



**COMPUTIME  
GROUP LIMITED**  
金寶通集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 320)

# Interim Report 2010/2011



\* For identification purposes only

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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Auyang Ho (*Chairman*)  
Dr. Owyang King (*Chief Executive Officer*)  
Ms. Choi Po Yee, Alice

## NON-EXECUTIVE DIRECTORS

Mr. Kam Chi Chiu, Anthony  
Mr. Arvind Amratlal Patel  
Mr. Wong Chun Kong

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Koon Hoo  
Mr. Patrick Thomas Siewert  
Mr. Steven Julien Feniger

## AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Auyang Ho  
Ms. Choi Po Yee, Alice

## EXECUTIVE COMMITTEE

Mr. Auyang Ho (*Chairman*)  
Dr. Owyang King  
Ms. Choi Po Yee, Alice

## AUDIT COMMITTEE

Mr. Luk Koon Hoo (*Chairman*)  
Mr. Patrick Thomas Siewert  
Mr. Steven Julien Feniger  
Mr. Kam Chi Chiu, Anthony  
Mr. Arvind Amratlal Patel

## REMUNERATION COMMITTEE

Mr. Auyang Ho (*Chairman*)  
Mr. Luk Koon Hoo  
Mr. Patrick Thomas Siewert  
Mr. Steven Julien Feniger

## NOMINATION COMMITTEE

Mr. Auyang Ho (*Chairman*)  
Mr. Luk Koon Hoo  
Mr. Patrick Thomas Siewert

## COMPANY SECRETARY

Ms. Soon Yuk Tai

## INVESTOR RELATIONS

17th Floor, Great Eagle Centre,  
23 Harbour Road,  
Wanchai, Hong Kong  
Email: [ir@computime.com](mailto:ir@computime.com)

## STOCK CODE

320

## REGISTERED OFFICE

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

17th Floor, Great Eagle Centre,  
23 Harbour Road,  
Wanchai, Hong Kong  
Tel: (852) 2260 0300  
Fax: (852) 2790 3996

## WEBSITE

[www.computime.com](http://www.computime.com)

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House,  
68 Fort Street,  
P.O. Box 609,  
Grand Cayman KY1-1107,  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

## AUDITORS

Ernst & Young

## LEGAL ADVISOR

Richards Butler in Association with  
Reed Smith LLP

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
BNP Paribas Hong Kong Branch  
Industrial and Commercial Bank of China (Asia) Limited  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

# CONDENSED CONSOLIDATED INCOME STATEMENT

30 September 2010

The board of directors (the "Board") of Computime Group Limited (the "Company") is pleased to present the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010 (the "Period") together with the comparative figures for the six months ended 30 September 2009.

	Notes	For the six months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>REVENUE</b>	3, 4	<b>1,232,319</b>	1,089,617
Cost of sales		<b>(1,099,324)</b>	(968,871)
<b>GROSS PROFIT</b>		<b>132,995</b>	120,746
Other income and gains		6,242	5,676
Selling and distribution costs		(37,429)	(33,805)
Administrative expenses		(81,323)	(77,653)
Other operating income/(expenses), net		(1,138)	7,998
Finance costs	5	(1,684)	(1,878)
Share of profits/(losses) of associates		(2,569)	666
Share of loss of a jointly-controlled entity		–	(240)
<b>PROFIT BEFORE TAX</b>	6	<b>15,094</b>	21,510
Tax	7	<b>8,283</b>	(3,252)
<b>PROFIT FOR THE PERIOD</b>		<b>23,377</b>	18,258
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>23,387</b>	18,263
Minority interests		<b>(10)</b>	(5)
		<b>23,377</b>	18,258
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic		<b>2.82 HK cents</b>	2.20 HK cents
Diluted		<b>N/A</b>	N/A

Details of the dividends for the period are disclosed in note 8 to the interim condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 September 2010

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>23,377</b>	18,258
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		
Exchange differences on translation of foreign operations	5,212	(119)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>28,589</b>	18,139
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	28,599	18,144
Minority interests	(10)	(5)
	<b>28,589</b>	18,139

