COMPUTIME GROUP LIMITED
金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board of directors (the "**Board**") of Computime Group Limited (the "**Company**" or "**Computime**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2017 (the "**Year**") together with the comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
REVENUE	3, 4	**3,683,598**	3,521,758
Cost of sales		**(3,143,514)**	(3,055,390)
Gross profit		**540,084**	466,368
Other income	4	**20,351**	15,884
Selling and distribution expenses		**(99,225)**	(94,262)
Administrative expenses		**(268,392)**	(239,578)
Other operating expenses, net		**(21,094)**	(13,537)
Finance costs	5	**(10,380)**	(9,924)
Share of profit of an associate		**1,310**	769
PROFIT BEFORE TAX	6	**162,654**	125,720
Income tax expense	7	**(36,220)**	(28,012)
PROFIT FOR THE YEAR		**126,434**	97,708

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

Year ended 31 March 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company		**126,449**	97,724
Non-controlling interests		**(15)**	(16)
		126,434	97,708
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**15.1 HK cents**	11.7 HK cents
Diluted		**15.0 HK cents**	11.6 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017 *HK$'000*	2016 *HK$'000*
PROFIT FOR THE YEAR	**126,434**	97,708
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**26,830**	(10,413)
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	**(28,499)**	10,711
	(1,669)	298
Exchange differences on translation of foreign operations	**(15,365)**	(3,706)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	**(17,034)**	(3,408)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**109,400**	94,300
Attributable to:		
Owners of the Company	**109,415**	94,316
Non-controlling interests	**(15)**	(16)
	109,400	94,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**170,966**	159,388
Goodwill		**36,420**	36,420
Club debenture		**705**	705
Intangible assets		**106,801**	99,766
Interest in an associate		**6,277**	4,967
Available-for-sale investment		**–**	5,439
Prepayments and deposits		**3,338**	3,342
Total non-current assets		**324,507**	310,027
CURRENT ASSETS			
Inventories		**627,068**	609,045
Trade receivables	*10*	**602,636**	700,120
Prepayments, deposits and other receivables		**51,294**	43,261
Tax recoverable		**5,041**	3,562
Derivative financial instruments		**19,154**	3,550
Cash and cash equivalents		**771,920**	544,427
Total current assets		**2,077,113**	1,903,965
CURRENT LIABILITIES			
Trade and bills payables	*11*	**729,580**	652,034
Other payables and accrued liabilities		**115,004**	85,044
Interest-bearing bank borrowings		**264,877**	266,928
Amounts due to non-controlling shareholders		**160**	160
Tax payable		**26,854**	9,187
Total current liabilities		**1,136,475**	1,013,353
NET CURRENT ASSETS		**940,638**	890,612
TOTAL ASSETS LESS CURRENT LIABILITIES *(to be continued)*		**1,265,145**	1,200,639

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES *(continued)*	**1,265,145**	1,200,639
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**13,189**	14,030
Net assets	**1,251,956**	1,186,609
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**83,642**	83,393
Reserves	**1,167,539**	1,102,426
	1,251,181	1,185,819
Non-controlling interests	**775**	790
Total equity	**1,251,956**	1,186,609

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at 9th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION *(Continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

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

(b) the appliance controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of appliance control products; and

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

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, finance costs, share of profit of an associate as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets mainly exclude property, plant and equipment, goodwill, a club debenture, cash and cash equivalents, an available-for-sale investment, derivative financial instruments, tax recoverable and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities mainly exclude interest-bearing bank borrowings, certain balances of trade and bills payables and other accruals, tax payable, amounts due to non-controlling shareholders, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,492,155**	1,283,095	**1,554,654**	1,667,734	**636,789**	570,929	**3,683,598**	3,521,758
Segment results	**214,953**	152,003	**28,515**	23,532	**39,836**	34,011	**283,304**	209,546
Bank interest income							**3,460**	7,482
Other income (excluding bank interest income, income from termination of vendor contract, and marketing and management service fee income)							**4,844**	2,390
Corporate and other unallocated expenses							**(119,884)**	(84,543)
Finance costs							**(10,380)**	(9,924)
Share of profit of an associate	**1,310**	769	**–**	–	**–**	–	**1,310**	769
Profit before tax							**162,654**	125,720
Income tax expense							**(36,220)**	(28,012)
Profit for the year							**126,434**	97,708
Assets and liabilities								
Segment assets	**625,741**	791,067	**513,032**	334,447	**200,481**	281,842	**1,339,254**	1,407,356
Interest in an associate	**6,277**	4,967	**–**	–	**–**	–	**6,277**	4,967
Corporate and other unallocated assets							**1,056,089**	801,669
Total assets							**2,401,620**	2,213,992
Segment liabilities	**18,957**	16,662	**14,682**	19,505	**3,972**	608	**37,611**	36,775
Corporate and other unallocated liabilities							**1,112,053**	990,608
Total liabilities							**1,149,664**	1,027,383
Other segment information:								
Capital expenditure*							**126,108**	151,063
Depreciation							**39,884**	35,706
Amortisation of deferred expenditure	**40,749**	34,168	**6,816**	7,406	**8,589**	5,866	**56,154**	47,440
Impairment of trade receivables	**1,724**	654	**6,998**	4,027	**–**	–	**8,722**	4,681
Reversal of impairment of trade receivables	**–**	(155)	**–**	–	**–**	–	**–**	(155)
Write-down of inventories to net realisable value	**9,115**	9,105	**5,811**	14,243	**5,359**	4,609	**20,285**	27,957

