

UniVision Engineering Limited



Annual Report
Year ended 31 March 2011

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Contents	Page
Board of Directors, Officers and Professional Advisers	2
Chairman's Statement	3
Directors' and Senior Management's Biographies	7
Directors' Report	9
Remuneration Report	13
Report on Corporate Governance	14
Statement of Directors' Responsibilities	16
Independent Auditor's Report to the Shareholders of UniVision Engineering Limited	17
Consolidated Statement of Comprehensive Income	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Statement of Changes in Equity	22
Company Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Company Statement of Cash Flows	26
Notes to the Financial Statements	27
Notice of Annual General Meeting	66

BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*
Chun Hung WONG, *Chief Executive Officer*
Chun Pan WONG, *Technical Director*
Danny Kwok Fai YIP, *Finance Director*
Andrew Ping Sum TANG, *Non-Executive Director*

Senior Management

Mike Chiu Wah CHAN, *Director of Operations*
Peter Yip Tak CHAN, *Director of Sales and Marketing*

Audit Committee

Andrew Ping Sum TANG, *Chairman*
Stephen Sin Mo KOO

Remuneration Committee

Andrew Ping Sum TANG, *Chairman*
Stephen Sin Mo KOO

AIM Stock Code

UVEL

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
Website: www.uvel.com

Nominated Adviser and Broker

Allenby Capital Limited
Claridge House,
32 Davies Street, Mayfair
London W1K 4ND,
UK

Principal bankers

Bank of China (Hong Kong)
Hong Kong and Shanghai Banking Corporation
Hua Nan Commercial Bank (Taiwan)

Auditor

HKCMCPA Company Limited
Certified Public Accountants
(Formerly known as ZYCPA Company Limited)
9/F Chinachem Hollywood Centre,
1-13 Hollywood Road,
Central, Hong Kong

Registrars

Computershare Investor Services
(Jersey) Limited
Queensway House,
Hilgrove Street,
St Helier,
Jersey JE1 1ES,
Channel Islands

UK Depositary

Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol BS13 8AE,
UK

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report the Group's audited results for the financial year ended 31 March 2011.

The impact on the Group's prior results due to the impairment loss on the Group's investment in Leader Smart Engineering (Shanghai) Limited ("Leader Smart Shanghai" or the "Subsidiary"), the Group's wholly owned subsidiary in the People's Republic of China ("PRC") has been recovered this year. Following the re-consolidation of Leader Smart Shanghai into the Group's annual accounts, the aforementioned provision of impairment loss has been written back and the Group's results are true reflection of the operations this year.

Revenue from the Group's Security and Surveillance Systems business remained stable during the year. Whilst the transition from analogue to digital technology creates new opportunities for the Group, it has also lead to increased competition as companies within the IT industry enter the market. This has lead to a reduction in the profit margins available in this business area. However, we managed to face the competition by carefully assessing the available opportunities, providing better services to our customers and improving our efficiency. Also, our focus on maintenance services continues. Stable cash flow from maintenance revenue is important in the current market situations. More enquiries are being received in respect of infrastructure projects to be implemented in the coming years in Hong Kong. We anticipate that some will be finalised in the second half of the next financial year.

Our objective for the expansion of our Electrical and Mechanical ("E&M") business remains. However, due to the lack of available capital no new E&M contracts are currently being undertaken. We are exploring various methods which would allow the Group to recognise revenues from the Zhongshan Project in the PRC. This may or may not include the sale of the Group's entitlement in the Zhongshan Project, against which the project income was secured. We are also planning to set up another branch in PRC for future potential opportunities.

The Directors remain confident of the future of Univision and are optimistic about the Group's prospects.

FINANCIAL REVIEW

On 12 October 2010, the Group announced that a final verdict on the litigation between UniVision and Mr Ip, the former legal representative of Leader Smart Engineering (Shanghai) Limited ("Leader Smart" or the "Subsidiary"), the Group's wholly owned subsidiary in PRC had been issued by the Court in favour of the Group in September 2010. The Group has successfully obtained all of Leader Smart's chops which represent the Leader Smart's seal, business license and the legal representative's chop back from Mr Ip. The legal representative of Leader Smart was also changed from Mr Ip to Mr. Stephen Koo (the Executive Chairman of UniVision) in November 2010. The Group has now re-gained control over Leader Smart and restored the power to govern the financial and operating policies of Leader Smart. UniVision, as a result, is able to re-consolidate the accounts of Leader Smart into the Group's annual accounts for the financial year ended 31 March 2011.

The assets, liabilities and operating results of the Subsidiary have been re-consolidated into the Group's financial statements in the current year. The Group recognised a gain on re-consolidation of £8.4m in the Consolidated Statement of Comprehensive Income. The capital deficiency of the Group has recovered from the deconsolidation of Leader Smart in the prior year, such that total assets exceeds total liabilities at the end of year by £6.5m (2010: -£2m).

The profit attributable to the equity holders of Company in this year is £8.2m (2010: £10.3m loss). The Group has the provision for impairment loss on trade and other receivables totalling £0.9m (2010: £1.1m).

CHAIRMAN'S STATEMENT

(Continued)

The Group generated net cash of £0.5m from its operating activities in the period (2010: £1.3m) mainly due to the increase in trade and other receivables of £1m. It maintained the cash and cash equivalents at 31 March 2011 of £1m (31 March 2010: £0.9m).

During the year under review the relative strengthening in the HK\$ against sterling has led to an 1.6% appreciation in the GBP reporting amount in the Consolidated Statement of Comprehensive Income, while a relative weak closing rate at the year-end in the HK\$ against sterling led to a 6.9% depreciation in the GBP reporting amount in the Consolidated Balance Sheet. All figures in the Financial Statements therefore need to be adjusted for comparison purposes.

Turnover in the period was increased by 32% to £8.6m (2010: £6.5m). This increase was mainly due to the inclusion of turnover from the formerly deconsolidated Subsidiary, restarting of the Group's E&M business in Hong Kong, growth of 27% in the value of the Group's Hong Kong construction contracts and growth of £0.42m in the value of the Group's Taiwan product sales. Our maintenance contracts recorded 20% growth for the Group as a whole, including a remarkable growth of 63% in the Taiwan business, which compensated for a 30% fall in revenue for its construction business. On the other hand, the Group's business in Hong Kong is relatively stable and continues to provide a stable profit margin and steady cash flows for the Group's operations. The Group's major customers in the Security and Surveillance Systems business are public organisations and government departments, which provide regular orders and reliable payment schedules. No bank overdraft and loan facilities are required for our Hong Kong company. The Directors believe there will be arise in demand for Security and Surveillance Systems business coming from proposed government infrastructure projects and from the commercial sector and a result anticipate that the Group's turnover from this division will further improve in the next financial year.

Gross profit margin improved to 39% (2010: 33%) despite an increase in operating costs as a result of inflation. The major contributing factors were business growth of 27% (£0.4m) in Hong Kong construction contracts and the inclusion of our E&M business (£1.5m) which had a higher gross profit margin than the overall business. The above factors offset the adverse effect from the 30% decline of Taiwan construction contracts which had a relatively higher gross margin than its maintenance contracts. In addition, the Group adopts effective cost control of its human resources, i.e. project and maintenance teams, sub-contractors, logistics teams, and inventory.

Administration expenses increased by 20% from last year to £2m (2010: £1.7m) mainly as a result of the inclusion of £0.15m of expenses for the two years of Leader Smart whilst deconsolidated, an increase in legal and professional fees and the operating costs due to inflation. Finance costs remained constant during the year. The largest component of total finance costs (£0.62m) was the non-cash provision of accrual loan interest payable to our former holding company £0.58m (2010: £0.58m). The said provision of finance costs did not cause adverse impact on our Company's cash flow.

No significant capital investment occurred in the current year.

Profit before Interest and Tax (PBIT) was £8.8m (2010 loss: £9.7m). Net profit before income tax was £8.3m (2010 loss: £10.3m). Basic earning per share for this year was 2.14p (2009 loss per share: 2.70p).

CHAIRMAN'S STATEMENT

(Continued)

BUSINESS REVIEW

Markets

IMS Research's latest report, "The World Market for CCTV and Video Surveillance Equipment – 2011 Edition", estimates that the world market for video surveillance equipment continued to achieve strong growth in 2010, in excess of 10% on the previous year, despite the persistent after-effects of the global economic downturn. The report states that growth was predominantly driven by sales of network video surveillance equipment. Network video surveillance growth continues to be bolstered by the trickle-through effect from government stimulus-funded projects and the increasing penetration of higher value network video surveillance products, such as HD cameras.

IMS Research forecasts that the growth of the network video surveillance market and the decline of the analogue market will lead to a transition in 2014, with network video overtaking analogue in terms of sales revenue. However, the report predicts that in terms of shipments, analogue cameras are forecast to continue to outsell network cameras through to 2014.

