



**COMPUTIME
GROUP LIMITED**
金寶通集團有限公司

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

* For identification purposes only

INTERIM REPORT
2014/2015
ENTERPRISE CLASS
PRODUCT REALIZATION SOLUTIONS

Relentless Pursuit of Excellence



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CORPORATE INFORMATION

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

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Auyang Ho
Dr. Owyang King

EXECUTIVE COMMITTEE

Mr. Auyang Ho (*Chairman*)
Dr. Owyang King
Mr. Au Hing Lun, Dennis

AUDIT COMMITTEE

Mr. Luk Koon Hoo (*Chairman*)
Mr. Patrick Thomas Siewert
Mr. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Cheung Ching Leung, David

REMUNERATION COMMITTEE

Mr. Patrick Thomas Siewert (*Chairman*)
Mr. Auyang Ho
Mr. Luk Koon Hoo
Mr. Cheung Ching Leung, David

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Soon Yuk Tai

INVESTOR RELATIONS

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Ernst & Young

LEGAL ADVISOR

Reed Smith Richards Butler

PRINCIPAL BANKERS

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

STOCK CODE

320

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2014

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 2014 (the "Period") together with the comparative figures for the six months ended 30 September 2013.

	Notes	For the six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
REVENUE			
Cost of sales	3, 4	1,470,003 (1,309,334)	1,306,842 (1,180,785)
Gross profit		160,669	126,057
Other income		5,792	5,714
Selling and distribution expenses		(37,851)	(35,901)
Administrative expenses		(93,713)	(80,244)
Other operating expenses, net		(9,179)	(40,492)
Finance costs	5	(3,750)	(3,056)
Share of profits of associates		1,580	689
PROFIT/(LOSS) BEFORE TAX	6	23,548	(27,233)
Income tax expense	7	(5,245)	(4,862)
PROFIT/(LOSS) FOR THE PERIOD		18,303	(32,095)
ATTRIBUTABLE TO:			
Owners of the Company		18,305	(32,094)
Non-controlling interests		(2)	(1)
		18,303	(32,095)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	9	2.2 HK cents	(3.9) HK cents
Diluted		2.2 HK cents	(3.9) HK cents

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

Six months ended 30 September 2014

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	18,303	(32,095)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(5,267)	5,098
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	13,036	(26,997)
ATTRIBUTABLE TO:		
Owners of the Company	13,038	(26,996)
Non-controlling interests	(2)	(1)
	13,036	(26,997)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2014

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	123,980	109,719
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		55,374	47,681
Interests in associates		4,296	2,717
Available-for-sale investment		7,750	7,750
Prepayments and deposits		2,577	7,213
Total non-current assets		231,102	212,205
CURRENT ASSETS			
Inventories		694,842	614,687
Trade receivables	11	553,727	560,681
Prepayments, deposits and other receivables		50,017	48,094
Tax recoverable		2,608	2,281
Cash and cash equivalents		632,227	590,907
Total current assets		1,933,421	1,816,650
CURRENT LIABILITIES			
Trade and bills payables	12	655,739	525,291
Other payables and accrued liabilities		96,711	92,001
Interest-bearing bank borrowings		306,749	320,618
Amount due to an associate		-	4
Amounts due to non-controlling shareholders		160	160
Dividend payable		16,600	-
Tax payable		6,217	5,570
Total current liabilities		1,082,176	943,644
NET CURRENT ASSETS		851,245	873,006
TOTAL ASSETS LESS CURRENT LIABILITIES (to be continued)		1,082,347	1,085,211

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 September 2014

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES (continued)	1,082,347	1,085,211
NON-CURRENT LIABILITIES		
Deferred tax liabilities	7,565	7,565
Net assets	1,074,782	1,077,646
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,000	83,000
Reserves	990,975	993,837
	1,073,975	1,076,837
Non-controlling interests	807	809
Total equity	1,074,782	1,077,646