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	Notes	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	136,207	144,105
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		47,953	46,614
Interests in associates		2,288	6,154
Deferred tax asset		100	500
<b>Total non-current assets</b>		<b>223,673</b>	<b>234,498</b>
<b>CURRENT ASSETS</b>			
Inventories		576,115	468,528
Trade receivables	11	459,060	382,566
Prepayments, deposits and other receivables		33,675	41,212
Amounts due from associates		824	–
Tax recoverable		961	904
Cash and cash equivalents		593,775	614,407
<b>Total current assets</b>		<b>1,664,410</b>	<b>1,507,617</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	472,343	448,190
Other payables and accrued liabilities		145,045	135,081
Interest-bearing bank and other borrowings		248,730	159,111
Amounts due to associates		–	1,555
Amounts due to minority shareholders		160	160
Dividend payable		14,940	–
Tax payable		7,595	8,657
<b>Total current liabilities</b>		<b>888,813</b>	<b>752,754</b>
<b>NET CURRENT ASSETS</b>		<b>775,597</b>	<b>754,863</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>999,270</b>	<b>989,361</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	14,004	18,672
Deferred tax liabilities	7,629	7,629
Total non-current liabilities	21,633	26,301
Net assets	977,637	963,060
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	83,000	83,000
Reserves	893,793	879,206
Minority interests	976,793 844	962,206 854
Total equity	977,637	963,060

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2010

	Attributable to equity holders of the Company								
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2010 (audited)	83,000	386,419	1,879	1,418	23,280	466,210	962,206	854	963,060
Total comprehensive income	-	-	-	-	5,212	23,387	28,599	(10)	28,589
Equity-settled share option arrangement	-	-	-	928	-	-	928	-	928
Final 2010 dividend declared	-	-	-	-	-	(14,940)	(14,940)	-	(14,940)
At 30 September 2010 (unaudited)	83,000	386,419	1,879	2,346	28,492	474,657	976,793	844	977,637

	Attributable to equity holders of the Company								
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2009 (audited)	83,000	386,419	1,879	1,308	20,690	439,656	932,952	866	933,818
Total comprehensive income	-	-	-	-	(119)	18,263	18,144	(5)	18,139
Equity-settled share option arrangement	-	-	-	101	-	-	101	-	101
Final 2009 dividend paid	-	-	-	-	-	(8,300)	(8,300)	-	(8,300)
At 30 September 2009 (unaudited)	83,000	386,419	1,879	1,409	20,571	449,619	942,897	861	943,758



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

30 September 2010

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(76,634)	67,015
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(28,986)	(28,073)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	83,266	(20,818)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(22,354)	18,124
Cash and cash equivalents at beginning of period	614,407	569,292
Effect of foreign exchange rate changes, net	1,722	755
CASH AND CASH EQUIVALENTS AT END OF PERIOD	593,775	588,171
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	235,650	371,950
Non-pledged time deposits with original maturity of less than three months when acquired	358,125	216,221
	593,775	588,171

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 1. CORPORATE INFORMATION

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

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

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

## 2.1 BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Save for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which include HKASs and Interpretations, during the Period as set out in note 2.2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2010.

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's consolidated interim financial statements:

HKFRS 1 (Revised)	<i>First-time Adoption of HKFRSs</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs – The Additional Exceptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

Other than as further explained below regarding the impact of HKFRS 3 (Revised) and HKAS 27 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these consolidated interim financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) **HKFRS 3 (Revised) *Business Combinations***  
HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. As the Group has not undertaken such transactions during the six months ended 30 September 2010, the adoption of the revised standard has no financial impact on the Group.
- (b) **HKAS 27 (Revised) *Consolidated and Separate Financial Statements***  
HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. As the Group has not undertaken such transactions during the six months ended 30 September 2010, the adoption of the revised standard has no financial impact on the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adoption</i> <sup>1</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfer of Financial Assets</i> <sup>3</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKAS 24 (Revised)	<i>Related Party Disclosures</i> <sup>2</sup>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i> <sup>2</sup>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> <sup>1</sup>

