

Results by business segment for the year ended 31 March 2007 are as follows:

	<b>Construction contracts</b>	<b>Maintenance contracts</b>	<b>Product sales</b>	<b>Solution sales</b>	<b>Total</b>
	£	£	£	£	£
<i>Income statement information:</i>					
Revenue	5,425,499	994,508	1,817,599	698,172	8,935,778
Profit from operation before tax and finance costs	686,513	188,836	332,120	269,430	1,476,899
<i>Balance sheet information:</i>					
Assets	5,477,934	1,004,119	1,835,165	704,919	9,022,137
Unallocated	-	-	-	-	489
					<b>9,022,626</b>
Liabilities	1,910,853	350,265	640,156	245,895	3,147,169
<i>Other segment information:</i>					
Depreciation	70,070	12,844	23,474	9,024	115,412
Capital expenditure	31,630	5,798	10,597	4,073	52,098

Results by business segment for the year ended 31 March 2006 are as follows:

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Total (As restated)
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
	£	£	£	£	£
<i>Income statement information:</i>					
Revenue	2,189,020	514,015	400,756	782,989	3,886,780
Profit from operation before tax and finance costs	262,399	265,674	7,865	332,070	868,008
Unallocated					(121,497)
					746,511
<i>Balance sheet information:</i>					
Assets	2,204,691	543,848	281,803	1,706,064	4,736,406
Unallocated					20,585
					4,756,991
Liabilities	911,509	122,021	35,484	24,901	1,093,915
Unallocated					49,937
					1,143,852
<i>Other segment information:</i>					
Depreciation	2,715	670	347	2,101	5,833
Capital expenditure	4,286	1,057	548	3,316	9,207
Provision for obsolete inventories	154,629	14,006	33,201	-	201,836

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2007

**7. SEGMENT INFORMATION (CONT'D)**

(b) Geographical segments

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 geographical segment information is presented as the Group's revenue is materially derived from customers based in one geographic segment comprising Hong Kong, Macau, Taiwan and the People's Republic of China, and all of the Group's assets are located in the same geographic segment.

**8. OTHER INCOME**

	<u>2007</u>	<u>As restated</u>
	£	2006
		£
Compensation income	-	112,453
Exchange gains	82,714	26,189
Written back on trade payables and accruals	-	77,136
Gain on disposal of investment securities	30,105	-
Interest income	19,966	15,929
Services, handling and sundry income	6,499	12,780
	<b>139,284</b>	<b>244,487</b>

**9. PROFIT FROM OPERATIONS BEFORE TAX AND FINANCE COSTS**

Profit from operations before tax and finance costs is stated after charging / (crediting) the following:

	<u>2007</u>	<u>As restated</u>
	£	2006
		£
Cost of inventories recognised as expenses*	3,947,819	1,457,844
Unrealised loss on investment account carried at fair value	14,747	-
Impairment losses on deposits, prepayments and other receivables	46,700	-
(Recovery of)/provision for obsolete inventories, net	(205,064)	201,836
Auditors' remuneration	102,511	28,834
Depreciation		
Owned plant and equipment	115,412	5,833
Directors' remuneration (note 12)	189,786	89,494
Exchange gains	(82,714)	(26,189)
Research and development costs	65,666	25,585
Operating leases - land and buildings	47,079	28,079
Staff costs (excluding directors' remuneration)	870,074	522,289
Written back on trade payables and accruals	(51,730)	(77,136)
Loss on disposal of plant and equipment	739	-

\* Cost of inventories recognised as expenses includes reversal of provision for obsolete inventories of £205,064 (as restated 2006: provision for obsolete inventories of £201,836) and written back on trade payables and accruals of £51,730 (2006: £Nil).

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

10. **NON-OPERATING EXPENSES**

	<u>2007</u>	<u>As restated</u>
	£	£
Total share issue costs	<b>114,637</b>	668,220
Charged to equity:		
Share placing costs	114,637	15,500
Share issue costs upon admission to AIM	-	247,415
	<b>114,637</b>	262,915
Charged to income statement:		
Admission to AIM costs	-	392,380
Exchange differences	-	12,925
Total share issue costs	<b>114,637</b>	668,220

On 14 March 2007, 52,500,000 new ordinary shares of HK\$0.0625 were placed at a price of 2 pence per share by HB Corporate and have raised £987,762 thereon ("the Placing"). A portion of the share issue costs that relates to the issuing of new shares amounting to £114,637 have been charged to equity.

