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COMPUTIME GROUP LIMITED

金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board of directors (the “**Board**”) of Computime Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2016 (the “**Year**”) together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
REVENUE	3, 4	3,521,758	3,164,321
Cost of sales		<u>(3,055,390)</u>	<u>(2,799,678)</u>
Gross profit		466,368	364,643
Other income	4	15,884	15,018
Selling and distribution expenses		(94,262)	(76,471)
Administrative expenses		(239,578)	(180,930)
Other operating expenses, net		(13,537)	(13,771)
Finance costs	5	(9,924)	(7,200)
Share of profit of an associate		769	1,893
PROFIT BEFORE TAX	6	125,720	103,182
Income tax expense	7	<u>(28,012)</u>	<u>(26,878)</u>
PROFIT FOR THE YEAR		<u>97,708</u>	<u>76,304</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*Continued*)
Year ended 31 March 2016

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
ATTRIBUTABLE TO:			
Owners of the Company		97,724	76,307
Non-controlling interests		<u>(16)</u>	<u>(3)</u>
		<u>97,708</u>	<u>76,304</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	9		
Basic		<u>11.7 HK cents</u>	<u>9.2 HK cents</u>
Diluted		<u>11.6 HK cents</u>	<u>9.1 HK cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
PROFIT FOR THE YEAR	97,708	76,304
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	(10,413)	8,502
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	10,711	(5,411)
	298	3,091
Exchange differences on translation of foreign operations	(3,706)	(15,623)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX	(3,408)	(12,532)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	94,300	63,772
Attributable to:		
Owners of the Company	94,316	63,775
Non-controlling interests	(16)	(3)
	94,300	63,772

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		159,388	124,338
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		99,766	70,639
Interest in an associate		4,967	4,198
Available-for-sale investment		5,439	7,750
Prepayments and deposits		3,342	2,515
		<hr/>	<hr/>
Total non-current assets		310,027	246,565
CURRENT ASSETS			
Inventories		609,045	635,318
Trade receivables	<i>10</i>	700,120	594,093
Prepayments, deposits and other receivables		43,261	39,412
Tax recoverable		3,562	1,052
Derivative financial instruments		3,550	3,253
Cash and cash equivalents		544,427	639,654
		<hr/>	<hr/>
Total current assets		1,903,965	1,912,782
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	652,034	640,117
Other payables and accrued liabilities		85,044	90,620
Interest-bearing bank borrowings		266,928	275,964
Amounts due to non-controlling shareholders		160	160
Tax payable		9,187	16,143
		<hr/>	<hr/>
Total current liabilities		1,013,353	1,023,004
NET CURRENT ASSETS			
		890,612	889,778
TOTAL ASSETS LESS CURRENT LIABILITIES			
<i>(to be continued)</i>		1,200,639	1,136,343
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES <i>(continued)</i>	<u>1,200,639</u>	<u>1,136,343</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>14,030</u>	<u>10,178</u>
Net assets	<u>1,186,609</u>	<u>1,126,165</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,393	83,000
Reserves	<u>1,102,426</u>	<u>1,042,359</u>
	1,185,819	1,125,359
Non-controlling interests	<u>790</u>	<u>806</u>
Total equity	<u>1,186,609</u>	<u>1,126,165</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

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

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "**Listing Rules**") issued by The Hong Kong Stock Exchange Limited (the "**Stock Exchange**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) the building and home controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of building and home control products;
- (b) the appliance controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of appliance control products; and
- (c) the commercial and industrial controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of commercial and industrial control products.

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

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

Segment liabilities exclude interest-bearing bank borrowings, trade and bills payables, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION (Continued)

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>1,283,095</u>	<u>942,243</u>	<u>1,667,734</u>	<u>1,608,912</u>	<u>570,929</u>	<u>613,166</u>	<u>3,521,758</u>	<u>3,164,321</u>
Segment results	<u>152,003</u>	<u>81,836</u>	<u>23,532</u>	<u>39,325</u>	<u>34,011</u>	<u>36,577</u>	<u>209,546</u>	<u>157,738</u>
Bank interest income							7,482	6,528
Other income (excluding bank interest income)							2,390	8,490
Corporate and other unallocated expenses							(84,543)	(64,267)
Finance costs							(9,924)	(7,200)
Share of profit of an associate	769	1,893	-	-	-	-	769	1,893
Profit before tax							125,720	103,182
Income tax expense							(28,012)	(26,878)
Profit for the year							<u>97,708</u>	<u>76,304</u>
Assets and liabilities								
Segment assets	791,067	577,970	334,447	533,855	281,842	153,258	1,407,356	1,265,083
Interest in an associate	4,967	4,198	-	-	-	-	4,967	4,198
Corporate and other unallocated assets							801,669	890,066
Total assets							<u>2,213,992</u>	<u>2,159,347</u>
Segment liabilities	16,662	14,958	19,505	18,287	608	791	36,775	34,036
Corporate and other unallocated liabilities							990,608	999,146
Total liabilities							<u>1,027,383</u>	<u>1,033,182</u>
Other segment information:								
Capital expenditure*							151,063	108,529
Depreciation							35,706	37,551
Amortisation of deferred expenditure	34,168	22,696	7,406	6,461	5,866	3,042	47,440	32,199
Impairment of trade receivables	654	11,271	4,027	118	-	-	4,681	11,389
Reversal of impairment of trade receivables	(155)	-	-	-	-	-	(155)	-
Write-down of inventories to net realisable value	9,105	4,837	14,243	9,792	4,609	3,576	27,957	18,205
Write-back of trade and other payables	-	(4,654)	-	(9,421)	-	(3,442)	-	(17,517)