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out a collection of amendments to HKFRSs in response to the International Accounting Standards Board's annual improvements project. The amendments to HKFRS 3 (Revised) are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1 (Revised), HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

## 3. REVENUE

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments. Segment information regarding the Group's revenue, profit and assets is presented below:

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	471,871	512,806	587,021	422,101	173,427	154,710	1,232,319	1,089,617
<b>Segment results</b>	<b>4,759</b>	<b>7,602</b>	<b>10,085</b>	<b>7,322</b>	<b>20,010</b>	<b>16,858</b>	<b>34,854</b>	<b>31,782</b>
Bank interest income							1,069	532
Other income and gains (excluding bank interest income)							5,173	4,890
Corporate and other unallocated expenses							(21,749)	(14,496)
Finance costs							(1,684)	(1,878)
Gain on disposal of a jointly-controlled entity	-	254	-	-	-	-	-	254
Share of profits / (losses) of associates	(2,569)	666	-	-	-	-	(2,569)	666
Share of loss of a jointly-controlled entity	-	(240)	-	-	-	-	-	(240)
Profit before tax							15,094	21,510
Tax							8,283	(3,252)
Profit for the period							23,377	18,258

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Segment assets	357,447	357,084	534,833	413,103	93,233	58,493	985,513	828,680
Corporate and other unallocated assets							902,570	913,435
Total assets							1,888,083	1,742,115

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 5. FINANCE COSTS

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	1,681	1,821
Finance leases	3	57
	<hr/>	<hr/>
	1,684	1,878

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Cost of inventories sold	1,090,169	961,798
Depreciation	18,003	20,742
Amortization of intangible assets#	19,974	16,660
Provision against inventories	9,155	7,073
Bank interest income	(1,069)	(532)

# Included in "Administrative expenses" on the face of the condensed consolidated income statement.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Under the Corporate Income Tax Law (the “New CIT Tax Law”) of the People’s Republic of China, which became effective from 1 January 2008, enterprises are subject to corporate income tax at a rate of 25%. Under the New CIT Tax Law, for those enterprises benefiting from lower preferential tax rates, such preferential rates will be gradually phased out by increasing them over five years.

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the year	2,000	1,452
Over-provision in prior years	(13,241)	–
Current – Mainland China and other regions	2,558	1,400
Deferred	400	400
<b>Total tax charge/(credit) for the Period</b>	<b>(8,283)</b>	<b>3,252</b>

No share of tax attributable to associates/a jointly-controlled entity (2009: Nil) is included in “Share of profits / (losses) of associates” or “Share of loss of a jointly-controlled entity” in the condensed consolidated income statement.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

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

The calculation of basic earnings per share is based on the profit for the Period attributable to equity holders of the Company of HK\$23,387,000 (six months ended 30 September 2009: HK\$18,263,000) and the weighted average of 830,000,000 (six months ended 30 September 2009: 830,000,000) ordinary shares in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2010 and 2009 in respect of dilution as the exercise price of the share options of the Company outstanding during the two periods is higher than the average market price of the Company’s ordinary shares and accordingly, they have no dilutive effect on the basic earnings per share.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 10. MAJOR ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group purchased property, plant and equipment amounting to approximately HK\$9,000,000 (six months ended 30 September 2009: HK\$11,420,000).

## 11. TRADE RECEIVABLES

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.

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within 1 month	434,126	353,712
1 to 2 months	14,207	23,302
2 to 3 months	7,567	2,283
Over 3 months	3,160	3,269
	<hr/>	<hr/>
	459,060	382,566

Included in the Group's trade receivables as at 30 September 2010 were amounts due from the Group's associates, of HK\$12,649,000 (31 March 2010: HK\$3,366,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

## 12. TRADE AND BILLS PAYABLES

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within 1 month	403,445	431,131
1 to 2 months	52,310	6,823
2 to 3 months	3,128	1,964
Over 3 months	13,460	8,272
	<hr/>	<hr/>
	472,343	448,190

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



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 13. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 15 September 2006 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Details of the Scheme are set out in the Company's annual report for the year ended 31 March 2010 (note 30 to the financial statements).