We have identified a number of good suppliers, manufacturers as well as technology partners, to provide complete solutions to our customers using the latest available technology. The Board is confident that we can exploit these opportunities in the coming years due to the strong growth of the network video market.

Following the settlement of the litigation over Leader Smart, we will continue to explore our growth target of the E&M business in PRC. We are looking at various strategic options to access capital in order to be in a position to begin new projects.

Technologies, Solutions and Products

The market trend towards network video surveillance solutions continues. We are seeing increasing enquires and demand from our customers. Meanwhile, an increasing number of manufacturers are introducing high definition megapixel networked cameras in the market. We are also seeing demand for wireless video solutions.

Though the video analytics market is at a relatively early stage compared to other areas of security and surveillance, it is expected that the potential of video content analysis applications is enormous. The algorithms used for video content analysis may be further enhanced and different technology, such as video indexing, may be applied to improve its application. The applications of video content analysis are considered in a sense that they are beyond surveillance purposes.

We are working to identify suitable products in these areas of the market that will provide added value to our existing portfolio of products, in order to adapt with the changing market.

Acquisitions and Investments

The Group continues to assess possible opportunities of new investments with a view to making a further strategic move.

MTR Corporation Limited ("MTR") & Maintenance

Our maintenance contracts are particularly important to the Group as they provide regular and reliable revenue streams. We have experienced growth in this area of the business. In particular, our relationship with the MTR railway has proved to be extremely positive. We are confident that we will be able to secure other contracts in future confirmed and planned railway line developments in the coming few years, as well as continue providing our maintenance services to them.

CHAIRMAN'S STATEMENT

(Continued)

PROSPECTS

Our Security and Surveillance business remains stable. Due to the infrastructure projects to be implemented in the coming years in Hong Kong, as well as the expected growing demand on Network Security and Surveillance market, we anticipate a positive outlook in this area of our business in the coming years.

The E&M business in the PRC is still one of our growth targets. However, we understand that access to the additional funds required to undertake these capital intensive projects depends on external macro economic conditions.

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 SIN MO KOO
EXECUTIVE CHAIRMAN
29 September 2011

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Andrew Ping Sum TANG – Non-executive Director (aged 54)

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. He monitored the registrants under Securities Ordinance and participated in the development of licensing systems and procedures. Mr. Tang has over 10 years experience in the financial services industry. He 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. Mr. Tang was 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. He was the General Manager of Wing Fung Financial Group. Currently, Mr. Tang is a Director for an asset management company.

Stephen Sin Mo KOO – Executive Chairman (aged 54)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He is responsible for overall strategic planning of our Group. 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 is the Director of Up Sky Investments Limited, the Group's ultimate parent company. He is a Fellow of the Institute of Certified Public Accountants of Australia.

Chun Hung WONG – Chief Executive Officer (aged 52)

Mr. Wong joined UniVision in 1998 and was appointed as CEO on 1 January 2008. Before the appointment, he was the Director of Operations who was responsible for the management of the Project and Maintenance Divisions. Mr. Wong holds a Master of Business Administration degree from The Open University of Hong Kong. He has over 20 years experience in project management. Mr. Wong is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations.

Chun Pan WONG – Technical Director (aged 51)

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He holds a Master Degree in Religious Studies in Chinese University of Hong Kong and a Bachelor Degree in Computer Science from the University of Edinburgh, Scotland, and over 17 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.

Danny Kwok Fai YIP – Finance Director (aged 47)

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 Master of Corporate Finance degree from The Hong Kong Polytechnic University and a Bachelor of Commerce (Accounting) degree from The Curtin University of Technology, Australia. Before joining the Group, Mr. Yip was the Accounting Manager of Nissin Food Group, the leading instant noodle manufacturing MNC. Mr. Yip has over 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. He also acts as Company Secretary for the Corporation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

(Continued)

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Mike Chiu Wah CHAN – Director of Operations (aged 37)

Mr. Chan joined UniVision as Assistant Engineer in December 1996, and was promoted to a number of increasingly senior positions in maintenance and project department, prior to being appointed to his present position on 2 January 2008. He is now responsible for the management of UniVision's Project and Maintenance Division. Mr. Chan holds a Bachelor of Engineering degree in Industrial and Manufacturing System Engineering from The University of Hong Kong.

Peter Yip Tak CHAN – Director of Sales and Marketing (aged 47)

Mr. Chan joined UniVision in 1995. He holds a Degree in Computing from the University of Northwest Missouri and has over 10 years experience in sales and project management. He is responsible for the management of 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 Group and the Company for the year ended 31 March 2011.

Principal Activities

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, and the 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 Group and its future development is included in the Chairman's Statement.

Financial Position

The Group's profit for the year ended 31 March 2011 and the state of affairs of the Group at that date are set out in the consolidated statement of comprehensive income on page 19 and in the consolidated balance sheet on page 20, respectively.

The Group's and the Company's changes in shareholders' equity for the year ended 31 March 2011 are set out in the consolidated and the Company's statement of changes in equity on page 22 and 23, respectively.

The Group's and the Company's cash flow for the year ended 31 March 2011 is set out in the consolidated and the Company's statement of cash flows on pages 24 to 26.

Key Performance Indicators (KPI)

			<u>2011</u>	<u>2010</u>
Current Ratio:	Current Assets / Current Liabilities	:	1.5	0.7
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Sales per day	:	37 days	39 days
Inventory Turnover :	Cost of sales / Inventories	:	5.8	4.5
Gross profit Margin :	Gross profit / Sales	:	39%	33%
Debt to Equity Ratio :	Debt / Equity	:	0.7	-2.5
Profit/(Loss) /Equity :	Profit /(Loss) attributable to equity holders of the Company / Equity	:	130%	-540%

Share Capital and Reserves

Details of the movements in share capital are set out in note 27 on page 63.

The movements in reserves during the year are set out in the consolidated statement of changes in equity on page 22.

DIRECTORS' REPORT

(Continued)

Dividends

The Directors do not propose the payment of a dividend for the year ended 31 March 2011.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on pages 54 to 55.

Directors

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

Stephen Sin Mo KOO
Chun Hung WONG
Andrew Ping Sum TANG
Chun Pan WONG
Danny Kwok Fai YIP

Mr. Chun Hung WONG and Mr. Andrew Ping Sum TANG retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, the current directors offer 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, its holding company, or its subsidiaries was a party 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 2011
Stephen Sin Mo KOO	88,367,700*
Chun Hung WONG	-
Andrew Ping Sum TANG	-
Chun Pan WONG	-
Danny Kwok Fai YIP	-

* 78,744,000 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 Mo 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.

Following the Share Transaction on 8 July 2011, the entire stake of UniVision Holdings Limited (it holds 183,736,000 shares of the Company) was transferred to Up Sky Investments Limited, a company that is wholly owned by Mr. Stephen Koo. He is also interested in 9,623,700 ordinary shares in the Company. Therefore following the Share Transaction, he has a total direct and indirect interest in 272,103,700 ordinary shares in the Company, equivalent to 70.9% of the Company's total issued share capital.

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' REPORT

(Continued)

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, its holding company, or its subsidiaries 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.

Substantial Shareholdings

As at 23 September 2011, the Directors had been informed of the following companies that held 3% or more of the Company's issued ordinary share capital:

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited ⁽¹⁾	183,736,000	47.9
Up Sky Investments Limited ⁽²⁾	78,744,000	20.5
Barclayshare Nominees Limited	15,902,547	4.1
W B Nominees Limited	15,381,800	4.0

⁽¹⁾ UniVision Holdings Limited is an investment holding company incorporated under the laws of the British Virgin Islands and was formerly owned by Mayne Management Limited. Up Sky Investments Limited acquired the entire stake from Mayne Management Limited on 8 July 2011 and became the major shareholder.

⁽²⁾ 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 (2010: 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 make 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 2011 at 5:00p.m. The Notice of Meeting appears on page 66.

DIRECTORS' REPORT

(Continued)

Annual Report

The annual report for the year ended 31 March 2011 will be uploaded on the Company's website www.uvel.com on 29 September, 2011 and the hard copy will be sent to shareholders by our Registrars, Computershare Investor Services (Jersey) Limited.

Auditor

HKCMCPA Company Limited, Certified Public Accountants, (formerly known as ZYCPA Company Limited), remain as our auditor for the year. A resolution to re-appoint HKCMCPA Company Limited, Certified Public Accountants as auditor of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
29 September 2011

REMUNERATION REPORT

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

Membership of Remuneration Committee

The Remuneration Committee comprises 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 director's remuneration for the year are set out in the table below:

	Salary and fees £	Pension scheme contribution £	Bonus £	2011 Total £	2010 Total £
Executive Directors					
Stephen Sin Mo KOO	70,535	-	5,630	76,165	71,981
Chun Pan WONG	39,242	993	3,245	43,480	41,674
Chun Hung WONG	49,822	993	4,090	54,905	52,129
Danny Kwok Fai YIP	33,678	993	2,766	37,437	35,518
Non-executive Director					
Andrew Ping Sum TANG	9,935	-	-	9,935	9,771

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interests 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's and Group's 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 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 bonuses. The Chairman of the Audit and Remuneration Committees is a Non-executive Director.