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2014

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014 (audited)	83,000	386,419	1,879	8,093	46,235	551,211	1,076,837	809	1,077,646
Profit for the period	-	-	-	-	-	18,305	18,305	(2)	18,303
Other comprehensive expense for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(5,267)	-	(5,267)	-	(5,267)
Total comprehensive income for the period	-	-	-	-	(5,267)	18,305	13,038	(2)	13,036
Equity-settled share option arrangements	-	-	-	700	-	-	700	-	700
Final 2014 dividend declared	-	-	-	-	-	(16,600)	(16,600)	-	(16,600)
At 30 September 2014 (unaudited)	83,000	386,419	1,879	8,793	40,968	552,916	1,073,975	807	1,074,782
At 1 April 2013 (audited)	83,000	386,419	1,879	7,424	46,912	532,166	1,057,800	821	1,058,621
Loss for the period	-	-	-	-	-	(32,094)	(32,094)	(1)	(32,095)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	5,098	-	5,098	-	5,098
Total comprehensive expense for the period	-	-	-	-	5,098	(32,094)	(26,996)	(1)	(26,997)
Equity-settled share option arrangements	-	-	-	498	-	-	498	-	498
Final 2013 dividend declared	-	-	-	-	-	(14,940)	(14,940)	-	(14,940)
At 30 September 2013 (unaudited)	83,000	386,419	1,879	7,922	52,010	485,132	1,016,362	820	1,017,182

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2014

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	105,532	96,897
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(46,742)	(28,118)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(17,471)	(8,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,319	59,994
Cash and cash equivalents at beginning of period	590,907	516,063
Effect of foreign exchange rate changes, net	1	1,352
CASH AND CASH EQUIVALENTS AT END OF PERIOD	632,227	577,409
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	436,341	379,525
Time deposits with original maturity of less than three months when acquired	195,886	197,884
	632,227	577,409

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

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 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.

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

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2014 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 2014.

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 period's interim condensed consolidated financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

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.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. 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/(loss), which is a measure of adjusted profit/(loss) before tax.

	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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	409,165	336,336	769,714	733,051	291,124	237,455	1,470,003	1,306,842
Segment results	37,867	22,480	200	(37,072)	20,122	6,274	58,189	(8,318)
Bank interest income							3,247	2,766
Other income (excluding bank interest income)							2,545	2,948
Corporate and other unallocated expenses							(38,263)	(22,262)
Finance costs							(3,750)	(3,056)
Share of profits of associates	1,580	689	-	-	-	-	1,580	689
Profit/(loss) before tax							23,548	(27,233)
Income tax expense							(5,245)	(4,862)
Profit/(loss) for the Period							18,303	(32,095)

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
	Segment assets	452,154	453,827	615,906	570,580	129,930	148,671	1,197,990
Interests in associates	4,296	2,717	-	-	-	-	4,296	2,717
Corporate and other unallocated assets							962,237	853,060
Total assets							2,164,523	2,028,855

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

5. FINANCE COSTS

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	3,750	3,056

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cost of inventories sold	1,294,907	1,176,311
Depreciation	16,882	17,360
Amortisation of intangible assets [#]	16,299	13,965
Write-down of inventories to net realisable value ^{##}	14,427	4,474
Bank interest income	(3,247)	(2,766)
Foreign exchange differences, net ^{###}	4,405	(7,251)
Impairment of trade and other receivables ^{###}	5,250	48,237

[#] The amortisation of intangible assets for the Period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

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

^{###} Foreign exchange differences, net and impairment of trade and other receivables are included in "Other operating expenses, net" on the face of the condensed consolidated statement of profit or loss.

Included in other operating expenses, net for the Period is the impairment of other receivable of HK\$2,500,000 (six months ended 30 September 2013: Nil) relating to an advance to an investee classified as available-for-sale investment.

Included in other operating expenses, net for the period ended 30 September 2013 is the impairment of trade receivables of HK\$48,237,000 relating to the trade receivables from Fagor Electrodomecicos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively, the "Fagor Group"). Details are disclosed in the Company's interim report for the six months ended 30 September 2013 (note 5 to the financial statements).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 entities operate.

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current – Hong Kong	1,188	86
Current – Mainland China and other countries	4,057	4,883
Deferred	–	(107)
Total tax charge for the Period	5,245	4,862

No share of tax attributable to associates (2013: Nil) is included in "Share of profits of associates" in the condensed consolidated statement of profit or loss.

8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2014 is recommended (2013: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the profit for the Period attributable to owners of the Company of HK\$18,305,000 (six months ended 30 September 2013: loss of HK\$32,094,000) and 830,000,000 ordinary shares in issue (six months ended 30 September 2013: 830,000,000 ordinary shares) during the Period.