Details and movements of the share options granted under the Scheme for the six months ended 30 September 2010 are as follows:

Category of participants	Number of share options					As at 30 September 2010	Date of grant of share options <sup>(1)</sup>	Exercise period of share options	Exercise price per share
	As at 1 April 2010	Granted during the Period <sup>(2)</sup>	Exercised during the Period	Cancelled during the Period	Lapsed during the Period				
Senior management and other employees in aggregate	802,000	—	—	—	(60,000)	742,000	27 September 2007	From 31 August 2008 to 30 August 2017	HK\$1.75
	802,000	—	—	—	(60,000)	742,000	27 September 2007	From 31 August 2009 to 30 August 2017	HK\$1.75
	802,000	—	—	—	(60,000)	742,000	27 September 2007	From 31 August 2010 to 30 August 2017	HK\$1.75
	2,406,000	—	—	—	(180,000)	2,226,000			
<b>Director</b>									
Dr. Ouyang King	—	2,400,000	—	—	—	2,400,000	30 April 2010	From 30 April 2011 to 29 April 2020	HK\$1.05
	—	2,400,000	—	—	—	2,400,000	30 April 2010	From 30 April 2012 to 29 April 2020	HK\$1.05
	—	3,200,000	—	—	—	3,200,000	30 April 2010	From 30 April 2013 to 29 April 2020	HK\$1.05
	—	8,000,000	—	—	—	8,000,000			
<b>Total</b>	<b>2,406,000</b>	<b>8,000,000</b>	<b>—</b>	<b>—</b>	<b>(180,000)</b>	<b>10,226,000</b>			

Notes:

1. *The vesting period of the share options is from the date of grant until the commencement of the exercise period.*
2. *8,000,000 share options were granted to a director of the Company under the Scheme on 30 April 2010. The closing price of the shares of the Company immediately before such date of grant was HK\$0.98.*

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 13. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during the Period was approximately HK\$4,171,000 (2009: Nil). The fair value of the share options granted during the Period was estimated using a trinomial model, taking into account the terms and conditions upon which the options were granted, and is subject to a number of assumptions and limitation of the model. The following table lists certain inputs to the model used.

Exercise price (HK\$)	1.05
Expected volatility(%)	55.69
Expected option life (years)	10.00
Risk-free interest rate (%)	2.88
Share price at the date of grant (HK\$)	1.05
Expected dividend yield (%)	2.68

The expected life of the option is based on the contractual life and is not necessarily indicative of the exercise patterns that may occur. The expected volatility or expected dividend yield reflects the assumption that the historical volatility or dividend yield is indicative of future trends, which may not necessarily be the actual outcome.

## 14. COMMITMENTS

As at 30 September 2010, the Group had commitments contracted but not provided for mainly in respect of the acquisition of property, plant and equipment of HK\$1,891,000 (31 March 2010: HK\$2,184,000).

## 15. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following significant transactions with related parties during the Period:

### (a) Transactions with related parties

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Associates		
Sales of finished goods	32,324	22,962
A related company in which certain beneficial shareholders and directors of the Company have beneficial interests		
Sales of finished goods	—	7,511

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

## 15. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Short term employee benefits	10,229	10,515
Post-employment benefits	38	67
Equity-settled share option expenses	977	41
	<hr/>	<hr/>
	11,244	10,623

## 16. COMPARATIVE INFORMATION

Certain comparative amounts have been revised to conform with current period's presentation.

## 17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issuance by the Board on 29 November 2010.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group's turnover for the six months ended 30 September 2010 (the "Period") amounted to HK\$1,232,319,000, increasing by approximately 13.1% over the same period last year. The consolidated net profit attributable to equity holders of the Company was HK\$23,387,000 for the Period compared to HK\$18,263,000 for the six months period ended 30 September 2009. Basic earnings per share for the Period amounted to 2.82 HK cents, compared to 2.20 HK cents in the same period last year.