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

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expense of such advice 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 is 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 periodic 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 have 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 realises that effective communication can increase 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). 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 have 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 recognises the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and raise direct 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 for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company 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 Group and the Company 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 available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



HKCMCPA Company Limited
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED**
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of UniVision Engineering Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 65, which comprise the consolidated and the Company's balance sheet as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's shareholders, as a body, in compliance with the Alternative Investment Market Rules ("AIM Rules") for companies as published by the London Stock Exchange plc. Our work has been undertaken so that 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.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the 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 express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

9 FLOOR, CHINACHEM HOLLYWOOD CENTRE, 1-13 HOLLYWOOD ROAD, CENTRAL, HONG KONG
Tel: (852) 2573 2296 Fax: (852) 2384 2022 <http://www.hkcmcpa.us>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED**
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

HKCMCPA Company Limited
(Formerly known as ZYCPA Company Limited)
Certified Public Accountants

Hong Kong, China
29 September 2011

9 FLOOR, CHINACHEM HOLLYWOOD CENTRE, 1-13 HOLLYWOOD ROAD, CENTRAL, HONG KONG
Tel: (852) 2573 2296 Fax: (852) 2384 2022 <http://www.hkcmcpa.us>

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
Revenue		8,576,363	6,473,743
Cost of sales		<u>(5,209,729)</u>	<u>(4,339,985)</u>
Gross profit		3,366,634	2,133,758
Other income	8	53,757	143,360
Selling and distribution expenses		(93,651)	(96,001)
Administrative expenses		(2,000,677)	(1,695,991)
Impairment loss recognised on goodwill	17	-	(791,945)
Impairment loss recognised on trade and other receivables	21	(881,891)	(1,088,223)
Loss on deconsolidation of a subsidiary	28	-	(8,324,208)
Gain on reconsolidation of a subsidiary	28	8,426,380	-
Finance costs	9	<u>(619,118)</u>	<u>(611,657)</u>
Profit/(loss) before income tax	10	8,251,434	(10,330,907)
Income tax expense	13	<u>(20,053)</u>	<u>(17,351)</u>
Profit/(loss) for the year		<u>8,231,381</u>	<u>(10,348,258)</u>
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations		375,798	(828,698)
Release of translation reserve upon deconsolidation of a subsidiary		-	<u>(86,785)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>375,798</u>	<u>(915,483)</u>
Total comprehensive income/(loss) for the year		<u>8,607,179</u>	<u>(11,263,741)</u>
Profit/(loss) attributable to :			
Equity holders of the Company		8,192,288	(10,340,804)
Non-controlling interests		<u>39,093</u>	<u>(7,454)</u>
		<u>8,231,381</u>	<u>(10,348,258)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		8,566,219	(11,255,214)
Non-controlling interests		<u>40,960</u>	<u>(8,527)</u>
		<u>8,607,179</u>	<u>(11,263,741)</u>
Earnings/(loss) per share			
Basic	14	<u>2.14p</u>	<u>(2.70p)</u>
Diluted	14	<u>N/A</u>	<u>N/A</u>

All revenues are from continuing operations.

UNIVISION ENGINEERING LIMITED
CONSOLIDATED BALANCE SHEET

As at 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
ASSETS			
Non-current assets			
Plant and equipment	16	108,864	197,093
Goodwill	17	25,830	25,830
Trade and other receivables	21	<u>1,051,382</u>	<u>-</u>
Total non-current assets		<u>1,186,076</u>	<u>222,923</u>
Current assets			
Inventories	19	901,257	966,333
Trade and other receivables	21	14,842,916	4,400,341
Tax recoverable	24(a)	-	4,384
Cash and bank balances	22	<u>1,023,526</u>	<u>884,174</u>
Total current assets		<u>16,767,699</u>	<u>6,255,232</u>
Total assets		<u>17,953,775</u>	<u>6,478,155</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	23	5,536,162	3,342,153
Current tax liability	24(a)	1,174,806	15,116
Interest-bearing borrowings	25	4,684,320	5,165,203
Obligation under finance lease	26	<u>3,786</u>	<u>4,048</u>
Total current liabilities		<u>11,399,074</u>	<u>8,526,520</u>
Non-current liability			
Obligation under finance lease	26	<u>947</u>	<u>5,060</u>
Total liabilities		<u>11,400,021</u>	<u>8,531,580</u>
Equity			
Share capital	27	1,697,617	1,697,617
Reserves		<u>4,591,367</u>	<u>(3,974,852)</u>
Equity/(capital deficiency) attributable to equity holders of the Company		<u>6,288,984</u>	<u>(2,277,235)</u>
Non-controlling interests		<u>264,770</u>	<u>223,810</u>
Total equity / (capital deficiency)		<u>6,553,754</u>	<u>(2,053,425)</u>
Total liabilities and equity		<u>17,953,775</u>	<u>6,478,155</u>

The financial statements on pages 19 to 65 were authorised for issue by the board of directors on 29 September 2011 and are signed on its behalf by:

Stephen Sin Mo KOO, Director

Chun Hung WONG, Director

UNIVISION ENGINEERING LIMITED
COMPANY BALANCE SHEET

As at 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
ASSETS			
Non-current assets			
Plant and equipment	16	1,295	8,976
Investment in subsidiary undertakings	18	<u>2,467,223</u>	<u>244,105</u>
Total non-current assets		<u>2,468,518</u>	<u>253,081</u>
Current assets			
Inventories	19	697,769	764,957
Trade and other receivables	21	1,610,406	2,168,892
Cash and bank balances	22	<u>859,245</u>	<u>713,066</u>
Total current assets		<u>3,167,420</u>	<u>3,646,915</u>
Total assets		<u><u>5,635,938</u></u>	<u><u>3,899,996</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	23	2,368,070	2,461,725
Interest-bearing borrowings	25	3,738,766	3,997,267
Obligation under finance lease	26	<u>3,786</u>	<u>4,048</u>
Total current liabilities		<u>6,110,622</u>	<u>6,463,040</u>
Non-current liability			
Obligation under finance lease	26	<u>947</u>	<u>5,060</u>
Total liabilities		<u>6,111,569</u>	<u>6,468,100</u>
Equity			
Share capital	27	1,697,617	1,697,617
Reserves		<u>(2,173,248)</u>	<u>(4,265,721)</u>
Total capital deficiency		<u>(475,631)</u>	<u>(2,568,104)</u>
Total liabilities and equity		<u><u>5,635,938</u></u>	<u><u>3,899,996</u></u>

The financial statements on pages 19 to 65 were authorised for issue by the board of directors on 29 September 2011 and were signed on its behalf by:

Stephen Sin Mo KOO, Director

Chun Hung WONG, Director

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2011

	Share capital £	Share premium £ (Note 1)	Retained earnings/ (accumulated losses) £	Special capital reserve "A" £ (Note 2)	Special capital reserve "B" £ (Note 3)	Translation reserve £	Sub-total £	Non-controlling interest £	Total equity/ (capital deficiency) £
At 1 April 2009	1,697,617	2,192,640	2,615,675	155,876	143,439	2,172,732	8,977,979	232,337	9,210,316
Loss for the year	-	-	(10,340,804)	-	-	-	(10,340,804)	(7,454)	(10,348,258)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(827,625)	(827,625)	(1,073)	(828,698)
Release of translation reserve upon deconsolidation of a subsidiary	-	-	-	-	-	(86,785)	(86,785)	-	(86,785)
Total comprehensive loss for the year	-	-	(10,340,804)	-	-	(914,410)	(11,255,214)	(8,527)	(11,263,741)
At 31 March 2010	1,697,617	2,192,640	(7,725,129)	155,876	143,439	1,258,322	(2,277,235)	223,810	(2,053,425)
Profit for the year	-	-	8,192,288	-	-	-	8,192,288	39,093	8,231,381
Exchange difference arising on translation of foreign operations	-	-	-	-	-	373,931	373,931	1,867	375,798
Total comprehensive income for the year	-	-	8,192,288	-	-	373,931	8,566,219	40,960	8,607,179
At 31 March 2011	1,697,617	2,192,640	467,159	155,876	143,439	1,632,253	6,288,984	264,770	6,553,754

The currency translation from Hong Kong Dollars ("HK\$") to the presentational currency of Sterling Pound ("£") used in the financial statements has no impact on the available distributable reserves of the Company at 31 March 2011.

Notes:

1. Share premium

The Company may by resolution reduce the share premium account in any manner authorised and subject to any conditions prescribed by law.

