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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 2013

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 2013 (the “**Year**”) together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
REVENUE	3, 4	2,526,587	2,428,804
Cost of sales		<u>(2,268,617)</u>	<u>(2,160,121)</u>
Gross profit		257,970	268,683
Other income	4	14,339	11,127
Selling and distribution expenses		(62,825)	(71,475)
Administrative expenses		(170,797)	(166,052)
Other operating income, net		1,905	3,608
Finance costs	5	(6,419)	(4,773)
Share of losses of associates		(338)	(91)
PROFIT BEFORE TAX	6	33,835	41,027
Income tax expense	7	(2,736)	(7,786)
PROFIT FOR THE YEAR		<u>31,099</u>	<u>33,241</u>

CONSOLIDATED INCOME STATEMENT *(Continued)*
Year ended 31 March 2013

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
ATTRIBUTABLE TO:			
Owners of the Company		31,111	33,252
Non-controlling interests		(12)	(11)
		<u>31,099</u>	<u>33,241</u>
 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	9		
Basic		<u>3.7 HK cents</u>	<u>4.0 HK cents</u>
Diluted		<u>3.7 HK cents</u>	<u>4.0 HK cents</u>

Details of the dividend are disclosed in note 8 in this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
PROFIT FOR THE YEAR	31,099	33,241
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Exchange differences on translation of foreign operations:		
Subsidiaries	2,123	12,018
Associates	(73)	2
	2,050	12,020
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	33,149	45,261
Attributable to:		
Owners of the Company	33,161	45,272
Non-controlling interests	(12)	(11)
	33,149	45,261

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		111,962	113,409
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		48,918	47,520
Interests in associates		1,811	2,222
Available-for-sale investment		7,750	7,750
Rental deposits		2,577	–
		<hr/>	<hr/>
Total non-current assets		210,143	208,026
CURRENT ASSETS			
Inventories		614,368	545,580
Trade receivables	<i>10</i>	556,677	463,112
Prepayments, deposits and other receivables		31,712	31,444
Tax recoverable		3,043	1,798
Cash and cash equivalents		516,063	632,211
		<hr/>	<hr/>
Total current assets		1,721,863	1,674,145
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	426,248	442,390
Other payables and accrued liabilities		134,188	158,737
Interest-bearing bank borrowings		304,864	230,659
Amount due to an associate		4	4
Amounts due to non-controlling shareholders		160	160
Tax payable		1,221	4,481
		<hr/>	<hr/>
Total current liabilities		866,685	836,431
		<hr/>	<hr/>
NET CURRENT ASSETS		855,178	837,714
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,065,321	1,045,740
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,065,321	1,045,740
NON-CURRENT LIABILITIES		
Deferred tax liabilities	6,700	7,310
Net assets	1,058,621	1,038,430
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,000	83,000
Reserves	974,800	954,597
	1,057,800	1,037,597
Non-controlling interests	821	833
Total equity	1,058,621	1,038,430

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Computime Group Limited (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, PO 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 research and development, design, manufacture and trading of electronic control products.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. Those financial statements are presented in Hong Kong dollars 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 (collectively referred to as the “Group”) for the year ended 31 March 2013. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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 the income statement or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