## FINANCIAL HIGHLIGHTS

### Turnover

Turnover of the Group amounted to HK\$1,232,319,000 for the Period, representing an increase of 13.1% from the same period last year. The increase in turnover was mainly in line with the recovery of major economies around the world and improvement in the overall business environment compared to last year. Accordingly, sales to the Group's major markets, including the Americas and Europe, recorded increases in turnover by 4.4% and 31.9% during the Period, respectively.

### Profitability and Margin

Consolidated net profit attributable to equity holders of the Company increased from HK\$18,263,000 for the six months ended 30 September 2009 to HK\$23,387,000 for the Period, representing an increase of 28.1%. The operating environment during the Period presented serious challenges for manufacturers. Raw material prices continued to rise and delivery lead times were extended due to supply shortages worsening as market demand began to recover. Production cost and overhead cost increased due to inflation in Mainland China, appreciation of the Renminbi ("RMB") and increases in labour cost resulting from both labour shortages and the rise of statutory minimum wages in Mainland China. These negatives were only partially offset by increased business volume, the Group's continuation of stringent cost controls and improvements in operational efficiency. Consequently, gross profit margin decreased by 0.3% to 10.8% for the Period. Total operating expenses increased to HK\$121,574,000 from HK\$105,338,000 for the same period last year which was mostly in line with the change in turnover after considering the effect of less favourable exchange gains and increases in the amortization of deferred expenditures resulting from new product launches. The Group recorded a net income tax credit of HK\$8,283,000 during the Period primarily arising from an adjustment of HK\$13,241,000 in previous years' income taxes.

## BUSINESS REVIEW

### Building and Home Controls Business

Sales in the Building and Home Controls business amounted to HK\$471,871,000 during the Period, accounting for approximately 38.3% of the Group's turnover. Sales in this business segment decreased by 8.0% from the prior period mainly due to the soft US housing market resulting in a drop in demand for customer products and deferred sales of certain relatively high margin products. Segment results for the Period decreased with business margin decreasing to approximately 1.0% compared with 1.5% for the same period last year. The decrease mainly resulted from increasing raw material prices and deferred sales of certain relatively high margin products due to the shortage of raw material supplies, appreciation of the RMB and increased labour costs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Appliance Controls Business

Sales in the Appliance Controls business grew by 39.1% to HK\$587,021,000 during the Period, representing 47.6% of the Group's turnover. The increase was mainly due to the higher sales of controllers to certain appliance customers in both the American and European markets as these customers continued restocking, as well as the successful launch of several new products. The business segment's margin maintained fairly stable at 1.7% for the Period and which was primarily due to continuous efforts in enhancing factory productivity and efficiency brought by increased segment sales.

### Commercial and Industrial Controls Business

Commercial and Industrial Controls business segment sales of HK\$173,427,000 were recorded during the Period, representing an increase of approximately 12.1% compared to the same period last year. The increase was mainly attributable to increased demand and the successful launch of certain new products with better margin. This resulted in the improvement in segment margin to 11.5% compared with 10.9% for the same period last year.

## OUTLOOK

The global economy has become more stable and has continued to show signs of recovery. Nevertheless, the operating environment for manufacturing sectors remains challenging. Global raw material shortages due to capacity cutting by major suppliers during the downturn have not abated. Moreover, keen competition in the electronic manufacturing service industry business will continue to constrain pricing and margin improvement in the coming months.

The Group will continue to commercialize its sophisticated technology platforms, improve operating efficiency and productivity, and focus on high margin orders. The Group will carefully manage its product price adjustments to pass along increased cost as much as competitive pressures will allow. The Group is proceeding with plans to expand into the growing market in Mainland China to drive its business growth in the coming years.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a sound financial and liquidity position in the Period. As at 30 September 2010, the Group maintained a balance of cash and cash equivalents of HK\$593,775,000, the majority of which were denominated either in US dollars or Hong Kong dollars with HK\$161,966,000 denominated in RMB. The Group's current ratio remains strong at 1.9 times.