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

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The America	1,035,769	869,699
Europe	1,812,207	1,509,874
Asia	673,782	784,748
	<u>3,521,758</u>	<u>3,164,321</u>

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

(b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The America	5,563	6,037
Europe	2,355	2,153
Asia	295,965	229,920
	<u>303,883</u>	<u>238,110</u>

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

Information about major customers

Approximately 27.9% of the Group's revenue was derived from sales to a major customer in the appliance controls segment for the year ended 31 March 2016.

Approximately 27.2% and 10.1% of the Group's revenue was derived from sales to two major customers in the appliance controls and commercial and industrial controls segments, respectively, for the year ended 31 March 2015.

4. REVENUE AND OTHER INCOME

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

An analysis of other income is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	7,482	6,528
Other interest income	–	213
Marketing and management service fee income	6,506	–
Engineering fee income	–	2,310
Handling and testing fee income	–	296
Sale of materials	–	5,240
Sundry income	1,896	431
	<u>15,884</u>	<u>15,018</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank loans	9,924	7,200

6. PROFIT BEFORE TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories sold*	3,027,433	2,781,473
Depreciation	35,706	37,551
Research and development costs:		
Amortisation of deferred expenditure [^]	47,440	32,199
Current year expenditure	8,631	9,435
	56,071	41,634
Write-down of inventories to net realisable value**	27,957	18,205
Write-back of trade and other payables***	–	(17,517)
Foreign exchange losses, net [#]	3,876	3,177
Gain on disposal of items of property, plant and equipment, net [#]	(129)	(776)
Impairment of trade receivables [#]	4,681	11,389
Reversal of impairment of trade receivables [#]	(155)	–
Impairment of an available-for-sale investment [#]	5,082	–

* Employee benefit expense of HK\$291,880,000 (2015: HK\$248,794,000) is included in “Cost of inventories sold” above.

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

*** Write-back of trade and other payables of HK\$11,725,000 and HK\$3,237,000 were included in “Cost of sales” and “Selling and distribution expenses”, respectively, on the face of the consolidated statement of profit or loss for the year ended 31 March 2015.

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

[#] These items are included in “Other operating expenses, net” on the face of the consolidated statement of profit or loss.

At 31 March 2016, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2015: Nil).

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current – Hong Kong:		
Charge for the year	16,068	14,433
Underprovision in prior years	371	23
Current – Mainland China and other countries:		
Charge for the year	7,721	9,059
Underprovision in prior years	–	750
Deferred	3,852	2,613
	<u>28,012</u>	<u>26,878</u>

8. DIVIDENDS

Dividend paid during the year

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the financial year ended 31 March 2015 – HK\$0.045 per ordinary share (2015: final dividend of HK\$0.020 per ordinary share, in respect of the financial year ended 31 March 2014)	<u>37,527</u>	<u>16,600</u>

Proposed final dividend

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final – HK\$0.058 (2015: HK\$0.045) per ordinary share	<u>48,368</u>	<u>37,415</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$97,724,000 (2015: HK\$76,307,000) and the weighted average number of ordinary shares of 833,093,000 (2015: 830,000,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK\$97,724,000 (2015: HK\$76,307,000). The weighted average number of ordinary shares used in the calculation of 843,642,000 (2015: 835,287,000) is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

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

	2016	2015
Weighted average number of ordinary shares used in calculating the basic earnings per share	833,093,000	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 year	10,549,000	5,287,000
	<u>843,642,000</u>	<u>835,287,000</u>

10. TRADE RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	780,448	671,877
Impairment	(80,328)	(77,784)
	<u>700,120</u>	<u>594,093</u>

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to three months. The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current and due within 1 month	636,907	505,258
1 to 2 months	16,946	39,987
2 to 3 months	13,891	13,416
Over 3 months	32,376	35,432
	<u>700,120</u>	<u>594,093</u>

Included in the Group's provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$80,328,000 (2015: HK\$77,784,000) with a carrying amount before provision of HK\$90,655,000 (2015: HK\$91,448,000). The individually impaired trade receivables relate to balances that were in dispute, or in the status of insolvency and reorganisation proceedings for Fagor Electrodomesticos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively the "Fagor Group") as detailed below.