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

3. OPERATING SEGMENT INFORMATION

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

- (a) the building and home controls segment engages in the research and development, design, manufacture, trading and distribution of building and home control products;
- (b) the appliance controls segment engages in the research and development, design, manufacture, trading and distribution of appliance control products; and
- (c) the commercial and industrial controls segment engages 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 losses of associates as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, 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, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Intersegment 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>736,789</u>	<u>731,093</u>	<u>1,379,621</u>	<u>1,251,543</u>	<u>410,177</u>	<u>446,168</u>	<u>2,526,587</u>	<u>2,428,804</u>
Segment results	<u>34,876</u>	<u>13,784</u>	<u>24,154</u>	<u>22,588</u>	<u>14,585</u>	<u>41,641</u>	<u>73,615</u>	<u>78,013</u>
Bank interest income							6,934	4,710
Other income (excluding bank interest income)							7,405	6,417
Corporate and other unallocated expenses							(47,362)	(43,249)
Finance costs							(6,419)	(4,773)
Share of losses of associates	(338)	(91)	-	-	-	-	(338)	(91)
Profit before tax							33,835	41,027
Income tax expense							(2,736)	(7,786)
Profit for the year							<u>31,099</u>	<u>33,241</u>
Assets and liabilities								
Segment assets	382,379	336,130	587,292	465,950	77,867	98,470	1,047,538	900,550
Interests in associates	1,811	2,222	-	-	-	-	1,811	2,222
Corporate and other unallocated assets							882,657	979,399
Total assets							<u>1,932,006</u>	<u>1,882,171</u>
Segment liabilities	18,911	25,780	22,640	21,233	4,114	2,568	45,665	49,581
Corporate and other unallocated liabilities							827,720	794,160
Total liabilities							<u>873,385</u>	<u>843,741</u>
Other segment information:								
Capital expenditure*							77,400	60,133
Depreciation							32,976	34,601
Loss/(gain) on disposal of items of property, plant and equipment, net							(179)	244
Amortisation of deferred expenditure	31,930	29,266	9,173	7,492	3,860	3,043	44,963	39,801
Impairment of trade receivables	1,620	679	-	-	-	-	1,620	679
Write-down of inventories to net realisable value	3,278	1,959	8,738	6,458	1,996	1,071	14,012	9,488
Write-back of other payables	(5,466)	-	(867)	-	(2,184)	-	(8,517)	-

* 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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The America	765,259	887,463
Europe	1,246,964	1,097,547
Asia	503,453	430,532
Other regions	10,911	13,262
	<u>2,526,587</u>	<u>2,428,804</u>

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

(b) Non-current assets

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The America	4,853	5,663
Europe	1,690	1,890
Asia	195,145	192,018
	<u>201,688</u>	<u>199,571</u>

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

4. REVENUE AND OTHER INCOME

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

An analysis of other income of the Group is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Bank interest income	6,934	4,710
Other interest income	213	–
Engineering fee income	2,182	3,856
Handling and testing fee income	1,103	734
Sale of materials	1,404	1,312
Sundry income	2,503	515
	<u>14,339</u>	<u>11,127</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within five years	<u>6,419</u>	<u>4,773</u>

6. PROFIT BEFORE TAX

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cost of inventories sold*	2,254,605	2,150,633
Depreciation	32,976	34,601
Research and development costs:		
Amortisation of deferred expenditure [^]	44,963	39,801
Current year expenditure	<u>19,628</u>	<u>25,911</u>
	<u>64,591</u>	65,712
Foreign exchange differences, net [#]	(1,148)	(4,557)
Loss/(gain) on disposal of items of property, plant and equipment, net [#]	(179)	244
Impairment of trade receivables [#]	1,620	679
Write-down of inventories to net realisable value ^{**}	14,012	9,488
Write-back of other payables ^{***}	(8,517)	–
Over-provision of share of liquidation cost on an associate [#]	<u>(2,172)</u>	<u>–</u>

* Employee benefit expense of HK\$188,480,000 (2012: HK\$171,879,000) 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 income statement.

*** Write-back of other payables is included in “Selling and distribution expenses” on the face of the consolidated income statement.

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

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

At 31 March 2013, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2012: Nil).

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 operates.

Under the Corporate Income Tax Law (the “New CIT Tax Law”) of the People’s Republic of China (the “PRC”), which became effective from 1 January 2008, enterprises are subject to corporate income tax (“CIT”) 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 to 25% over five years.