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
The America	**1,043,947**	1,035,769
Europe	**1,818,785**	1,812,207
Asia	**820,866**	673,782
	3,683,598	3,521,758

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Europe	**2,415**	2,355
Asia	**178,166**	165,342
	180,581	167,697

The non-current asset information above is based on the locations of assets and excludes a club debenture, goodwill, intangible assets and an available-for-sale investment.

Information about major customers

Revenue for the year ended 31 March 2017 of approximately 23.7% (2016: 27.9%) was derived from sales by the appliance controls segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income is as follows:

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**3,460**	7,482
Income from termination of vendor contract	**10,188**	–
Marketing and management service fee income	**1,850**	6,506
Sundry income	**4,853**	1,896
	20,351	15,884

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans	**10,380**	9,924

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold*	**3,123,229**	3,027,433
Depreciation	**39,884**	35,706
Research and development costs:		
Amortisation of deferred expenditure^	**56,154**	47,440
Current year expenditure	**7,535**	8,631
	63,689	56,071
Write-down of inventories to net realisable value**	**20,285**	27,957
Foreign exchange losses, net#	**5,828**	3,876
Loss/(gain) on disposal of items of property, plant and equipment, net#	**1,654**	(129)
Impairment of trade receivables#	**8,722**	4,681
Reversal of impairment of trade receivables#	**–**	(155)
Impairment of an available-for-sale investment#	**5,439**	5,082

* Employee benefit expense of HK$325,266,000 (2016: HK$291,880,000) is included in "Cost of inventories sold" above.

** Write-down of inventories to net realisable value is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

^ The amortisation of deferred expenditure for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

These items are included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.

At 31 March 2017, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2016: Nil).

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**14,952**	16,068
Underprovision/(overprovision) in prior years	**(1,995)**	371
Current – Mainland China and other countries:		
Charge for the year	**24,104**	7,721
Deferred	**(841)**	3,852
Total tax charge for the year	**36,220**	28,012

8. DIVIDENDS

Dividend paid during the year

	2017	2016
	HK$'000	*HK$'000*
Final dividend in respect of the financial year ended 31 March 2016 – HK$0.058 per ordinary share (2016: final dividend of HK$0.045 per ordinary share, in respect of the financial year ended 31 March 2015)	**48,512**	37,527

Proposed final dividend

	2017	2016
	HK$'000	*HK$'000*
Final – HK$0.075 (2016: HK$0.058) per ordinary share	**62,732**	48,368

The proposed final dividend for the year ended 31 March 2017 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$126,449,000 (2016: HK$97,724,000) and the weighted average number of ordinary shares of 835,438,000 (2016: 833,093,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK$126,449,000 (2016: HK$97,724,000). The weighted average number of ordinary shares used in the calculation of 841,373,000 (2016: 843,642,000) is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

A reconciliation between the weighted average number of shares used in calculating the basic and diluted earnings per share is as follows:

	2017	2016
Weighted average number of ordinary shares used in calculating the basic earnings per share	**835,438,000**	833,093,000
Weighted average number of ordinary shares assumed to have been issued at nil consideration on deemed exercise of all dilutive options in issue during the year	**5,935,000**	10,549,000
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**841,373,000**	843,642,000

10. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**683,043**	780,448
Impairment	**(80,407)**	(80,328)
	602,636	700,120

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to three months. The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, 12.8% (2016: 14.7%) and 51.2% (2016: 50.4%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the payment due date and net of provisions, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current and due within 1 month	**551,522**	636,907
1 to 2 months	**14,746**	16,946
2 to 3 months	**11,119**	13,891
Over 3 months	**25,249**	32,376
	602,636	700,120

Included in the Group's provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$80,407,000 (2016: HK$80,328,000) with a carrying amount before provision of HK$83,254,000 (2016: HK$90,655,000). The individually impaired trade receivables relate to balances that were in dispute, or in the status of insolvency and reorganisation proceedings for Fagor Electrodomesticos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively the "**Fagor Group**") as detailed below.