As at 30 September 2010, total interest-bearing bank and other borrowings were HK\$262,734,000, comprised primarily of bank loans and overdrafts totaling HK\$262,709,000 and finance leases payable of HK\$25,000. Of the total HK\$248,730,000 will be repayable within one year and HK\$14,004,000 will be repayable after one year. The majority of these borrowings were denominated either in US dollars or Hong Kong dollars and the interest rates applied were primarily subject to floating rate terms. The decrease in net cash balances of HK\$105,583,000 was mainly due to an increase in average inventory balances to mitigate material shortages in the supply chain. Other payables and accrued liabilities increased from HK\$135,081,000 at 31 March 2010 to HK\$145,045,000 at 30 September 2010, mainly due to increases in deposits received from customers, accrued commissions payable and accrued wages, which were in line with the increase in turnover and related payment patterns.

At 30 September 2010, total equity attributable to equity holders of the Company amounted to HK\$976,793,000. The Group had a net cash balance of HK\$331,041,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings such that no gearing ratio applies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## TREASURY POLICIES

The majority of the Group's sales and purchases are denominated in US dollars and Hong Kong dollars with Euro zone currencies comprising a lesser extent. Due to the fact that the Hong Kong dollar is pegged to the US dollar, the Group's exposure to this foreign exchange risk is low. Certain production and operating overhead of the Group's production facilities in Mainland China are denominated in RMB. At 30 September 2010, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group will closely monitor its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimize the relevant exposures when necessary.

## CAPITAL EXPENDITURE AND COMMITMENTS

During the Period, the Group incurred total capital expenditures of approximately HK\$30,313,000 for the additions to property, plant and equipment as well as for deferred expenditure for the development of new products.

At 30 September 2010, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment, of HK\$1,891,000.

## CONTINGENT LIABILITIES

A subsidiary of the Company is involved in a dispute with a third party, who is alleging that the subsidiary has infringed on a patent and is seeking value as damages of EURO750,000 (equivalent to approximately HK\$7,965,000). The decision of the relevant district court dated 22 December 2009 was favorable to the subsidiary and the third party has appealed the decision to the relevant higher regional court. Taking into consideration of the advice from the Group's lawyer, the directors believe the subsidiary has valid defenses against the claim and therefore no provision was made as at 30 September 2010. In addition, the subsidiary has initiated legal action against the validity of the patent held by that third party ("Nullity Action") in October 2009 and the directors consider that it is premature to estimate the outcome of the Nullity Action.

## CHARGES ON ASSETS

As at 30 September 2010, no bank deposit and other assets had been pledged to secure the Group's banking facilities.

## EMPLOYEE INFORMATION

As at 30 September 2010, the Group had a total of approximately 4,400 full-time employees. Total staff costs for the Period amounted to HK\$109,423,000. 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 has also adopted a share option scheme under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Up to the date of this report, 10,226,000 share options remained outstanding under such share option scheme.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the Company's issue of new shares (including shares issued on the exercise of over-allotment option) for listing on the Stock Exchange in October 2006, after deduction of related expenses, amounted to approximately HK\$469,419,000. The Group intends to apply the net proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 25 September 2006. As at 30 September 2010, approximately HK\$106,250,000 were utilized for strategic business combination and acquisitions, approximately HK\$20,950,000 for the expansion of the distribution network, approximately HK\$44,176,000 for the repayment of bank borrowings and approximately HK\$44,176,000 for general corporate purposes, and the remaining balance of the net proceeds was placed in certain financial institutions and licensed banks in Hong Kong as short-term deposits.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

### 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 Period.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the Period, except for the deviation from the code provision A.2.1 of the CG Code as explained below.

The code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Auyang Ho, the Chairman of the Board, has taken up the office of Acting Chief Executive Officer of the Company upon the resignation of Mr. Auyang Pak Hong, Bernard, the then Chief Executive Officer of the Company, with effect from 1 November 2009. Subsequently on 30 April 2010, the Company appointed Dr. Owyang King as an executive director and the Chief Executive Officer of the Company and by then, the Company has duly complied with the said code provision A.2.1.

### CODE OF CONDUCT FOR DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price-sensitive information relating to the Company or its securities) (the "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Company's directors, all the directors confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the Period.