2. Special capital reserve "A"

Pursuant to the Order of the High Court dated 20 November 2004, any future recoveries of the Company's accumulated provision for obsolete inventories and provision for bad debts amounting to HK\$1,935,002 and HK\$3,592,540 respectively will be credited to non-distributable special capital reserve "A" account.

3. Special capital reserve "B"

By a special resolution passed on 30 July 2004 and Order of the High Court dated 20 November 2004, the authorised and issued capital of the Company was reduced from HK\$159,245,000 divided into 31,849 ordinary shares of HK\$5,000 each to HK\$16,405,000 divided into 3,281 ordinary shares of HK\$5,000 each. The reduction of capital was effected by cancellation of 28,568 ordinary shares of HK\$5,000 each in the issued and paid up share capital of the Company. The Company established a non-distributable special capital reserve "B" account into which HK\$2,071,307 was credited as a result of the capital reduction.

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2011

	Share capital £	Share premium £	Retained earnings/ (accumulated losses) £	Special capital reserve "A" £	Special capital reserve "B" £	Translation reserve £	Total equity/ (capital deficiency) £
At 1 April 2009	1,697,617	2,192,640	(3,620,469)	155,876	143,439	450,224	1,019,327
Loss for the year	-	-	(3,535,672)	-	-	-	(3,535,672)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(51,759)	(51,759)
Total comprehensive loss for the year	-	-	(3,535,672)	-	-	(51,759)	(3,587,431)
At 31 March 2010	1,697,617	2,192,640	(7,156,141)	155,876	143,439	398,465	(2,568,104)
Profit for the year	-	-	1,996,360	-	-	-	1,996,360
Exchange difference arising on translation of foreign operations	-	-	-	-	-	96,113	96,113
Total comprehensive income for the year	-	-	1,996,360	-	-	96,113	2,092,473
At 31 March 2011	1,697,617	2,192,640	(5,159,781)	155,876	143,439	494,578	(475,631)

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
Cash flows from operating activities			
Profit/(loss) for the year		8,251,434	(10,330,907)
Adjustments for:			
Non-cash finance costs		581,184	575,078
Finance costs paid		37,934	36,579
Interest income recognised in profit or loss		(846)	(521)
Depreciation of plant and equipment	16	85,498	55,043
Recovery from allowance for obsolete inventories	10	(15,136)	(26,467)
Write-back on trade and other payables	8	(7,489)	(3,275)
Impairment loss recognised on trade and other receivables	10	881,891	1,088,223
Impairment loss recognised on goodwill	17	-	791,945
Loss on disposal of plant and equipment	10	18,906	21,454
Loss on deconsolidation of a subsidiary	28	-	8,324,208
Gain on reconsolidation of a subsidiary	28	(8,426,380)	-
		1,406,996	531,360
Changes in operating assets and liabilities:			
Decrease in tax recoverable		-	4,039
Decrease/(increase) in inventories		35,080	(3,836)
Increase in trade and other receivables		(937,711)	(75,333)
(Decrease)/increase in trade and other payables		(32,609)	843,186
		471,756	1,299,416
Cash generated from operations		471,756	1,299,416
Income tax (paid)/refund		(1,733)	38
		470,023	1,299,454
Net cash generated from operating activities			
Cash flows from investing activities			
Interest received		846	521
Purchase of plant and equipment		(17,813)	(30,861)
Change in pledged bank deposits		-	369,056
Proceeds on disposal of plant and equipment		1,945	773
Net cash inflow (outflow) from re-consolidation of a subsidiary	28	4,461	(4,388)
		(10,561)	335,101
Net cash (used in)/generated from investing activities			

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
Cash flows from financing activities			
Interest paid		(37,934)	(36,579)
Repayment of obligation under finance lease		(3,924)	(4,048)
Repayment of interest-bearing borrowings		<u>(228,557)</u>	<u>(70,220)</u>
Net cash used in financing activities		<u>(270,415)</u>	<u>(110,847)</u>
Net increase in cash and cash equivalents		189,047	1,523,708
Cash and cash equivalents at beginning of year		884,174	(102,172)
Effect of changes in exchange rates		<u>(49,695)</u>	<u>(537,362)</u>
Cash and cash equivalents at end of year	22	<u><u>1,023,526</u></u>	<u><u>884,174</u></u>

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	<i>Note</i>	<u>2011</u> £	<u>2010</u> £
Cash flows from operating activities			
Profit/(loss) for the year		1,996,360	(3,535,672)
Adjustments for:			
Non-cash finance costs		581,184	571,615
Finance costs paid		2,044	6,104
Interest income recognised in profit or loss		(562)	(308)
Depreciation of plant and equipment	16	7,810	9,876
Write-back on trade and other payables		-	(3,275)
(Reversal of)/impairment loss recognised on investment in subsidiary undertakings	18	(2,152,039)	2,788,557
Impairment loss recognised on trade and other receivables		204,995	774,771
Loss on disposal of plant and equipment		2,350	21
		642,142	611,689
Changes in operating assets and liabilities:			
Decrease in inventories		18,362	13,674
Decrease in trade and other receivables		228,157	286,863
(Increase)/decrease in amounts due from subsidiaries		(168,182)	61,140
Decrease in trade and other payables		(513,258)	(207,749)
		207,221	765,617
Net cash generated from operating activities			
Cash flows from investing activities			
Interest received		562	308
Purchase of plant and equipment		(4,576)	(83)
Change in pledged bank deposits		-	369,056
Proceeds on disposal of plant and equipment		1,775	-
		(2,239)	369,281
Net cash (used in)/generated from investing activities			
Cash flows from financing activities			
Interest paid		(2,044)	(6,104)
Repayment of obligation under finance lease		(3,924)	(4,048)
Repayment of interest-bearing borrowings		-	(256,235)
		(5,968)	(266,387)
Net cash used in financing activities			
Net increase in cash and cash equivalents		199,014	868,511
Cash and cash equivalents at beginning of year		713,066	(196,467)
Effect of changes in exchange rates		(52,835)	41,022
Cash and cash equivalents at end of year	22	859,245	713,066

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL

UniVision Engineering Limited (“the Company”) is incorporated in Hong Kong with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). The address of the registered office is 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are 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 electronic and mechanical services. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention basis, except as disclosed in the accounting policies below.

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 and assumptions in the process of applying its accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTINGS STANDARDS (“IFRS”)

In the current financial year, the Group has adopted all the new and revised IFRS and IFRIC Interpretations that are relevant to its operations and effective for the current financial year. The adoption of these new/revised IFRSs and IFRIC Interpretations has no material effect on the financial statements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTINGS STANDARDS (“IFRS”) (CONTINUED)

New and Revised IFRSs and IFRIC Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory that are relevant for the Group’s accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted. They are as follows:

Revised IAS 24 - Related Party Disclosures	Effective for annual periods commencing 1 January 2011 or later
IFRS 9 Financial Instruments	Effective for annual periods commencing 1 January 2013 or later
IFRS 10 Consolidated Financial Statements	Effective for annual periods commencing 1 January 2013 or later
IFRS 11 Joint Arrangements	Effective for annual periods commencing 1 January 2013 or later
IFRS 12 Disclosure of Interests in Other Entities	Effective for annual periods commencing 1 January 2013 or later
IFRS 13 Fair Value Measurement	Effective for annual periods commencing 1 January 2013 or later
IAS 19 Employee Benefits (Amendments)	Effective for annual periods commencing 1 January 2013 or later

The nature of the changes in accounting policy on adopting the revised IAS 24 is described below:

The revised IAS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised IAS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person’s family) or a third party has control or joint control over the entity, of has significant influence over the entity. The revised standard also introduces a partial exemption of disclosures requirements for government-related entities. The Group is currently determining the impact the changes to the definition of a related party will have on the disclosures of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisitions related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Cost also includes direct attributable costs of investment. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

4.3 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and company financial statements are presented in Sterling Pound ("£"), which is the Group's presentation currency. As the Company is listed on AIM, the directors consider that this presentation is more useful for its current and potential investors.

The functional currency of the Group's entity is summarised as follows:

1. UniVision Engineering Limited	Hong Kong Dollars ("HK\$")
2. T-Com Technology Co. Limited	New Taiwan Dollars ("NTD")
3. Leader Smart Engineering Limited	Hong Kong Dollars ("HK\$")
4. Leader Smart Engineering (Shanghai) Limited ("LSSH")	Renminbi Yuan ("RMB")

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and bank balances are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "administrative expense" or "other income".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences in respect of changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Foreign currency (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4.4 Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Motor vehicles	3 years
Research assets	5 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Plant and equipment (continued)

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

4.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

4.6 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.8 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than twelve months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the balance sheet.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised and derecognised on trade dates – the dates on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(iii) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial assets (continued)

(v) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

4.9 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group and Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented under the caption of "Trade and other receivables" or "Trade and other payables" in the balance sheet as the "Amounts due from customers for contracts-in-progress" (as an asset) or the "Amounts due to customers for contracts-in-progress" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet. Amounts received before the related work is performed are included in the balance sheet, as a liability, as "Advances received".