10. TRADE RECEIVABLES *(Continued)*

On 13 November 2013, Fagor Electrodomesticos Sociedad Cooperativa, a company incorporated under the laws of Spain, submitted a petition to open formal insolvency proceedings (concurso) before the Commercial Court No. 1 of San Sebastian (Spain). The Court opened the insolvency proceedings on 19 November 2013.

FagorBrandt SAS, a company incorporated under the laws of France, was subject to reorganisation proceedings (redressement judiciaire) before the Commercial Court of Nanterre (France) since 7 November 2013. On 11 April 2014, the Commercial Court of Nanterre (France) converted the reorganisation proceedings into liquidation proceedings. On 15 April 2014, the Commercial Court of Nanterre (France) approved various bids for the assets of FagorBrandt SAS, including the bid of Cevital. During the year ended 31 March 2016, FagorBrandt SAS has completed the realisation of most of the assets to Cevital in order to raise funds for settlement to its creditors.

On 31 October 2013, Fagor Mastercook S.A., a company incorporated under the laws of Poland, submitted a petition to open formal insolvency proceedings (concurso) before the Commercial Court No. 1 of San Sebastian (Spain). The Court opened the insolvency proceedings on 19 November 2013. On 18 February 2014, the Polish Court in Wroclaw opened the secondary proceedings of Fagor Mastercook S.A. These proceedings under the EC Regulation 1346/2000 are liquidation proceedings.

Since the Fagor Group has undertaken insolvency and reorganisation proceedings and only a small portion of these receivables was expected to be recovered, impairment provision of EUR7,912,000 (2016: EUR7,121,000) (approximately HK$66,007,000 (2016: approximately HK$62,578,000)) was made against the Group's trade receivables of EUR8,123,000 (2016: EUR8,123,000) (approximately HK$67,773,000 (2016: approximately HK$71,391,000)) due from the Fagor Group as at 31 March 2017.

During the current year and up to the date of these financial statements, the insolvency and the reorganisation proceedings were still in progress. In the opinion of the Company's directors, since the relevant procedures would normally take a few years to complete with uncertain outcome, the impairment provision of EUR7,912,000 (approximately HK$66,007,000) is considered adequate for the trade receivables from the Fagor Group in aggregate of EUR8,123,000 (approximately HK$67,773,000) as at 31 March 2017.

11. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current and due within 1 month	**604,173**	548,620
1 to 2 months	**110,709**	92,017
2 to 3 months	**4,132**	3,934
Over 3 months	**10,566**	7,463
	729,580	652,034

The trade payables are non-interest-bearing and generally have payment terms ranging from one to three months.

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on Wednesday, 13 September 2017 (the "**2017 AGM**") a final dividend of 7.5 HK cents per share for the Year (the "**Proposed Final Dividend**") to be paid on Thursday, 12 October 2017 to those Shareholders whose names appear on the register of members of the Company on Wednesday, 27 September 2017.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2017 AGM

The 2017 AGM is scheduled to be held on Wednesday, 13 September 2017. For determining the entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Friday, 8 September 2017 to Wednesday, 13 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2017 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 7 September 2017.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2017 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Monday, 25 September 2017 to Wednesday, 27 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 September 2017.

ANNUAL GENERAL MEETING

It is proposed that the 2017 AGM will be held on Wednesday, 13 September 2017. Notice of the 2017 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

For the year ended 31 March 2017 ("**FY2017**"), Computime set new records in both revenue and cash balance while achieving its highest level of net profit in the last ten years. Revenue rose from HK$3.52 billion in the year ended 31 March 2016 ("**FY2016**") to HK$3.68 billion, while net profit increased from HK$97.7 million to HK$126.4 million. The Company continued its strong momentum of profitable growth over the last five years, resulting in compounded annual growth rates ("**CAGR**") of 9.9% for revenue and 42.0% for net profit respectively. The Company also generated net operating cash flow of HK$368.7 million, which helped drive our cash and cash equivalents balance to a record HK$771.9 million at end of FY2017.