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Current – Hong Kong		
Charge for the year	4,562	5,874
Underprovision/(overprovision) in prior years	(3,443)	60
Current – Mainland China and other countries	2,227	1,542
Deferred	(610)	310
	<hr/> 2,736 <hr/>	<hr/> 7,786 <hr/>

8. DIVIDEND

Dividend paid during the year

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Final dividend in respect of the financial year ended 31 March 2012 –HK\$0.018 per ordinary share (2012: final dividend of HK\$0.031 per ordinary share, in respect of the financial year ended 31 March 2011)	14,940	25,730

Proposed final dividend

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Final – HK\$0.018 (2012: HK\$0.018) per ordinary share	14,940	14,940

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\$31,111,000 (2012: HK\$33,252,000) and 830,000,000 ordinary shares in issue (2012: 830,000,000 ordinary shares) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the exercise price of the share options of the Company outstanding during the two years ended 31 March 2013 was higher than the average market price of the Company’s ordinary shares in the respective years and, accordingly, such share options in issue during the years ended 31 March 2013 and 2012 have no dilutive effect on the basic earnings per ordinary share.

10. TRADE RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	571,312	476,127
Impairment	(14,635)	(13,015)
	<u>556,677</u>	<u>463,112</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 receivables balances. Trade receivables are non-interest-bearing.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 1 month	511,396	440,120
1 to 2 months	21,750	13,037
2 to 3 months	8,106	3,567
Over 3 months	15,425	6,388
	<u>556,677</u>	<u>463,112</u>

11. 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 1 month	391,784	393,725
1 to 2 months	12,325	33,558
2 to 3 months	1,983	2,063
Over 3 months	20,156	13,044
	<u>426,248</u>	<u>442,390</u>

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, 18 September 2013 (the “**2013 AGM**”) a final dividend of 1.8 HK cents per share for the Year (the “**Proposed Final Dividend**”) to be paid on Thursday, 10 October 2013 to those Shareholders whose names appear on the register of members of the Company on Monday, 30 September 2013.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2013 AGM

The 2013 AGM is scheduled to be held on Wednesday, 18 September 2013. For determining the entitlement to attend and vote at the 2013 AGM, the register of members of the Company will be closed from Monday, 16 September 2013 to Wednesday, 18 September 2013, 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 2013 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, 13 September 2013.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2013 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Thursday, 26 September 2013 to Monday, 30 September 2013, 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, 25 September 2013.

ANNUAL GENERAL MEETING

It is proposed that the 2013 AGM will be held on Wednesday, 18 September 2013. Notice of the 2013 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Results

The Group's turnover for the Year, which amounted to HK\$2,526,587,000, increased by approximately 4.0% compared with last year. The consolidated net profit attributable to owners of the Company was HK\$31,111,000 for the Year, compared to HK\$33,252,000 for the year ended 31 March 2012. Basic earnings per share for the Year amounted to 3.7 HK cents, compared to 4.0 HK cents in last year.

Business Review and Financial Highlights

Turnover

Turnover of the Group amounted to HK\$2,526,587,000 for the Year, representing an increase of 4.0% over last year. Despite the volatile global economy with prolonged European debt concerns and a sluggish economic recovery in the United States ("US"), the Group recorded a 4.0% increase in sales during the Year which was mainly due to the revenue growth in its Appliance Controls business with further expansion into the Mainland China domestic market and restocking by certain European customers and the growth in its branded Building and Home Controls business.

Profitability and Margin

Consolidated net profit attributable to owners of the Company decreased from HK\$33,252,000 to HK\$31,111,000 for the Year, representing a decrease of 6.4%. Gross profit margin decreased to 10.2% for the Year, compared to 11.1% in last year. The decrease was mainly due to the less favorable sales mix and continued increases in production and overhead costs due to inflation, increases in labour costs in Mainland China and appreciation of the Renminbi ("RMB"), all of which caused downward pressure on gross profit margin. Nevertheless, such negative factors were partially offset by the Group's continued momentum in achieving material cost reductions and operational efficiency improvements. The Group recorded other income of HK\$14,339,000 for the Year, compared with HK\$11,127,000 in last year mainly due to the increased interest earned on cash balances. The Group managed to maintain operating expenses amounted at HK\$238,136,000 during the Year compared to HK\$238,692,000 in last year due to intensive expense controls.