4.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises design costs, raw materials, direct labour, other direct costs and other costs incurred in bringing the inventories to their present location and condition. 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.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group is initially measured at its fair value, less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequently, the Group measures the financial guarantee contract at the higher of: (i) the amount of the present legal or constructive obligation under the contract at the reporting date, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation.

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of business tax, value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Construction contracts

Revenue from construction contracts is recognised when the outcome of a construction contract can be estimated reliably:

- revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and
- revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(ii) Maintenance contracts

Revenue from maintenance contracts is recognised on a straight line basis over the term of maintenance contract.

(iii) Product sales

Revenue from product sales 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.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Income tax

Income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a 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 the amount can be reliably estimated. 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. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.17 Employee benefit

These comprise short term employee benefits and contributions to defined contribution retirement plan.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

4.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company and the Group as lessee –

Assets held under finance leases are recognised as assets of the Company and the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Estimation of contract costs

Estimated costs to complete contracts are judged by the directors 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. The directors believe 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

(i) Impairment of trade and other receivables

The estimation of impairment of trade and other receivables includes an assessment of recoverability of individual account balances and a review of ageing analysis of trade and other receivables by the directors. The directors 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 other receivable might not be recovered in full, impairment will be made and recognised as an expense in the consolidated statement of comprehensive income. As at 31 March 2011, the total carrying amount of trade and other receivables are £14,842,916 (2010: £4,400,341).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

(ii) Deferred income tax

As at 31 March 2011, the Group has unused tax losses of £4,411,038 (2010: £5,368,856) available for offset against future profits. A deferred tax asset of £727,821 (2010: £885,861) has not been recognised in respect of the unused tax losses. In cases where there are future profits generated to utilise the tax losses, a material deferred tax asset may arise, which would be recognised in the consolidated statement of comprehensive income for the period in which such future profits are recorded.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2011</u>	<u>2010</u>
	£	£
Financial assets:		
Loans and receivables (including cash and bank balances)		
- Trade and other receivables	14,842,916	4,400,341
- Tax recoverable	-	4,384
- Cash and bank balances	<u>1,023,526</u>	<u>884,174</u>
Financial liabilities:		
- Trade and other payables	5,536,162	3,342,153
- Current tax liability	1,174,806	15,116
- Interest-bearing borrowings	4,684,320	5,165,203
- Obligation under finance lease	<u>4,733</u>	<u>9,108</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include borrowings, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how these risks are mitigated are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk

(1) Currency risk

Certain entities in the Group have foreign currency transactions and have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk.

The Company has foreign currency transactions, which expose the Company to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities, mainly represented by trade and other receivables, cash and bank balances, trade and other payables and borrowings, at the end of the reporting period are as follows:

	The Group				The Company			
	Assets		Liabilities		Assets		Liabilities	
	2011	2010	2011	2010	2011	2010	2011	2010
NTD	110,429,36	112,770,825	94,792,795	93,930,365	-	-	-	-
RMB	125,592,045	-	34,640,001	15,216	-	-	955	15,216
USD	459,128	347,897	8,280,118	7,448,385	455,983	346,274	8,280,118	7,413,019
HK\$	29,255,983	29,769,288	9,793,489	17,739,283	26,676,932	29,243,150	9,740,316	17,694,033

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

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk (continued)

(1) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in £ against the relevant foreign currencies and all other variables were held constant. 5% (2010: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rates. A positive/(negative) number indicates a decrease/(increase) in post-tax profit/(loss) for the year when £ strengthens 5% (2010: 5%) against the relevant foreign currencies. For a 5% (2010: 5%) weakening of £ against the relevant currency, there would be an equal but opposite impact on the post-tax profit/(loss) for the year.

	<u>2011</u> £	<u>2010</u> £
NTD		
Post-tax profit for the year	17,347	20,758
RMB		
Post-tax profit/(loss) for the year	454,106	(78)
USD		
Post-tax loss for the year	(256,488)	(248,970)
HK\$		
Post-tax profit for the year	81,830	54,079

(2) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits and borrowings at fixed rates. The Group and the Company is exposed to cash flow interest rate risk due to fluctuation of the prevailing market interest rate on certain bank borrowings which carry at prevailing market interest rates as shown in notes 25 and 26. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk (continued)

(2) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the change in interest rates and the exposure to interest rates for the non-derivative financial liabilities at the balance sheet date and on the assumption that the amount outstanding at the balance sheet date was outstanding for the whole year and held constant throughout the financial year. The 25 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2010.

For the year ended 31 March 2011, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's post-tax profit for the year would increase/decrease by approximately £2,302 (2010: £2,213).

(ii) Credit risk

At 31 March 2011, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the management of the Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments their due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 90 days from the date of billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the Group had no significant concentrations of credit risk where individual trade and other receivables balance exceed 10% of the total trade and other receivables at the balance sheet date.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Also, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Group's and the Company's exposure to credit risk arising from trade and other receivables are set out in note 21.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) 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 management to finance the Group's operations. 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. At 31 March 2011, the Group had aggregate banking facilities of £1,981,477 (2010: £2,346,849), of which £1,035,923 were unused (2010: £1,178,913).

The following table details the contractual maturities of the Group's financial liabilities at the balance sheet date, which is based on the undiscounted cash flows and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

	2011				Total undiscounted cash flow £	Carrying amount at 31 March 2011 £
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £		
Non-derivative financial liabilities:						
Interest-bearing borrowings	3.2% - 15%	5,254,254	-	-	5,254,254	4,684,320
Trade and other payables	-	5,536,162	-	-	5,536,162	5,536,162
Current tax liability	-	1,174,806	-	-	1,174,806	1,174,806
Obligation under finance lease	9.5%	4,529	1,133	-	5,662	4,733
		<u>11,969,751</u>	<u>1,133</u>	<u>-</u>	<u>11,970,884</u>	<u>11,400,021</u>
Financial guarantee Maximum amount guaranteed (note 31)		<u>4,400,000</u>	<u>-</u>	<u>-</u>	<u>4,400,000</u>	<u>4,400,000</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Liquidity risk (continued)

The Group

	2010					
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	Carrying amount at 31 March 2010 £
Non-derivative financial liabilities:						
Interest-bearing borrowings	3.1%-15%	5,782,080	-	-	5,782,080	5,165,203
Trade and other payables	-	3,342,153	-	-	3,342,153	3,342,153
Current tax liability	-	15,116	-	-	15,116	15,116
Obligation under finance lease	9.5%	4,842	6,052	-	10,894	9,108
		<u>9,144,191</u>	<u>6,052</u>	<u>-</u>	<u>9,150,243</u>	<u>8,531,580</u>
Financial guarantee Maximum amount guaranteed (note 31)		<u>2,700,856</u>	<u>-</u>	<u>-</u>	<u>2,700,856</u>	<u>-</u>

The Company

	2011					
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	Carrying amount at 31 March 2011 £
Non-derivative financial liabilities:						
Interest-bearing borrowings	15%	4,299,581	-	-	4,299,581	3,738,766
Trade and other payables	-	2,368,070	-	-	2,368,070	2,368,070
Obligation under finance lease	9.5%	4,529	1,133	-	5,662	4,733
		<u>6,672,180</u>	<u>1,133</u>	<u>-</u>	<u>6,673,313</u>	<u>6,111,569</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Liquidity risk (continued)

The Company

	2010					Carrying amount at 31 March 2010 £
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	
Non-derivative financial liabilities:						
Interest-bearing borrowings	15%	4,596,857	-	-	4,596,857	3,997,267
Trade and other payables	-	2,461,725	-	-	2,461,725	2,461,725
Obligation under finance lease	9.5%	4,842	6,052	-	10,894	9,108
		<u>7,063,424</u>	<u>6,052</u>	<u>-</u>	<u>7,069,476</u>	<u>6,468,100</u>

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

(d) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with a higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank borrowings and other financial liabilities) less bank deposits and cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (continued)

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Neither the Company nor any of its subsidiary undertakings are subject to externally imposed capital requirements.