11. **FINANCE COSTS**

	<u>2007</u>	<u>As restated</u>
	£	£
Bank loan interests	<b>44,476</b>	

12. **DIRECTORS' REMUNERATION**

Directors' remuneration for the year is disclosed as follows:

	<u>2007</u>	<u>As restated</u>
	£	£
Fees	92,535	38,926
Other emoluments:		
Salaries, bonuses and allowances	95,146	49,415
Pension scheme contributions	2,105	1,153
	<b>189,786</b>	89,494

Fees include £18,259 (as restated 2006: £5,767) paid to independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the year (as restated 2006: £Nil).

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

13. **STAFF COSTS**

	<b>2007</b>	<u>As restated</u>
	£	2006
		£
Wages and salaries	<b>990,520</b>	589,689
Pension scheme contributions	<b>69,340</b>	22,094
	<b><u>1,059,860</u></b>	<u>611,783</u>

14. **TAXATION**

(a) No provision for Hong Kong profits tax has been made in the financial statements since the Company has sufficient tax losses brought forward to set off against current year's assessable profit.

(b) Subsidiary taxes are calculated by the rates applicable in the local jurisdiction.

(c) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using applicable tax rate as follows:

	<u>2007</u>	<u>As restated</u>
	£	2006
		£
Profit before taxation	<b><u>1,432,423</u></b>	<u>354,131</u>
Notional tax on profit before taxation, calculated at the tax rates applicable of profits in the respective countries	<b>267,254</b>	61,973
Tax effect of income that is not taxable in determining taxable profit	<b>(11,336)</b>	(4,583)
Tax effect of expenses that are not deductible in determining taxable profit	<b>7,842</b>	103,416
Tax effect of temporary differences not recognised	<b>10,305</b>	(654)
Tax effect of utilisation of tax losses not previously recognised	<b><u>(243,406)</u></b>	<u>(160,152)</u>
Tax expense	<b><u><u>30,659</u></u></b>	<u><u>-</u></u>

At the balance sheet date, the Company has unused tax losses of £4,461,050 (as restated 2006: £6,322,994) that are available for offset against future taxable profits of the company. No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Tax losses may be carried forward indefinitely.

No provision for deferred tax liabilities has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**15. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the year of £1,281,189 (as restated 2006: £354,131), and the weighted average of 327,814,621 (2006: 279,155,799) ordinary shares in issue during the year.

No diluted loss per share has been disclosed as there was no potential dilutive ordinary share outstanding during the year (2006: £Nil).

**16. DIVIDEND**

No dividend has been paid in the year ended 31 March 2007 (2006 : £Nil).

**17. GOODWILL**

**Group**

	<u>£</u>
<b>Cost</b>	
At 1 April 2006	-
Arising from acquisition of subsidiary undertakings (see note (19))	<u>961,845</u>
At 31 March 2007	<u>961,845</u>
<b>Impairment loss</b>	
At 1 April 2006	-
Charge for the year	<u>-</u>
At 31 March 2007	<u>-</u>
<b>Carrying amount</b>	
At 31 March 2007	<u>961,845</u>
At 31 March 2006	<u>-</u>



**UNIVISION ENGINEERING LIMITED**  
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**18. PLANT AND EQUIPMENT**

**Group**

The movement of plant and equipment during the year is as follow:

	<u>Furniture and fixtures</u> £	<u>Computer equipment</u> £	<u>Motor vehicles</u> £	<u>Leasehold improvements</u> £	<u>Research assets</u> £	<u>Total</u> £
<b>Cost</b>						
At 1 April 2005	71,390	111,563	13,565	5,876	-	202,394
Additions	5,466	3,741	-	-	-	9,207
Exchange realignment	5,926	9,147	1,101	477	-	16,651
At 31 March 2006	82,782	124,451	14,666	6,353	-	228,252
Acquisition of subsidiary undertakings	48,031	93,268	48,101	47,296	601,786	838,482
Additions	15,544	5,574	11,705	-	19,275	52,098
Disposal	-	-	(6,078)	-	-	(6,078)
Exchange realignment	(11,221)	(15,073)	(1,465)	(3,201)	3,413	(27,547)
At 31 March 2007	135,136	208,220	66,929	50,448	624,474	1,085,207
<b>Accumulated depreciation</b>						
At 1 April 2005	68,612	107,519	10,942	5,876	-	192,949
Charge for the year	1,237	2,376	2,220	-	-	5,833
Exchange realignment	5,601	8,787	940	477	-	15,805
At 31 March 2006	75,450	118,682	14,102	6,353	-	214,587
Acquisition of subsidiary undertakings	21,835	66,302	27,870	9,197	324,406	449,610
Charge for the year	12,493	12,497	9,081	7,807	73,534	115,412
Written back on disposal	-	-	(5,293)	-	-	(5,293)
Exchange realignment	(10,243)	(15,030)	(1,864)	(1,558)	(974)	(29,669)
At 31 March 2007	99,535	182,451	43,896	21,799	396,966	744,647
<b>Net book value</b>						
At 31 March 2007	35,601	25,769	23,033	28,649	227,508	340,560
At 31 March 2006	7,332	5,769	564	-	-	13,665

**UNIVISION ENGINEERING LIMITED**  
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For the year ended 31 March 2007

18. **PLANT AND EQUIPMENT (CONT'D)**

**Company**

The movement of plant and equipment during the year is as follows:

	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Leasehold improvements £	Total £
<b>Cost</b>					
At 1 April 2005	71,390	111,563	13,565	5,876	202,394
Additions	5,466	3,741	-	-	9,207
Exchange realignment	5,926	9,147	1,101	477	16,651
At 31 March 2006	82,782	124,451	14,666	6,353	228,252
Additions	1,280	2,755	4,877	-	8,912
Disposal	-	-	(3,772)	-	(3,772)
Exchange realignment	(10,700)	(15,601)	(1,738)	(753)	(28,792)
At 31 March 2007	73,362	111,605	14,033	5,600	204,600
<b>Accumulated depreciation</b>					
At 1 April 2005	68,612	107,519	10,942	5,876	192,949
Charge for the year	1,237	2,376	2,220	-	5,833
Exchange realignment	5,601	8,787	940	477	15,805
At 31 March 2006	75,450	118,682	14,102	6,353	214,587
Charge for the year	1,795	2,816	1,012	-	5,623
Written back on disposal	-	-	(3,274)	-	(3,274)
Exchange realignment	(9,907)	(15,036)	(1,715)	(753)	(27,411)
At 31 March 2007	67,338	106,462	10,125	5,600	189,525
<b>Net book value</b>					
At 31 March 2007	6,024	5,143	3,908	-	15,075
At 31 March 2006	7,332	5,769	564	-	13,665

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

	<u>2007</u>	<u>2006</u>
	£	£
<b>Shares in subsidiary undertakings</b>		
At 1 April	-	-
Additions	<u>1,053,475</u>	<u>-</u>
At 31 March	<u>1,053,475</u>	<u>-</u>
<b>Amounts due from subsidiary undertakings</b>		
At 1 April	-	-
Additions	<u>1,000,606</u>	<u>-</u>
At 31 March	<u>1,000,606</u>	<u>-</u>
Total	<u><u>2,054,081</u></u>	<u><u>-</u></u>

Particulars of the Group's subsidiary undertakings at 31 March 2007 are set out below:

Name	Place of incorporation and operations	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Group		Principal activities
			Direct	Indirect	
T-Com Technology Co Limited	Taiwan	NT\$80,000,000 Ordinary share	52.25%	-	Supply, design, installation and maintenance of closed circuit television and surveillance systems and the sale of security system related products
Leader Smart Engineering Limited	Hong Kong	HK\$10,000 Ordinary share	100%	-	Investment holding and engineering contractor
Leader Smart Engineering (Shanghai) Limited	PRC	USD1,000,000 Registered capital	-	100%	Supply, design, installation and maintenance of closed circuit television and surveillance systems and provision of engineering consultancy services

**UNIVISION ENGINEERING LIMITED**  
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19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)

(a) T-Com Technology Co Limited

On 17 May 2006, the Company acquired 52.25% interest in T-Com Technology Co Limited ("T-Com") for a total consideration of £475,467.