Segment margin decreased to 2.9% for the Year, compared to 3.2% in last year. The Group recorded improvement in segment margin of Building and Home Controls business largely due to improvement in the branded business and a decrease in sales of relatively low margin products. The Group managed to maintain its segment margin in the Appliance Controls business, despite rising operating cost in Mainland China mainly due to the Group's continuous efforts in material cost reduction and productivity improvement. However, these were not sufficient to offset the decrease in the Commercial and Industrial Controls business where decreased sales of relatively high margin products negatively impacted segment results.

Outlook

Despite ongoing uncertainties of the worldwide economy that continue to constrain overall customer demand, management believes results are beginning to demonstrate that we are on the right path. Although the operating environment for manufacturing in Mainland China remains challenging with increases in wages, inflation and appreciation of the RMB, the Group anticipates continued improvement in customer demand from key customers who had scaled back over the past two years. Gradual improvement in the rate of growth in new business such as medical products is 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 optimization, as it proceeds with the rollout of higher margin smart energy and wireless innovations to solidify its expansion into attractive new consumer markets to drive its business growth.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial and liquidity position in the Year. At 31 March 2013, the Group maintained a balance of cash and cash equivalents of HK\$516,063,000, the majority of which were denominated either in US dollars or Hong Kong dollars and HK\$208,504,000 were denominated in RMB. The Group's current ratio remained strong at 1.99 times. Other payables and accrued liabilities decreased from HK\$158,737,000 at 31 March 2012 to HK\$134,188,000 at 31 March 2013, mainly due to the decrease in deposits received from customers and continuous cost control. At 31 March 2013, total interest-bearing bank borrowings were HK\$304,864,000, comprised primarily of bank 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.

At 31 March 2013, total equity attributable to owners of the Company amounted to HK\$1,057,800,000. The Group had a net cash balance of HK\$211,199,000 at 31 March 2013 representing total cash and cash equivalents less total interest-bearing bank borrowings such that no gearing ratio applies. Compared with net cash balance of HK\$401,552,000 at 31 March 2012, the decrease was mainly due to the increase in inventories and trade receivables and was mainly due to the increase in the Appliance Controls business which has a longer cash cycle than the Group's other business segments.

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. At 31 March 2013, 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 Year, the Group incurred total capital expenditure of approximately HK\$77,400,000 for additions to property, plant and equipment as well as for deferred expenditure associated with the development of new products.

At 31 March 2013, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$1,700,000.

Charges on Assets

At 31 March 2013, no bank deposit and other assets had been pledged to secure the Group's banking facilities.

Contingent Liabilities

A subsidiary of the Company is involved in a dispute with a third party, who is alleging that the subsidiary has infringed patent and is seeking for value in dispute of EUR937,500 (equivalent to approximately HK\$9,309,000). On 20 March 2013, the relevant district court granted a favorable decision to the subsidiary.

Employee Information

At 31 March 2013, the Group had a total of approximately 3,800 full-time employees. Total staff costs for the Year amounted to HK\$266,848,000. 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, 21,206,000 share options remained outstanding under such share option scheme.

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 of Hong Kong Limited (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 31 March 2013, approximately HK\$114,000,000 were utilized for strategic business combination and acquisitions, approximately HK\$20,950,000 for the expansion of product offerings and distribution networks, 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.

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 (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Year, except for the deviation from code provision A.6.7 of the CG Code as an independent non-executive director of the Company was unable to attend the annual general meeting of the Company held on 18 September 2012 due to other commitment.

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 financial statements of the Company 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
Auyang Ho
Chairman

Hong Kong, 27 June 2013

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*)

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*