Computime continues to be successful in growing our higher margin businesses, with both the Commercial and Industrial Controls ("**CIC**") and Building and Home Controls ("**BHC**") segments recording year-to-year revenue growth of 11.5% and 16.3% respectively, rising to HK$636.8 million and HK$1,492.2 million respectively, while revenue recorded by the lower margin Appliance Controls ("**APC**") segment dropped approximately 6.8% to HK$1,554.7 million.

The growth in the higher margin businesses had a significant impact on gross profit margin. Gross profit for the Year increased to HK$540.1 million, an increase of 15.8% compared to FY2016, while the Company's gross profit margin rose to 14.7% in FY2017 compared to 13.2% in FY2016. The substantial improvement in gross profit margin was a result of the better mix towards higher margin businesses, as well as our continuing strict cost controls and efficiency improvements in our operations. The Company carefully controlled factory expenditures and material costs to ensure efficient operations and improved profitability. We also continued to adopt factory automation in our manufacturing lines in order to save on labor costs and increase labor efficiency.

Total selling, distribution and administrative expenses increased from HK$333.8 million in FY2016 to HK$367.6 million, an increase of 10.1%. This increase was primarily driven by additional headcount supporting the expansion of our higher margin businesses, especially in Europe and North America. The Company's solid track record and reputation, combined with its strong client relations, have allowed it to retain key clients while expanding into new territories and improving profitability.

Computime continues to transition from a traditional manufacturer into a higher-margin technology-driven company through both increasing the value-added in its electronics manufacturing services ("**EMS**") offerings, while also expanding its own line of branded intelligent home-control products named SALUS. To generate more value-added on the manufacturing front, Computime focused on its ODM segments, investing heavily into R&D initiatives to increase the added engineering value that Computime brings to its customers. Across all of its business lines, Computime's ODM segments grew a combined 30% compared to FY2016. Concurrently, Computime continued to expand its SALUS brand, which offers smart devices such as connected thermostats, sensors, and heating and cooling control systems. During the Year, the Company continued to expand sales channels for SALUS in Europe, while invested heavily to launch new products in North America. When compared to

FY2016, sales recorded by all SALUS Europe locations experienced double digit percentage growth except the United Kingdom, which was negatively impacted by the Brexit uncertainty. Overall, the SALUS segment revenue recorded a growth of 5% in FY2017 when measured in local currencies compared to FY2016, and has achieved a five-year CAGR of 15%.

During the Year, Computime continued to develop new technologies and devices through research and development initiatives. Specifically, the Company focused on growing its capabilities in both radiated heating and underfloor heating control systems. The Company also upgraded its backend cloud service in FY2017, which allowed for a more variety and higher number of devices to be connected to a single system. Looking ahead, Computime will further develop HVAC control technologies and expand into electric heating control systems, with a focus on fault detection, RF technologies, and energy harvesting, in order to further grow its technological capabilities and develop more advanced products for the market.

Industry Analysis

The Company believes that there continues to be prime growth opportunities in the markets of EMS and connected devices. Traditional OEM has continued to slow due to increasing labor costs in China, however the ODM segment remains robust. According to Research and Markets, the EMS industry was worth US$460 billion in 2014, and expected to grow to approximately US$621 billion in 2019, recording a CAGR of 6.2%. Given the size of this market, Computime is confident that it will be able to capture more opportunities in the growing ODM segment, as the Company continues to expend efforts towards expanding its value-added technological capabilities.

The market for connected devices is also expected to grow very rapidly in the coming years, as the current market trend is shifting towards the "Internet of Things", whereby electronic controls are embedded into everyday devices, generating a wide network of interconnectivity. Increasingly advanced internet-connected devices and growing cloud capabilities have fueled advancement in this sector, with smart devices such as thermostats, sensors, and alarms becoming more prominent in the market. Computime will look to seize a larger share of this rapidly growing market through its SALUS products, as it continues to expand product sales channels throughout Europe and North America.

Computime also recognises great growth potential for the consumers market in China. As the spending power of China's growing middle class population continues to increase, the demand for foreign branded and imported premium quality-of-life products has grown tremendously. Items such as foreign branded or imported air filtration and water filtration systems have become hugely popular in China. Computime's brand distribution business looks to capture this enormous market by developing an integrated distribution platform encompassing e-commerce, digital marketing, and O2O channels, to help foreign brands to sell their products in China. The brand distribution business currently represents five foreign brands as their sole and exclusive distributor in China covering the categories of air purifiers, water filters, and baby products.