The net debt-to-adjusted capital ratios of the Group and the Company at the end of the reporting period were as follows:

	The Group		The Company	
	<u>2011</u> £	<u>2010</u> £	<u>2011</u> £	<u>2010</u> £
Current liabilities				
Trade and other payables	5,536,162	3,342,153	2,368,070	2,461,725
Interest-bearing borrowings	4,684,320	5,165,203	3,738,766	3,997,267
Current tax liability	1,174,806	15,116	-	-
Obligation under finance lease	3,786	4,048	3,786	4,048
	<u>11,399,074</u>	<u>8,526,520</u>	<u>6,110,622</u>	<u>6,463,040</u>
Non-current liabilities				
Obligation under finance lease	947	5,060	947	5,060
Total debt	11,400,021	8,531,580	6,111,569	6,468,100
Less: cash and bank balances	<u>1,023,526</u>	884,174	<u>859,245</u>	713,066
Net debt	10,376,495	7,647,406	5,252,324	5,755,034
Total equity / (capital deficiency)	6,553,754	(2,053,425)	(475,631)	(2,568,104)
Net debt-to-adjusted capital ratio	158%	-372%	-1104%	-224%

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the chief executive officer, that are used to make strategic decisions.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable operating segments are summarised as follows:

- Security and surveillance
- Electrical and mechanical

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	Year ended 31 March 2011		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment revenue by major products and services:			
- Construction contracts	4,006,634	1,478,157	5,484,791
- Maintenance contracts	2,464,360	-	2,464,360
- Product sales	627,212	-	627,212
Revenue from external customers	<u>7,098,206</u>	<u>1,478,157</u>	<u>8,576,363</u>
Segment profit/(loss)	2,738,348	(2,294,176)	444,172
Gain on reconsolidation of a subsidiary	-	8,426,380	8,426,380
Finance costs	(37,934)	(581,184)	(619,118)
Profit before income tax	<u>2,700,414</u>	<u>5,551,020</u>	<u>8,251,434</u>
	Year ended 31 March 2010		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment revenue by major products and services:			
- Construction contracts	4,188,245	-	4,188,245
- Maintenance contracts	2,027,207	-	2,027,207
- Product sales	258,291	-	258,291
Revenue from external customers	<u>6,473,743</u>	<u>-</u>	<u>6,473,743</u>
Segment loss	(1,018,997)	(376,045)	(1,395,042)
Loss on deconsolidation of a subsidiary	-	(8,324,208)	(8,324,208)
Finance costs	(40,042)	(571,615)	(611,657)
Loss before income tax	<u>(1,059,039)</u>	<u>(9,271,868)</u>	<u>(10,330,907)</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

7. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	At 31 March 2011		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment assets	5,833,306	12,120,469	17,953,775
Unallocated assets	-	-	-
Consolidated total assets	<u>5,833,306</u>	<u>12,120,469</u>	<u>17,953,775</u>
Segment liabilities	2,968,860	8,431,161	11,400,021
Unallocated liabilities	-	-	-
Consolidated total liabilities	<u>2,968,860</u>	<u>8,431,161</u>	<u>11,400,021</u>
	At 31 March 2010		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Segment assets	6,433,219	44,936	6,478,155
Unallocated assets	-	-	-
Consolidated total assets	<u>6,433,219</u>	<u>44,936</u>	<u>6,478,155</u>
Segment liabilities	3,631,064	4,900,516	8,531,580
Unallocated liabilities	-	-	-
Consolidated total liabilities	<u>3,631,064</u>	<u>4,900,516</u>	<u>8,531,580</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

7. SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating segments:

	Year ended 31 March 2011		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Capital expenditure	17,813	-	17,813
Depreciation	85,498	-	85,498
Impairment loss recognised on goodwill	-	-	-
	-	-	-
	Year ended 31 March 2010		
	Security and surveillance	Electrical and mechanical	Total
	£	£	£
Capital expenditure	29,421	-	29,421
Depreciation	55,043	-	55,043
Impairment loss recognised on goodwill	68,509	723,436	791,945
	68,509	723,436	791,945

* Capital expenditure represented plant and equipment.

(d) 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 PRC, and all of the Group's assets are located in the same geographic segment.

(e) Information about major customers

Revenues of approximately £2,115,481 (2010: £1,676,208) are derived from two single external customers, who contributed to 10% or more of the Group's revenue for both 2011 and 2010 fiscal years.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

8. OTHER INCOME

	<u>2011</u> £	<u>2010</u> £
Exchange gain	40,594	17,771
Interest income	846	521
Write-back on trade and other payables	7,489	3,275
Sundry income	4,828	121,793
	<u>53,757</u>	<u>143,360</u>

9. FINANCE COSTS

	<u>2011</u> £	<u>2010</u> £
Interest on bank loans and other borrowings wholly repayable within one year	618,348	610,900
Finance charge on obligation under finance lease	770	757
	<u>619,118</u>	<u>611,657</u>

10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is stated after charging/(crediting):

	<u>2011</u> £	<u>2010</u> £
Cost of inventories recognised as expenses	2,367,480	2,165,974
Impairment loss recognised on trade and other receivables	881,891	1,088,223
Impairment loss recognised on goodwill	-	791,945
Recovery from allowance for obsolete inventories	(15,136)	(26,467)
Auditor's remuneration		
- audit services (parent company)	44,504	(13,928)
Depreciation – leased plant and equipment	6,001	5,902
Depreciation – owned plant and equipment	79,497	49,141
Research and development costs	13,284	25,756
Operating lease charges – minimum lease payments	122,241	114,019
Loss on disposal of plant and equipment	18,906	21,454
Loss on deconsolidation of a subsidiary	-	8,324,208
Gain on reconsolidation of a subsidiary	(8,426,380)	-
	<u>(8,426,380)</u>	<u>-</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is disclosed as follows:

	<u>2011</u> £	<u>2010</u> £
Directors' fees	80,470	81,752
Other emoluments:		
Salaries, bonuses and allowances	138,473	126,390
Pension scheme contributions	2,979	2,931
	<u>221,922</u>	<u>211,073</u>

12. STAFF COSTS (including directors' remuneration)

	<u>2011</u> £	<u>2010</u> £
Wages and salaries	1,903,111	1,747,441
Pension scheme contributions	80,076	74,810
	<u>1,983,187</u>	<u>1,822,251</u>

13. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) **Income tax in the consolidated statement of comprehensive income:**

	<u>2011</u> £	<u>2010</u> £
Income tax expense (credit)		
Hong Kong profits tax	-	(5,045)
PRC income tax	-	-
Taiwan income tax	20,053	22,396
	<u>20,053</u>	<u>17,351</u>

No Hong Kong profits tax has been provided for in the financial statements as the Company has unused tax losses to offset against its taxable profit during the year.

Taxes for subsidiary undertakings are calculated using the rates prevailing in the local jurisdictions, whereas PRC income tax rate is charged at 25% (2010: 25%) and Taiwan income rate is charged at 25% (2010: 25%).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

13. INCOME TAX IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(b) Reconciliation between income tax expense and accounting profit/(loss) at the applicable tax rates:

	<u>2011</u>	<u>2010</u>
	£	£
Profit/(loss) before income tax	<u>8,251,434</u>	<u>(10,330,907)</u>
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profit/(loss) in the tax jurisdictions concerned	269,654	(613,269)
Tax effect of non-taxable income	(324,180)	(6)
Tax effect of non-deductible expenses	179,424	621,058
Tax effect of temporary differences not recognised	(143)	(2)
Utilisation of tax losses previously unrecognised deferred tax assets	(104,411)	-
Tax losses not recognised as deferred tax assets	-	27,581
Over provision in prior years	<u>(291)</u>	<u>(18,011)</u>
Income tax expense	<u>20,053</u>	<u>17,351</u>

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to the equity holders of the Company for the year of £8,192,288 (2010: loss of £10,340,804), and the weighted average of 383,677,323 (2010: 383,677,323) ordinary shares in issue during the year.

There were no potential dilutive instruments at either financial year end.

15. DIVIDENDS

No dividends have been declared or paid for the year ended 31 March 2011 (2010: £Nil).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

16. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures	Computer equipment	Motor vehicles	Research assets	Total
	£	£	£	£	£
Cost					
At 1 April 2009	160,495	162,833	120,675	967,171	1,411,174
Additions	6,049	17,956	5,416	-	29,421
Disposals	(619)	(94)	(3,611)	(61,425)	(65,749)
Deconsolidation	(11,180)	-	(29,326)	(14,139)	(54,645)
Exchange translation	(4,834)	7,381	(3,532)	9,448	8,463
At 31 March 2010	149,911	188,076	89,622	901,055	1,328,664
At 1 April 2010	149,911	188,076	89,622	901,055	1,328,664
Additions	5,243	1,740	10,830	-	17,813
Disposals	(113)	(35,517)	(10,844)	(359,743)	(406,217)
Exchange translation	177	(1,223)	(968)	3,254	1,240
At 31 March 2011	<u>155,218</u>	<u>153,076</u>	<u>88,640</u>	<u>544,566</u>	<u>941,500</u>
Accumulated depreciation					
At 1 April 2009	136,828	113,712	66,458	808,663	1,125,661
Charge for the year	21,640	9,210	14,530	9,662	55,042
Disposals	(619)	(73)	(3,611)	(39,256)	(43,559)
Deconsolidation	(4,265)	-	(7,918)	(6,788)	(18,971)
Exchange translation	(38,992)	42,031	11	10,348	13,398
At 31 March 2010	114,592	164,880	69,470	782,629	1,131,571
At 1 April 2010	114,592	164,880	69,470	782,629	1,131,571
Charge for the year	17,282	10,586	12,208	45,422	85,498
Disposals	(113)	(35,517)	(6,719)	(343,017)	(385,366)
Exchange translation	108	(1,283)	(840)	2,948	933
At 31 March 2011	<u>131,869</u>	<u>138,666</u>	<u>74,119</u>	<u>487,982</u>	<u>832,636</u>
Net book value					
At 31 March 2011	<u>23,349</u>	<u>14,410</u>	<u>14,521</u>	<u>56,584</u>	<u>108,864</u>
At 31 March 2010	<u>35,319</u>	<u>23,196</u>	<u>20,152</u>	<u>118,426</u>	<u>197,093</u>