10. TRADE RECEIVABLES (Continued)

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

FagorBrandt SAS, a company incorporated under the laws of France, was subject to reorganisation proceedings (redressement judiciaire) before the Commercial Court of Nanterre (France) since 7 November 2013. On 11 April 2014, the Commercial Court of Nanterre (France) converted the reorganisation proceedings into liquidation proceedings. On 15 April 2014, the Commercial Court of Nanterre (France) approved various bids for the assets of FagorBrandt SAS, including the bid of Cevital. During the year ended 31 March 2015, FagorBrandt SAS has completed the realisation of most of the assets to Cevital in order to raise funds for settlement to its creditors.

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

Since the Fagor Group has undertaken insolvency and reorganisation proceedings and only a small portion of these receivables was expected to be recovered, impairment provision of EUR7,121,000 (2015: EUR6,648,000) (approximately HK\$62,578,000 (2015: approximately HK\$55,305,000)) was made against the Group's trade receivables of EUR8,123,000 (2015: EUR8,123,000) (approximately HK\$71,391,000 (2015: approximately HK\$67,577,000)) due from the Fagor Group as at 31 March 2016.

During the current year and up to the date of these financial statements, the insolvency and the reorganisation proceedings were still in progress. In the opinion of the Company's directors, since the relevant procedures would normally take a few years to complete and there was no deterioration of the credit quality of the remaining exposure, the impairment provision of EUR7,121,000 (approximately HK\$62,578,000) is considered adequate for the trade receivables from the Fagor Group in aggregate of EUR8,123,000 (approximately HK\$71,391,000) as at 31 March 2016.

11. TRADE AND BILLS PAYABLES

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

	2016	2015
	HK\$'000	HK\$'000
Current and due within 1 month	548,620	600,451
1 to 2 months	92,017	30,392
2 to 3 months	3,934	3,358
Over 3 months	7,463	5,916
	652,034	640,117

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

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company to be held on Wednesday, 14 September 2016 (the “**2016 AGM**”) a final dividend of 5.8 HK cents per share for the Year (the “**Proposed Final Dividend**”) to be paid on Thursday, 6 October 2016 to those Shareholders whose names appear on the register of members of the Company on Monday, 26 September 2016.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2016 AGM

The 2016 AGM is scheduled to be held on Wednesday, 14 September 2016. For determining the entitlement to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Monday, 12 September 2016 to Wednesday, 14 September 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2016 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 September 2016.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2016 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Thursday, 22 September 2016 to Monday, 26 September 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 September 2016.

ANNUAL GENERAL MEETING

It is proposed that the 2016 AGM will be held on Wednesday, 14 September 2016. Notice of the 2016 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Results

The Group's turnover for the Year amounted to HK\$3,521,758,000, rising by approximately 11.3% from last year. The consolidated net profit attributable to owners of the Company was HK\$97,724,000 for the Year, compared to HK\$76,307,000 last year. Basic earnings per share for the Year amounted to 11.7 HK cents, compared to 9.2 HK cents last year.

Business Review and Financial Highlights

Turnover

Turnover of the Group amounted to HK\$3,521,758,000 for the Year, representing an increase of 11.3% over last year. The increase in turnover was mainly due to the economic recovery in The Americas and our growth in market share in the Building & Home Controls business. Furthermore, the Group achieved similar revenue growth in the European market despite the weak European retail environment.

Profitability and Margin

Gross profit for the Year was HK\$466,368,000, representing an increase of 27.9% when compared with HK\$364,643,000 last year. Gross profit margin increased to 13.2% for the Year, compared to 11.5% last year, which was mainly due to the increase in sales, material savings and control of fixed costs, which more than offset the scheduled price declines and general salary increment in Mainland China. The Group improved its turnover and profit margin mainly through the continuous growth in the Building & Home Controls business. Meanwhile, the Group managed further cost control through material savings and control of fixed costs. As a result, consolidated net profit attributable to owners of the Company increased by 28.1% to HK\$97,724,000 as compared with HK\$76,307,000 last year.

The Group recorded other income of HK\$15,884,000 for the Year, compared with HK\$15,018,000 last year. Other income mainly comprised interest income generated from bank deposits.

Segment margin improved to 6.0% for the Year, compared to 5.0% last year. The increase in segment margin was mainly attributable to the Building & Home Controls business, which achieved growth in sales by almost 36.2% in conjunction with cost reduction efforts.