Outlook

Looking ahead to the year ending 31 March 2018 ("**FY2018**"), Computime expects the macro environment to remain challenging, particularly in China, which will face higher wages, inflation, changing regulatory requirements and currency fluctuations. Additionally, geo-political influences in the US and Europe could potentially drive significant macro-economic uncertainties as well as increase foreign currency risks. In light of these headwinds, the Company will continue to implement strategies to mitigate and minimise any potential effects, as well as be cautious in our investments plans while carefully monitoring any changes in the macro environment.

Computime will continue to focus on growing its CIC and BHC segments, while improving the profitability of the APC segment. Specifically, the Company will further expand the ODM business across all three segments as Computime further evolves from a traditional EMS manufacturer into a technology-driven solutions provider. In conjunction with expanding its higher-margin ODM businesses, Computime will also look to push growth in the SALUS segment. We are hopeful that SALUS' recent expansion into new channels and territories, as well as planned new product introductions in FY2018, will help fuel accelerated growth for this brand. And the Company will continue its relentless focus on efficiency and cost control to ensure improved profitability goes hand-in-hand with top line growth.

Computime's strong manufacturing foundation, coupled with robust engineering capabilities and a customer service focus, make it a unique, market-leading EMS provider. At the same time, the Group's SALUS division is expected to remain on track for strong growth due to the fast growing connected device market and our experience and track record in this field over the years. The brand distribution business will continue to expand the number of brands it represents. We now operate four ecommerce stores in China and expect to increase the number of ecommerce stores rapidly and roll out our O2O platform. By leveraging the Group's core capabilities in electronic controls and wireless technologies, alongside its proven track record, long heritage of successful products and a trusted brand name, Computime is confident that it can seize various opportunities arising from all three markets to continue introducing high value products and services to our partners and customers worldwide.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial and liquidity position in the Year. As at 31 March 2017, the Group maintained a balance of cash and cash equivalents of HK$771,920,000, which included cash and bank balance of HK$99,661,000 denominated in RMB. The remaining balance was mainly denominated in United States dollars ("**US dollars**") or Hong Kong dollars. Overall, the Group maintained a robust current ratio of 1.83 times.

As at 31 March 2017, total interest-bearing bank borrowings were HK$264,877,000, comprising primarily bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars, Hong Kong dollars or Euro zone currencies and the interest rates applied were primarily subject to floating rate terms.

As at 31 March 2017, total equity attributable to owners of the Company amounted to HK$1,251,181,000. The Group had a net cash balance of HK$507,043,000, representing total cash and cash equivalents less total interest-bearing bank borrowings.

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchase that are dominated in currencies other than the functional currency of the operations to which they relate. The currencies involved are primarily Euro, GBP and RMB. As at 31 March 2017, the Group had outstanding foreign currency forward contracts to sell Euro 29.6 million buy US dollars, and sell GBP 5.0 million buy US dollars. These forward contracts were entered into for hedging purposes. The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimise the relevant exposures.

Capital Expenditure and Commitments

During the Year, the Group incurred total capital expenditures of approximately HK$126,108,000 for additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 31 March 2017, the Group had capital commitments contracted but not provided for the amount of HK$513,000, mainly for the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 March 2017, the Group did not have any significant contingent liabilities.

Charges on Assets

As at 31 March 2017, no bank deposits and other assets have been pledged to secure the Group's banking facilities.

Employee Information

As at 31 March 2017, the Group had a total of approximately 6,400 full-time employees. Total staff costs for the Year amounted to HK$482,455,000. Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees. The Company currently has a share option scheme (which was adopted on 14 September 2016 due to the expiry of the old share option scheme on 15 September 2016) under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole. Up to the date of this announcement, 34,726,000 share options remained outstanding under the share option schemes.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders as a whole. In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Year.

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

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely, Mr. Luk Koon Hoo (Chairman of the Audit Committee), Mr. Patrick Thomas Siewert and Mr. Cheung Ching Leung, David, and two non-executive directors of the Company, namely, Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amratlal Patel, has reviewed the consolidated financial statements of the Group for the Year and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal control and financial reporting matters.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2017 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year, containing the information required by the Listing Rules, will be despatched to the Shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited (*www.hkexnews.hk*) and the Company (*www.computime.com*) in due course.

APPRECIATION

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

By Order of the Board
Computime Group Limited
Auyang Ho
Chairman

Hong Kong, 28 June 2017

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

Executive directors
Mr. Auyang Ho *(Chairman)*
Dr. Owyang King *(Chief Executive Officer)*
Mr. Au Hing Lun, Dennis *(Deputy Chief Executive Officer)*

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

Independent non-executive directors
Mr. Luk Koon Hoo
Mr. Patrick Thomas Siewert
Mr. Cheung Ching Leung, David

* *For identification purposes only*