The fair value of the subsidiary undertaking on the date of acquisition is as disclosed below:

	£
<i>Net assets acquired:</i>	
Plant and equipment	337,736
Inventories	562,027
Due from construction contract customers	696,250
Trade and other receivables	503,346
Cash and cash equivalents	45,159
Bank loan, secured	(1,070,394)
Bills payables	(271,298)
Due to construction contract customers	(38,253)
Trade payables and accruals	<u>(418,885)</u>
	345,688
Minority interest	<u>(165,066)</u>
	<u>180,622</u>
 Represented by:	
Cash consideration	475,467
Goodwill (see note 17)	<u>(294,845)</u>
	<u>180,622</u>
 <b>Analysis of the net outflow of cash and cash equivalents in respect of the acquisition is as follows:</b>	
Cash consideration paid	(475,467)
Cash and cash equivalents acquired	<u>45,159</u>
	<u>(430,308)</u>

From the date of acquisition, T-Com has contributed £128,430 to the net profit of the Group. It is not possible to estimate the amount T-Com would have contributed to the net profit of the Group had the acquisition taken place at the beginning of the year as T-Com has both a different year end and accounting policies. The cost of preparing such information would be excessive.

**UNIVISION ENGINEERING LIMITED**  
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For the year ended 31 March 2007

19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)

**(b) Leader Smart Engineering Limited**

On 2 October 2006, the Company acquired 100% interest in Leader Smart for an aggregate consideration of £606,920.

The fair value of the subsidiary undertakings on the date of acquisition is as disclosed below:

	£
<i>Net liabilities acquired:</i>	
Plant and equipment	51,136
Other receivables	498,637
Cash and cash equivalents	4,076
Trade payables and accruals	<u>(613,929)</u>
	<u><u>(60,080)</u></u>

Represented by:

Cash consideration	366,890
Share consideration	240,030
Goodwill (see note 17)	<u>(667,000)</u>
	<u><u>(60,080)</u></u>

**Analysis of the net outflow of cash and cash equivalents  
in respect of the acquisition is as follows:**

Cash consideration paid	(366,890)
Cash and cash equivalents acquired	<u>4,076</u>
	<u><u>(362,814)</u></u>

From the date of acquisition, Leader Smart has contributed loss of £34,100 to the net profit of the Group. It is not possible to estimate the amount Leader Smart would have contributed to the net profit of the Group had the acquisition taken place at the beginning of the year as Leader Smart has both a different year end and accounting policies. The cost of preparing such information would be excessive.

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For the year ended 31 March 2007

**20. INVENTORIES**

	<u>2007</u>		<u>2006</u>
	Group £	Company £	£
Raw materials	330,413	330,413	138,849
Work in progress	6,211	6,211	1,695
Finished goods	670,810	481,516	51,669
	<u>1,007,434</u>	<u>818,140</u>	<u>192,213</u>

The cost of inventories recognised as expense and included in cost of sales amounted to £3,947,819 (2006: £1,457,844).

**21. CONSTRUCTION CONTRACTS IN PROGRESS**

	<u>2007</u>		<u>2006</u>
	Group £	Company £	£
Contract costs incurred	6,034,675	3,909,513	2,419,074
Attributable profits less foreseeable losses	1,727,120	1,151,684	626,434
	<u>7,761,795</u>	<u>5,061,197</u>	<u>3,045,508</u>
Progress billings	(6,511,748)	(4,881,208)	(2,563,849)
	<u>1,250,047</u>	<u>179,989</u>	<u>481,659</u>
Due from construction contract customers	1,849,509	763,951	934,195
Due to construction contract customers	(599,462)	(583,962)	(452,536)
	<u>1,250,047</u>	<u>179,989</u>	<u>481,659</u>

At 31 March 2007 retentions held by customers for contract work amounted to £10,254 (2006: £38,882).