Outlook

The Group continued to successfully execute our strategy of driving higher margin sales growth while continuing with cost improvements, resulting in the strong financial performance for this Year. The highest margin segment of our business, which includes the Building and Home Controls products and the branded “SALUS” business, experienced significantly higher growth during the Year compared to our other segments. The Group will continue to make strategic investments in R&D and business development to further expand our markets in these high value areas by meeting and exceeding our customers’ needs. The SALUS brand will continue to focus on innovative products in the smart home and connected devices area in order to drive sales growth in territories we already operate in, as well as penetrate new markets, especially in Europe and the United States.

The global economy remains challenging with a high level of uncertainty, as evidenced by the recent United Kingdom referendum on “Brexit”. However, Computime will continue to focus on leveraging our core capabilities in electronics and wireless technologies to launch high value products for our partners and customers worldwide, especially in the smart energy and connected devices space. The Group believes the long term growth potential in these markets will drive sustainable shareholder value in the long run, regardless of potential short term volatility driven by macro-economic trends.

The operating environment for manufacturing in Mainland China remains challenging with increases in wages and inflation in addition to currency fluctuation. To counter these cost increases, the Group has and will continue to improve operational efficiencies by implementing cost-effective automation and lean manufacturing strategies, as well as leverage our purchasing power to drive incremental material cost savings. This is evidenced by the improvement in our Gross Margins during this Year, and the Group will continue to relentlessly improve our competitive position by driving productivity and quality improvements in our operations and cost reduction efforts.

Due to macro-economic uncertainty, as well as the high level of competition in the market for electronic control devices, the Group expects its customer orders will continue to fluctuate in the coming years. The Group may also continue to face certain risks including the foreign currency risk related to the Euro, Great British Pound (“**GBP**”) and Renminbi (“**RMB**”). The Group maintains a hedging strategy that minimises the impact of sudden steep fluctuations such as the recent “Brexit” driven GBP devaluation; however, no hedging strategy can perfectly eliminate all foreign currency risks. We also face risks related to inflation in China, labour shortage, materials shortage, customers and suppliers’ difficulty in meeting contractual obligations, financial difficulties resulting in customers and suppliers’ illiquidity and global events and actions, including war and terrorism. These risks and others could materially impact the Group’s sales, profit margin and cash flow.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial and liquidity position in the Year. As at 31 March 2016, the Group maintained a balance of cash and cash equivalents of HK\$544,427,000, which were mainly denominated in United States dollars (“US dollars”) or Hong Kong dollars, and HK\$211,699,000 were denominated in RMB. Overall, the Group maintained a robust current ratio of 1.88 times.

As at 31 March 2016, total interest-bearing bank borrowings were HK\$266,928,000, comprising primarily bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars, Hong Kong dollars or Euro zone currencies and the interest rates applied were primarily subject to floating rate terms.

As at 31 March 2016, total equity attributable to owners of the Company amounted to HK\$1,185,819,000. The Group had a net cash balance of HK\$277,499,000, representing total cash and cash equivalents less total interest-bearing bank borrowings such that no gearing ratio applies.

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchase that are dominated in currencies other than the functional currency of the operations to which they relate. The currencies risk gives rise are primarily Euro, GBP and RMB. As at 31 March 2016, the Group had outstanding foreign currency forward contracts to sell Euro 7,500,000 buy US dollars, sell GBP 9,100,000 buy US dollars, and sell US dollars 18,000,000 buy RMB. These forward contracts were entered into for hedging purposes. The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimise the relevant exposures.

Capital Expenditure and Commitments

During the Year, the Group incurred total capital expenditures of approximately HK\$151,063,000 for additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 31 March 2016, the Group had capital commitments contracted but not provided for the amount of HK\$2,383,000, mainly for the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 March 2016, the Group did not have any significant contingent liabilities.

Charges on Assets

As at 31 March 2016, no bank deposits and other assets have been pledged to secure the Group’s banking facilities.

Employee Information

As at 31 March 2016, the Group had a total of approximately 4,400 full-time employees. Total staff costs for the Year amounted to HK\$414,985,000. 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 announcement, 35,396,000 share options remained outstanding under the share option scheme.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders as a whole. In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Year.

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

AUDIT COMMITTEE

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

PUBLICATION OF FURTHER INFORMATION

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

APPRECIATION

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

By Order of the Board
Computime Group Limited
Auyang Ho
Chairman

Hong Kong, 28 June 2016

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

Executive directors

Mr. Auyang Ho (*Chairman*)

Dr. Owyang King (*Chief Executive Officer*)

Mr. Au Hing Lun, Dennis (*Deputy Chief Executive Officer*)

Non-executive directors

Mr. Kam Chi Chiu, Anthony

Mr. Arvind Amratlal Patel

Mr. Wong Chun Kong

Independent non-executive directors

Mr. Luk Koon Hoo

Mr. Patrick Thomas Siewert

Mr. Cheung Ching Leung, David

* *For identification purposes only*