At the balance sheet date, the net carrying value of motor vehicle held under finance lease of the Group and the Company was £Nil (2010: £6,193).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

16. PLANT AND EQUIPMENT (CONTINUED)

The Company

	Furniture and fixtures	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2009	12,739	33,006	25,780	71,525
Additions	7	72	-	79
Disposals	-	(94)	-	(94)
Exchange translation	(726)	(1,885)	(1,471)	(4,082)
At 31 March 2010	12,020	31,099	24,309	67,428
At 1 April 2010	12,020	31,099	24,309	67,428
Additions	876	389	3,312	4,577
Disposals	-	-	(6,872)	(6,872)
Exchange translation	(780)	(1,955)	(1,402)	(4,137)
At 31 March 2011	<u>12,116</u>	<u>29,533</u>	<u>19,347</u>	<u>60,996</u>
Accumulated depreciation				
At 1 April 2009	9,151	31,816	10,117	51,084
Charge for the year	2,104	820	6,952	9,876
Disposals	-	(73)	-	(73)
Exchange translation	(418)	(1,780)	(237)	(2,435)
At 31 March 2010	10,837	30,783	16,832	58,452
At 1 April 2010	10,837	30,783	16,832	58,452
Charge for the year	1,093	284	6,433	7,810
Disposals	-	-	(2,747)	(2,747)
Exchange translation	(712)	(1,931)	(1,171)	(3,814)
At 31 March 2011	<u>11,218</u>	<u>29,136</u>	<u>19,347</u>	<u>59,701</u>
Net book value				
At 31 March 2011	<u>898</u>	<u>397</u>	<u>-</u>	<u>1,295</u>
At 31 March 2010	<u>1,183</u>	<u>316</u>	<u>7,477</u>	<u>8,976</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

17. GOODWILL

The Group

£

Cost

At 1 April 2009, 31 March 2010 and 31 March 2011 961,845

Accumulated impairment loss

At 1 April 2009	269,015
Impairment loss recognised in the year	791,945
Exchange translation	<u>(124,945)</u>

At 31 March 2010 and 31 March 2011 936,015

Net carrying amount

At 31 March 2011 and 31 March 2010 25,830

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to operating segment as follows:

	<u>2011</u>	<u>2010</u>
	£	£
Security and surveillance	<u>25,830</u>	<u>25,830</u>

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a twelve month period. A discount rate of 15% has been used for the value-in-use calculations.

Key assumptions used for value-in-use calculations:

	<u>2011</u>	<u>2010</u>
Gross margin	25%	30%-40%
Growth rate	<u>13%</u>	<u>11%</u>

Management determined the budgets based on their experience and knowledge in the construction contracts operations. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Based on the impairment test performed, no impairment loss is recognised for the year (2010: £791,945).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>2011</u>	<u>2010</u>
	£	£
Shares in subsidiary undertakings	1,053,475	1,053,475
Less: impairment loss	(1,191,416)	(1,191,416)
Exchange translation	<u>151,667</u>	<u>152,616</u>
	<u>13,726</u>	<u>14,675</u>
Amounts due from subsidiary undertakings	6,898,473	7,201,931
Less: impairment loss	(5,242,383)	(7,146,630)
Exchange translation	<u>797,407</u>	<u>174,129</u>
	<u>2,453,497</u>	<u>229,430</u>
Total	<u>2,467,223</u>	<u>244,105</u>

The amounts due from subsidiary undertakings are unsecured, interest-free and not expected to be recovered within one year.

Particulars of the Group's subsidiary undertakings at 31 March 2011 are set out below:

<u>Name</u>	<u>Place of incorporation and operations</u>	<u>Issued and fully paid up share capital/ registered capital</u>	<u>Percentage of equity attributable to the Company</u>		<u>Principal activities</u>
			Directly	Indirectly	
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 shares	100%	-	Investment holding and engineering contractor
Leader Smart Engineering (Shanghai) Limited	The PRC	US\$1,000,000 Registered capital	-	100%	Supply, design, installation and maintenance of electrical and mechanical systems, construction decorations and provision of engineering consultancy services

Note: Leader Smart Engineering (Shanghai) Limited ("LSSH") is a wholly-foreign owned enterprise established in the PRC to operate for 20 years up to 2025.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

19. INVENTORIES

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
Raw materials	311,085	388,497	311,085	388,497
Work in progress	20	5,262	20	5,262
Finished goods	650,719	647,882	386,664	371,198
	961,824	1,041,641	697,769	764,957
Less: impairment loss	(60,567)	(75,308)	-	-
	901,257	966,333	697,769	764,957

The Group recognised a recovery of £15,136 (2010: £26,467) from impairment previously recognised on slow-moving inventories, due to subsequent sales during the 2011 fiscal year. The amount reversed has been included in “cost of sales” in the statement of comprehensive income.

20. CONTRACTS-IN-PROGRESS

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
Contract costs incurred plus attributable profits less foreseeable losses	24,789,114	11,384,702	9,454,549	8,210,875
Progress billings to date	(11,122,015)	(10,341,800)	(9,346,932)	(8,553,963)
	13,667,099	1,042,902	107,617	(343,088)
Represented by:				
Amounts due from customers for contracts-in-progress (note 21)	14,231,427	2,247,009	671,945	830,524
Less: allowance for doubtful debts	(100,659)	-	(100,659)	-
Amounts due from customers for contracts-in-progress, net	14,130,768	2,247,009	571,286	830,524
Amounts due to customers for contracts-in-progress (note 23)	(463,669)	(1,204,107)	(463,669)	(1,173,612)
	13,667,099	1,042,902	107,617	(343,088)

At 31 March 2011, the amount of retention receivables from construction customers recorded within “trade and other receivables” is £24,460 (2010: £85,883).

Within amounts due from customers for construction contracts-in-progress are receivables totalling £10,836,487 (2010: £Nil), which have been pledged as security by the original land use rights certificate and the developing property of the customer in LSSH.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. TRADE AND OTHER RECEIVABLES

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
Trade receivables	2,319,255	2,042,502	1,521,462	1,756,031
Less: allowance for doubtful debts	(1,442,176)	(1,345,523)	(1,201,983)	(1,283,731)
Trade receivables, net	877,079	696,979	319,479	472,300
Bills receivable	-	267,521	-	-
Other receivables	556,747	851,195	397,268	537,173
Deposits and prepayments	92,668	83,941	85,337	75,199
Amounts due from customers for contracts-in-progress, net (note 20)	14,130,768	2,247,009	571,286	830,524
Pledged bank deposits	237,036	253,696	237,036	253,696
	15,894,298	4,400,341	1,610,406	2,168,892
Less: non-current portion – amounts due from customers for contracts-in-progress	(1,051,382)	-	-	-
	14,842,916	4,400,341	1,610,406	2,168,892

All of trade and other receivables are expected to be recovered within one year, other than those separately disclosed.

At 31 March 2011, the Group had pledged bank deposits of £237,036 (2010: £253,696) to banks for performance bonds in respect of construction contracts undertaken by the Group and the Company.