At 31 March 2007 there are no advances received from customers for contract work included in amount due to customers (2006: £Nil).

**22. TRADE AND OTHER RECEIVABLES**

	<u>2007</u>		<u>2006</u>
	Group £	Company £	£
Trade receivables	2,158,229	1,175,836	1,303,736
Bills receivables	10,052	-	-
Short term loan receivable	325,150	-	368,868
Retention receivables	10,254	10,254	38,882
Deposits, prepayments and other receivables	631,512	281,972	329,568
Pledged bank balances	124,149	124,149	161,551
	<u>3,259,346</u>	<u>1,592,211</u>	<u>2,202,605</u>

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**22. TRADE AND OTHER RECEIVABLES (CONT'D)**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The short term loan receivable at 31 March 2007 was secured on 100% of the share capital of the counterparty and 45% of the share capital of a related PRC company. The 45% shareholding is owned by two shareholders of the counterparty who are the directors of both this PRC company and the counterparty. The loan was interest free and with no fixed term of repayment.

At 31 March 2007 and 2006 there was no amount included in retention receivables arising from construction contracts which are due for settlement after twelve months.

At 31 March 2007, the Group has pledged bank deposits of £124,149 (2006: £161,551) to banks for performance bonds in respect of construction contracts undertaken by the Group.

**23. CASH AND CASH EQUIVALENTS**

	<u>2007</u>		<u>2006</u>
	£	£	£
	<b>Group</b>	<b>Company</b>	
Cash and bank balances	<b>671,873</b>	<b>558,235</b>	268,313
Short term bank deposits	<b>932,059</b>	<b>930,060</b>	1,146,000
	<b><u>1,603,932</u></b>	<b><u>1,488,295</u></b>	<u>1,414,313</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Short term bank deposits are made for periods of seven or eight days and earn interest at an interest rate ranging from 3.0625%p.a. to 5%p.a. (2006: 2.9%p.a. to 3.85%p.a.)

**24. BANK LOANS, SECURED**

	<u>2007</u>		<u>2006</u>
	£	£	£
	<b>Group</b>	<b>Company</b>	
Bank loans repayable within 1 year	<b><u>1,241,905</u></b>	-	-

The bank loans carried interests at rates ranging from 4.20% to 4.27% per annum (2006: Nil) and were secured by the sales contracts from Formosa Plastics Group.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**25. TRADE PAYABLES AND ACCRUALS**

	<u>2007</u>		<u>2006</u>
	Group	Company	
	£	£	£
Trade payables	473,303	312,121	205,007
Provision for employee's benefit	-	-	35,464
Provision for sales tax	18,964	18,964	21,513
Provision for taxation	29,485	-	-
Accruals and other payables	563,192	347,222	429,332
	<u>1,084,944</u>	<u>678,307</u>	691,316

The directors consider that the carrying amount of the trade payables and accruals approximates to their fair value.

**26. SHARE CAPITAL**

	<u>2007</u>	<u>2006</u>
	£	£
Authorised:		
800,000,000 ordinary shares of HK\$0.0625 each	<u>3,669,470</u>	3,669,470
Issued and fully paid:		
383,677,323 (2006: 323,313,333) ordinary shares of HK\$0.0625 each	<u>1,697,617</u>	1,451,085

The Company has one class of ordinary shares.

On 10 October 2006, 5,363,990 new ordinary shares of HK\$0.0625 were issued as partial consideration for the acquisition of Leader Smart and were valued at £240,030 of which £22,991 and £217,039 was credited to the Share Capital Account and Share Premium Account respectively, before expenses.

On 14 March 2007, 52,500,000 new ordinary shares of HK\$0.0625 were placed at a price of 2 pence per share by HB Corporate. At the same time, 2,500,000 ordinary shares of HK\$0.0625 were allotted and issued at 2 pence per share to HB Corporate in satisfaction of their placing fee. £223,541 and £811,257 was credited to the Share Capital Account and the Share Premium Account in respect of this placing respectively, before expenses.