For the six months ended 30 September 2014, the calculation of diluted earnings per share is based on the profit for the Period attributable to equity holders of the Company of HK\$18,305,000 and 832,039,318 ordinary shares, being the weighted average number of ordinary shares in issue during the Period, adjusted for the effects of the potentially dilutive ordinary shares outstanding during the Period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(continued)

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

	30 September 2014
Weighted average number of ordinary shares used in calculating the basic earnings per share	830,000,000
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 Period	2,039,318
Weighted average number of ordinary shares used in calculating the diluted earnings per share	832,039,318

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2013 in respect of a dilution as the impact of the outstanding share options of the Company had an anti-dilutive effect on the basic loss per share amount presented during the period ended 30 September 2013.

10. MAJOR ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group purchased property, plant and equipment amounting to approximately HK\$32,072,000 (six months ended 30 September 2013: HK\$17,359,000).

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 end of the reporting period, based on the payment due date and net of provisions, is as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 1 month	490,092	491,127
1 to 2 months	13,280	23,210
2 to 3 months	4,366	14,025
Over 3 months	45,989	32,319
	553,727	560,681

Included in the Group's trade receivables is an amount due from the Group's associate of HK\$15,410,000 (31 March 2014: HK\$16,295,000) which is repayable on similar credit terms to those offered to the major customers of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

12. TRADE AND BILLS PAYABLES

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 1 month	555,118	484,359
1 to 2 months	83,376	17,101
2 to 3 months	2,375	1,660
Over 3 months	14,870	22,171
	655,739	525,291

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

13. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") 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 2014 (note 30 to the financial statements).

Details and movements of the share options of the Company granted under the Scheme for the six months ended 30 September 2014 are as follows:

Category of participants	Number of share options			Date of grant of share options ¹	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK\$
	As at 1 April 2014	Granted during the Period ²	As at 30 September 2014				
Senior management and other employees in aggregate	342,000	-	342,000	27 September 2007	from 31 August 2008 to 30 August 2017	31 August 2008	1.75
	342,000	-	342,000	27 September 2007	from 31 August 2009 to 30 August 2017	31 August 2009	1.75
	342,000	-	342,000	27 September 2007	from 31 August 2010 to 30 August 2017	31 August 2010	1.75
	1,026,000	-	1,026,000				

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

13. SHARE OPTION SCHEME *(continued)*

Details and movements of the share options of the Company granted under the Scheme for the six months ended 30 September 2014 are as follows *(continued)*:

Category of participants	Number of share options			Date of grant of share options ¹	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK\$
	As at 1 April 2014	Granted during the Period ²	As at 30 September 2014				
Directors							
Dr. Owyang King	2,400,000	-	2,400,000	30 April 2010	from 30 April 2011 to 29 April 2020	30 April 2011	1.05
	2,400,000	-	2,400,000	30 April 2010	from 30 April 2012 to 29 April 2020	30 April 2012	1.05
	3,200,000	-	3,200,000	30 April 2010	from 30 April 2013 to 29 April 2020	30 April 2013	1.05
	2,400,000	-	2,400,000	28 June 2011	from 28 June 2012 to 27 June 2021	28 June 2012	0.79
	2,400,000	-	2,400,000	28 June 2011	from 28 June 2013 to 27 June 2021	28 June 2013	0.79
	3,200,000	-	3,200,000	28 June 2011	from 28 June 2014 to 27 June 2021	28 June 2014	0.79
	1,200,000	-	1,200,000	6 August 2012	from 6 August 2013 to 5 August 2022	6 August 2013	0.375
	1,200,000	-	1,200,000	6 August 2012	from 6 August 2014 to 5 August 2022	6 August 2014	0.375
	1,600,000	-	1,600,000	6 August 2012	from 6 August 2015 to 5 August 2022	6 August 2015	0.375
Mr. Au Hing Lun, Dennis	-	2,490,000	2,490,000	4 July 2014	from 4 July 2015 to 3 July 2024	4 July 2015	0.68
	-	2,490,000	2,490,000	4 July 2014	from 4 July 2016 to 3 July 2024	4 July 2016	0.68
	-	3,320,000	3,320,000	4 July 2014	from 4 July 2017 to 3 July 2024	4 July 2017	0.68
	20,000,000	8,300,000	28,300,000				
Total	21,026,000	8,300,000	29,326,000				

Notes:

1. The vesting period of the share options granted is from the date of grant until the commencement of the exercise period.
2. 8,300,000 share options were granted to a director of the Company under the Scheme on 4 July 2014. The closing price of the shares of the Company immediately before such date of grant was HK\$0.67. No share options have been exercised, cancelled or lapsed for the six months ended 30 September 2014.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