In addition, no incident of non-compliance of the Own Code by the employees of the Group was noted by the Company throughout the Period.



## OTHER INFORMATION

### AUDIT COMMITTEE

The Audit Committee of the Company, which comprises three independent non-executive directors of the Company, namely, Mr. Luk Koon Hoo (Chairman of the Audit Committee), Mr. Patrick Thomas Siewert and Mr. Steven Julien Feniger, and two non-executive directors of the Company, namely, Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amratlal Patel, has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

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

### SHARE OPTION SCHEME

Details of the share option scheme of the Company are disclosed in note 13 to the interim condensed consolidated financial statements.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2010, the interests of the directors of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (1) Long position in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Mr. Auyang Ho	Interest of a controlled corporation	352,500,000 (Note)	42.46%

Note: These shares were beneficially owned by Solar Power Group Limited ("SPGL"). SPGL is a company incorporated in the British Virgin Islands with limited liability and owned as to 67.66% by Mr. Auyang Ho.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2010.

#### (2) Long position in the underlying shares of the Company – physically settled unlisted equity derivatives

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate percentage* of the Company's issued share capital
Dr. Owyang King	Beneficial owner	8,000,000	0.96%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in note 13 to the interim condensed consolidated financial statements.

\* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2010.

Save as disclosed above, as at 30 September 2010, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2010, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

#### Long position in the shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
SPGL	Beneficial owner	352,500,000 (Note 1)	42.46%
Ms. Tse Shuk Ming	Interest of spouse	352,500,000 (Note 2)	42.46%
Crystalplaza Limited	Beneficial owner	133,500,000 (Note 3)	16.09%
Little Venice Limited	Beneficial owner	76,704,000 (Note 3)	9.24%
Ms. Leung Yee Li, Lana	Interest of controlled corporations	210,204,000 (Note 3)	25.33%
Mr. Heung Lap Chi, Eugene	Interest of spouse	210,204,000 (Note 4)	25.33%
Martin Currie (Holdings) Limited	Interest of controlled corporations	51,296,000 (Note 5)	6.18%
Platinum Investment Management Limited	Investment manager	44,862,000	5.41%

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Notes:

1. The interest of SPGL is also disclosed as the interest of Mr. Auyang Ho in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".
  2. Ms. Tse Shuk Ming was deemed to be interested in 352,500,000 shares of the Company through the interest of her spouse, Mr. Auyang Ho.
  3. These shares were owned by Crystalplaza Limited (as to 133,500,000 shares) and Little Venice Limited (as to 76,704,000 shares), both companies were wholly-owned by Ms. Leung Yee Li, Lana.
  4. Mr. Heung Lap Chi, Eugene was deemed to be interested in 210,204,000 shares of the Company through the interest of his spouse, Ms. Leung Yee Li, Lana.
  5. These shares were held by Martin Currie Inc. (as to 22,098,000 shares) and Martin Currie Investment Management (as to 29,198,000 shares), both were controlled corporations of Martin Currie Ltd., which in turn was a controlled corporation of Martin Currie (Holdings) Limited.
- \* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2010.*

Save as disclosed above, as at 30 September 2010, no person, other than the director of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of directors of the Company are set out as follows:

- (A) Mr. Luk Koon Hoo**, an Independent Non-executive Director of the Company, has ceased to be an independent non-executive director of Wheelock Properties Limited (a company delisted on the Stock Exchange on 22 July 2010) and has been appointed as an independent non-executive director of i-Cable Communications Limited (a company listed on the Stock Exchange) with effect from 16 September 2010.
- (B) Mr. Patrick Thomas Siewert**, an Independent Non-executive Director of the Company, has adopted "施維德" as his Chinese name. In addition, Mr. Siewert has been appointed as a non-executive director of C.P. Pokphand Co. Ltd. (a company listed on the Stock Exchange) with effect from 9 August 2010.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## OTHER INFORMATION

### APPRECIATION

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

By Order of the Board  
**Computime Group Limited**  
**Auyang Ho**  
*Chairman*

Hong Kong, 29 November 2010