**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

**27. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases for the office and warehouse premises are payable as follows:

	<u>2007</u>	<u>2006</u>
	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
Within one year	<b>82,529</b>	25,135
In the second to fifth years inclusive	<b>21,684</b>	1,047
	<b>104,213</b>	26,182
	<b>104,213</b>	26,182

**28. RELATED PARTY TRANSACTIONS**

*Compensation of key management personnel*

The remuneration of the key management of the Group during the year was as follows:-

	<u>2007</u>	<u>2006</u>
	<b>£</b>	<b>£</b>
Salaries and other short term benefits	<b>256,525</b>	176,253
	<b>256,525</b>	176,253

The remuneration of key management personnel comprise the remuneration of executive directors and key executives.

Executive directors include the executive chairman, the chief executive officer and the technical director of the Company. The remuneration of the executive directors is determined by the remuneration committee having regard to the performance of individuals, the overall performance of the Group and market trends. Further information about the remuneration committee and the directors' remuneration is provided in the Remuneration Report and the Report of Corporate Governance to the annual report and note 12 to the financial statements.

**UNIVISION ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2007

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**28. RELATED PARTY TRANSACTIONS (CONT'D)**

*Compensation of key management personnel (CONT'D)*

Key executives include the sales manager, the operations manager and the financial controller of the Company. The remuneration of the key executives is determined by the executive directors annually having regard to the performance of individuals and market trends.

Biographical information on key management personnel is disclosed in the Directors' and Senior Management's Biographies section to the annual report.

*Transactions with related companies*

At 31 March 2007, there is a receivable balance of £5,423 (2006: Nil) in respect of legal fees which was paid by the Group on behalf of UT Vision PTE, a company of which Stephen Koo is a director.

**29. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no disclosable events since the balance sheet date.

**30. COMPARATIVE FIGURES**

The information of the year ended 31 March 2006 is in respect of the Company alone as it held no subsidiaries at that date.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2007 Annual General Meeting of UniVision Engineering Limited will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 29 October 2007 at 5:00P.M.. The following businesses will be transacted then:

1. To receive and adopt the Company's audited financial statements for the financial year ended 31 March 2007 together with the Directors' report and the auditors' report;
2. To re-elect Mr. Stephen Pui Ming CHAN who retired by rotation, as a Director of the Company;
3. To re-elect Mr. Johnny Ka Siu TANG who retired by rotation, as a Non-Executive Director of the Company;
4. To re-elect Mr. Andrew Ping Sum TANG who retired by rotation, as a Non-Executive Director of the Company;
5. To re-elect Mr. Richard FERNIE who retired by rotation, as a Non-Executive Director of the Company;
6. To reappoint joint auditor CLB LITTLEJOHN FRAZER, Chartered Accountants and CCIF CPA Limited as auditor of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company and to authorize the Directors to adjust their remuneration packages;
7. To consider and, if considered appropriate, pass the following resolution as an ordinary resolution that the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to allot ordinary shares of HK\$0.0625 each in the capital of the Company (the 'Ordinary Shares'). Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next Annual General Meeting to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be allotted after such expiry, and that the Directors may allot Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired. This authority substitutes all subsisting authorities to the extent unused.

By Order of the Board

Registered office:  
8/F Lever Tech Centre,  
69-71 King Yip Street,  
Kwun Tong, Kowloon,  
Hong Kong

Mr. Stephen Sin Mo KOO  
Executive Chairman  
27 September 2007

NOTES:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies (whether they are members or not) to attend and, on a poll, to vote in place of the member.
2. A form of proxy is enclosed with this notice. To be valid, the form of proxy and any power of attorney or other authority (if any) under which it is signed, or a notarized and certified copy of that power of authority, must be lodged with the Company's registrars, Computershare Investor Services (Channel Islands) Limited at PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Island, not less than 48 hours before the Annual General Meeting takes place.
3. Completion and return of a proxy does not preclude a member from attending and voting at the Annual General Meeting.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as of 27 September 2007 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the Annual General Meeting.