13. SHARE OPTION SCHEME *(continued)*

The fair value of the share options granted during the Period was HK\$2,639,000 (HK\$0.3179 each), in which HK\$371,000 was amortised and charged to profit or loss during the Period. The fair value was estimated as at the date of grant, using a trinomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

	4 July 2014
Exercise price (HK\$)	0.68
Share price at the date of grant (HK\$)	0.68
Dividend yield (%)	2.94
Expected volatility (%)	52.50
Risk-free interest rate (%)	2.107
Expected life of options (years)	10

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

During the Period, equity-settled share option expenses of HK\$700,000 were charged to profit or loss, including HK\$371,000 arising from the share options granted on 4 July 2014 mentioned above and HK\$329,000 arising from the share options granted before 1 April 2014.

14. COMMITMENTS

As at 30 September 2014, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$3,076,000 (31 March 2014: HK\$3,894,000).

15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in these interim condensed consolidated financial statements, the Group had the following significant related party transactions during the Period.

(a) The Group had the following material transactions with a related party during the Period:

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
An associate		
Sale of finished goods	26,638	23,223

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

15. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term employee benefits	14,883	9,824
Post-employment benefits	84	90
Equity-settled share option expenses	700	499
	15,667	10,413

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board on 26 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF RESULTS

The Group's turnover for the Period amounted to HK\$1,470,003,000, rising by approximately 12.5% from the same period in last year. The consolidated net profit attributable to owners of the Company was HK\$18,305,000 for the Period, compared to net loss of HK\$32,094,000 for the six months ended 30 September 2013. Basic earnings per share for the Period amounted to 2.2 HK cents, compared to basic loss per share of 3.9 HK cents for the same period last year.

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

Turnover

Turnover of the Group amounted to HK\$1,470,003,000 for the Period, representing an increase of 12.5% over the same period last year. The increase in turnover was mainly due to the economic recovery in the Americas in favour of the Building & Home Controls and Commercial and Industrial Controls businesses. Furthermore, the Group maintained revenue growth due to continuous expansion into the Asian market and the expansion of the branded business "SALUS".

Profitability and Margin

Gross profit for the Period was HK\$160,669,000, representing an increase of 27.5% when compared with HK\$126,057,000 for the same period last year. Gross profit margin increased to 10.9% for the Period, compared to 9.6% for the same period last year, which was mainly from the increase in sales, material savings and control of fixed costs, which more than fully offset the scheduled price declines and general salary increment in the PRC. The Group improved its turnover and profit margin mainly through the continuous growth in the branded business "SALUS" and in the Asian market with products achieving higher margin. Meanwhile, the Group managed further cost control through material savings and control of fixed costs.

Consolidated net profit attributable to owners of the Group for the Period turned around to HK\$18,305,000 from the net loss of HK\$32,094,000 for the same period last year, which included an impairment of trade receivable from the Fagor Group of HK\$48,237,000. Excluding the impairment of trade receivables from the consolidated net loss attributable to owners of the Group for the six months ended 30 September 2013, comparable basis consolidated net profit attributable to owners of the Group for the Period would have reflected an increase in profit of 13.4% as a result of the various improvements mentioned above.

The Group recorded other income of HK\$5,792,000 for the Period, compared with HK\$5,714,000 for the same period last year. Other income mainly comprised interest income generated from bank deposits.

Segment margin turned around to 4.0% for the Period, compared with negative 0.6% for the same period last year, mainly due to the impairment of trade receivables of HK\$48,237,000 in the Appliance Controls business. Had the impairment of trade receivables been excluded from the period last year, the segment margin of the Group would have been 3.1% and the segment margin for Appliance Controls business would have been 1.5%. The significant increase in segment margin of Building and Home Controls business was due to the 18% growth of sales revenue of the branded SALUS business. The Group also recorded improvement in segment margin of Commercial and Industrial Control business, which was due to the increase in sales volume by 22.6% partnered with cost efficiency improvement.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Fiscal year 2014 was a challenging year with lingering headwinds against a gradual return to strong growth in energy-saving control solutions. The Group will continue its strategy to enlarge its worldwide customer base, targeting higher profit margin markets, further expanding into European and Asian markets in order to sustain growth momentum in the controls and smart home business.