(a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movements in the allowance for doubtful debts:

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
At 1 April	1,345,523	569,057	1,283,731	508,293
Impairment loss recognised	176,845	766,906	1,314	766,906
Exchange translation	(80,192)	9,560	(83,062)	8,532
At 31 March	1,442,176	1,345,523	1,201,983	1,283,731

Note: At 31 March 2011, trade receivables of the Group and the Company amounting to £176,845 (2010: £766,906) and £1,314 (2010: £766,906) respectively are individually determined to be impaired and an impairment was provided. These individually impaired receivables were outstanding over one year at the balance sheet date.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Trade receivables that are not impaired

The following is an ageing analysis of trade receivables at the balance sheet date that were past due but not impaired:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	£	£	£	£
0 to 90 days	586,745	429,672	246,484	371,571
91 to 365 days	152,321	205,777	63,185	100,473
Over 365 days	138,013	61,530	9,810	256
	877,079	696,979	319,479	472,300

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

22. CASH AND CASH EQUIVALENTS

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Cash and bank balances*	1,023,526	884,174	859,245	713,066
Cash and cash equivalents in the consolidated and the Company's statement of cash flows	1,023,526	884,174	859,245	713,066

* At 31 March 2011, the Group maintained £80,688 (2010: £115,201) and £237,755 (2010: £253,696) as restricted cash to secure against the bank facility and bank loans as collaterals (note 25), respectively.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

23. TRADE AND OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
Trade payables	2,360,609	371,280	44,159	40,616
Bills payable	193,168	413,072	-	-
Due to a related party (note 30(b))	39,455	2,642	-	-
Accruals and other payables	2,479,261	1,351,052	1,860,242	1,247,497
Amounts due to customers for contracts-in-progress (note 20)	463,669	1,204,107	463,669	1,173,612
	<u>5,536,162</u>	<u>3,342,153</u>	<u>2,368,070</u>	<u>2,461,725</u>

24. INCOME TAX IN THE BALANCE SHEET

(a) Current tax liability in the balance sheet represents:

	<u>The Group</u>		<u>The Company</u>	
	2011 £	2010 £	2011 £	2010 £
Hong Kong profits tax	-	(4,384)	-	-
PRC income tax	1,122,740	-	-	-
Taiwan income tax	52,066	15,116	-	-
	<u>1,174,806</u>	<u>10,732</u>	<u>-</u>	<u>-</u>

(b) Unrecognised deferred tax assets

At 31 March 2011, the Company had unused tax losses of £4,411,038 (2010: £5,368,856) that were available for offset against future taxable profits of the Company. No deferred tax assets have been recognised due to the unpredictability of the future profit streams. Such unused tax losses are available to be carried forward at no expiration.

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 and the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

25. INTEREST-BEARING BORROWINGS

	The Group		The Company	
	2011	2010	2011	2010
	£	£	£	£
Within one year or on demand				
Secured bank loans (note a)	945,554	1,167,936	-	-
Loan from a shareholder (note b)	3,738,766	3,997,267	3,738,766	3,997,267
	4,684,320	5,165,203	3,738,766	3,997,267

Notes:

- (a) The secured bank loans carried interest at rates ranging from 3.232% to 4% per annum (2010: 3.100% to 3.764%) and were secured by:-
- (i) Restricted cash (note 22) and;
 - (ii) Personal guarantee by the director of the Company, Mr. Stephen Sin Mo KOO (note 30).
- (b) A loan of US\$5,000,000 was provided on 31 December 2007 by Mayne Management Limited, the ultimate controlling party of the Company, which is the holding company of UniVision Holdings Limited and has a 47.9% equity interest of the Company at 31 March 2011. The loan facility is used exclusively to finance a major construction project in the PRC. The loan carries interest at the rate of 15% per annum (2010: 15%) and is payable on the maturity date of 31 March 2012. Security over the Group's interest in a shopping mall contract within the PRC has been provided.

26. OBLIGATION UNDER FINANCE LEASE

At 31 March 2011 and 2010, the Group and the Company has obligations under finance leases as follows:

	Minimum lease payment		Present value of the minimum lease payment	
	2011	2010	2011	2010
	£	£	£	£
Within one year	4,529	4,842	3,786	4,048
Between two to five years	1,133	6,052	947	5,060
Total minimum finance lease payments	5,662	10,894	4,733	9,108
Less: future finance charges	929	1,786		
Present value of lease obligation	4,733	9,108		

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

27. SHARE CAPITAL

	<u>2011</u>	<u>2010</u>
	£	£
Authorised :		
800,000,000 ordinary shares of HK\$0.0625 each	<u>3,669,470</u>	<u>3,669,470</u>
Issued and fully paid:		
383,677,323 ordinary shares (2010: 383,677,323 ordinary shares) of HK\$0.0625 each	<u>1,697,617</u>	<u>1,697,617</u>

The Company has one class of ordinary shares.

28. RECONSOLIDATION OF SUBSIDIARY

During the 2010 fiscal year, the Group lost control of a wholly-owned subsidiary, LSSH as a result of a legal dispute with its former director. The financial results of LSSH were excluded from the consolidated financial statements of the Group from the date that control was lost. The consolidated statement of comprehensive income presented a loss on deconsolidation of a subsidiary amounting to £8,324,208.

In September 2010, a final verdict on this litigation was issued by the Court in favour of the Group and the Group has regained the control in LSSH and assumed its authorised power to govern the financial and operating policies of LSSH. Accordingly, the results of LSSH have been reconsolidated in the financial statements under IAS 27 and the Group has recognised a gain on reconsolidation of a subsidiary amounting to £8,426,380 in the consolidated statement of comprehensive income.

29. 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:

	The Group		The Company	
	2011	2010	2011	2010
	£	£	£	£
Within one year	98,989	106,470	61,106	52,967
Between two to five years	28,145	46,262	4,709	3,557
	<u>127,134</u>	<u>152,732</u>	<u>65,815</u>	<u>56,524</u>

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	<u>2011</u>	<u>2010</u>
	£	£
Salaries, bonus and allowances	<u>291,531</u>	<u>271,248</u>

The remuneration of key management personnel comprises the remuneration of Executive Directors and key executives.

Executive Directors include Executive Chairman, Chief Executive Officer, Technical Director and Finance 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 on Corporate Governance to the Annual Report and note 11 to the financial statements.

Key executives include Director of Operations and Director of Sales and Marketing 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 of the Annual Report.

Transactions with related parties

- (a) A loan of US\$5,000,000 was provided on 31 December 2007 by Mayne Management Limited, the ultimate controlling party of the Company, which is the holding company of UniVision Holdings Limited and has a 47.9% equity interest in the Company at 31 March 2011. Effective from 1 October 2008, the principal amount was revised to US\$6,000,000 (including the accrued interest of US\$1,000,000) and renewed with maturity date due on 31 March 2012 and charge at interest rate of 15% per annum on the revised principal amount (note 25(b)).
- (b) At 31 March 2011, there is a payable balance of £39,455 (2010: £2,642) due to Mr. Stephen Sin Mo KOO, the director of the Company, which is unsecured, interest-free and repayable on demand (note 23).
- (c) At 31 March 2011, the bank loans amounting to £1,011,767 (2010: £1,004,851) are personally guaranteed by the director of the Company, Mr. Stephen Sin Mo KOO. No charge has been requested for this guarantee (note 25(a)).

Apart from the transactions disclosed above and elsewhere in the financial statements, the Group and the Company had no other material transactions with related parties during the year.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

31. FINANCIAL GUARANTEE

In accordance with the Circular of “Re-financing of Zhongshan shopping mall project” dated 10 December 2009, the Group’s wholly-owned subsidiary, LSSH provided a guarantee in respect of secured short-term financing arrangement with a maximum amount of up to £4.4 million (including outstanding principal and accrued interest and charges) at the date of report. Pursuant to the terms of the guarantee, at any time from the date of guarantee, in event of default in repayments, the Group is fully liable to repay the outstanding loan principal, together with penalty charges, accrued interest and related late fees, after netting off the pledged assets. The Group’s guarantee period starts from the date of grant of the financial arrangement and ends when it is fully repaid. At 31 March 2011, the secured short-term loan has become overdue and the financial arrangement is in negotiations for extension, but has not yet reached a final agreement as to repayment of the borrowings.

In connection with the Zhongshan shopping mall project (the “Zhongshan Project”), the Group received a security over a certain share of interest in the Zhongshan Project. At 31 March 2011, the fair market value of the Zhongshan Project amounted to £24 million, based on the appraisal report issued by an independent valuer. The Group has engaged an independent valuer to measure the fair value of such financial guarantee. Up to the date of this report, the Group determines that no provision for financial guarantee is required because the maximum amount of the issued financial guarantee contract in which the guarantee could be demanded, is fully recovered by the fair value of certain interest held by the Group in the Zhongshan Project.

32. LEGAL PROCEEDINGS

Up to the date of this report, the Group has received several legal claims against its wholly-owned subsidiary from the vendors in China in connection with the transactions previously entered into by the former director of LSSH. The Group plans to file counter-claims to the Court against the former director of LSSH for all costs and compensations in respect of these legal claims. At this point, the Group does not believe that these legal proceedings would have a material impact or result in significant contingencies, therefore no provision for any costs has been made by the Group.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2011 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 2011 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 2011 together with the Directors' report and the Independent Auditor's report;
2. To re-elect Mr. Chun Hung WONG who retired by rotation, as a Director of the Company;
3. To re-elect Mr. Andrew Ping Sum TANG who retired by rotation, as a Non-executive Director of the Company;
4. To reappoint auditor HKCMCPA Company Limited, Certified Public Accountants, (formerly known as ZYCPA Company Limited) as auditors 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;
5. 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.
6. 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 repurchase the ordinary shares of HK\$0.0625 each in the capital of the Company (the 'Ordinary Shares'), including any form of depositary receipt. 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 repurchased after such expiry, and that the Directors may buy back Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired.

By Order of the Board
Mr. Stephen Sin Mo KOO
Executive Chairman
29 September 2011

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

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 (Jersey) Limited at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, 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 29 September 2011 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.