The Group will continue to place significant emphasis on strengthening its research and development capabilities, specifically on wireless technologies and branded business that are both consistently gaining market acceptance.

Although the operating environment for manufacturing in Mainland China remains challenging with increases in wages, inflation and appreciation of Renminbi ("RMB"), the Group anticipates continued improvement in demand from key customers. Gradual improvement in the rate of growth in new business worldwide and particularly signs of a strengthening US market are also promising.

The Group will continue its tight cost controls and improvements in operating efficiency and productivity to bring more to the bottom line as the worldwide recovery moves to full throttle. The Group will also continue its efforts to achieve product mix optimisation, as it proceeds with the rollout of higher margin smart energy and wireless innovations to solidify its expansion into attractive new customers markets to drive its business growth.

Due to the high level of competition in the market for controls and smart energy business, the Company's management expects its customer orders will continue to fluctuate and its gross profit will also be under sustained pressure in the coming year. The Company may also continue to face certain risks including the appreciation of RMB, inflation in China, labour shortage, materials shortage, customers and suppliers' difficulty in meeting contractual obligations. These risks and others could affect the Group's sales, profit margin and investments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a sound financial and liquidity position in the Period. As at 30 September 2014, the Group maintained a balance of cash and cash equivalents of HK\$632,227,000, which were mainly denominated either in United States dollars ("US dollars") or Hong Kong dollars, and HK\$268,498,000 were denominated in RMB. Overall, the Group maintained a robust current ratio of 1.79 times.

As at 30 September 2014, total interest-bearing bank borrowings were HK\$306,749,000, 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 30 September 2014, total equity attributable to owners of the Company amounted to HK\$1,073,975,000. The Group had a net cash balance of HK\$325,478,000, representing total cash and cash equivalents less total interest-bearing bank 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 relatively low. Certain production and operating overheads of the Group's production facilities in Mainland China are denominated in RMB. As at 30 September 2014, 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 minimise the relevant exposures when necessary.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Period, the Group incurred total capital expenditures of approximately HK\$56,064,000 for the additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 30 September 2014, the Group had capital commitments contracted but not provided for the amount of HK\$3,076,000, mainly for the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2014, the Group did not have any significant contingent liabilities.

CHARGES ON ASSETS

As at 30 September 2014, no bank deposits and other assets have been pledged to secure the Group's banking facilities.

EMPLOYEE INFORMATION

As at 30 September 2014, the Group had a total of approximately 3,600 full-time employees. Total staff costs for the Period amounted to HK\$167,042,000. 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, 29,326,000 share options remained outstanding under the share option scheme.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: 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 Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Period.

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 inside 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.

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. Cheung Ching Leung, David, and two non-executive directors of the Company, namely, Mr. Kam Chi Chiu, Anthony and Mr. Arvind Amrattal 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 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 2014, 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 <i>(Note)</i>	42.46%
Mr. Au Hing Lun, Dennis	Beneficial owner	320,000	0.04%

Note: These shares were held by Solar Power Group Limited ("SPGL"). SPGL is a company incorporated in the British Virgin Islands with limited liability and wholly owned 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 2014.*

(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	20,000,000	2.41%
Mr. Au Hing Lun, Dennis	Beneficial owner	8,300,000	1.00%

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 2014.*

Save as disclosed above, as at 30 September 2014, 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 2014, 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 <i>(Note 1)</i>	42.46%
Ms. Tse Shuk Ming	Interest of spouse	352,500,000 <i>(Note 2)</i>	42.46%
Crystalplaza Limited	Beneficial owner	133,500,000 <i>(Note 3)</i>	16.09%
Little Venice Limited	Beneficial owner	81,690,000 <i>(Note 3)</i>	9.84%
Ms. Leung Yee Li, Lana	Interest of controlled corporations	215,190,000 <i>(Note 3)</i>	25.93%
Mr. Heung Lap Chi, Eugene	Interest of spouse	215,190,000 <i>(Note 4)</i>	25.93%
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)*

Long position in the 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 81,690,000 shares), both companies were wholly-owned by Ms. Leung Yee Li, Lana.*
 4. *Mr. Heung Lap Chi, Eugene was deemed to be interested in 215,190,000 shares of the Company through the interest of his spouse, Ms. Leung Yee Li, Lana.*
- * *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2014.*

Save as disclosed above, as at 30 September 2014, no person, other than the directors 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.

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, 26 November 2014