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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 2012

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 2012 (the “**Year**”) together with the comparative figures for the year ended 31 March 2011, as follows:

#### CONSOLIDATED INCOME STATEMENT

*Year ended 31 March 2012*

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>REVENUE</b>	3, 4	<b>2,428,804</b>	2,664,579
Cost of sales		<u>(2,160,121)</u>	<u>(2,370,721)</u>
Gross profit		<b>268,683</b>	293,858
Other income and gain	4	<b>11,127</b>	12,764
Selling and distribution costs		<b>(71,475)</b>	(79,484)
Administrative expenses		<b>(166,052)</b>	(173,886)
Other operating income, net		<b>3,608</b>	5,133
Finance costs	5	<b>(4,773)</b>	(4,205)
Share of losses of associates		<b>(91)</b>	(2,292)
<b>PROFIT BEFORE TAX</b>	6	<b>41,027</b>	51,888
Income tax expense	7	<b>(7,786)</b>	4,674
<b>PROFIT FOR THE YEAR</b>		<b><u>33,241</u></b>	<u>56,562</u>

**CONSOLIDATED INCOME STATEMENT** (*Continued*)  
*Year ended 31 March 2012*

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>33,252</b>	56,572
Non-controlling interests		<b>(11)</b>	(10)
		<u><b>33,241</b></u>	<u>56,562</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	9		
Basic		<u><b>4.0 HK cents</b></u>	<u>6.8 HK cents</u>
Diluted		<u><b>4.0 HK cents</b></u>	<u>6.8 HK cents</u>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>33,241</b>	<b>56,562</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of foreign operations:		
Subsidiaries	12,018	9,562
Associates	2	–
	<b>12,020</b>	<b>9,562</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>45,261</b>	<b>66,124</b>
Attributable to:		
Owners of the Company	45,272	66,134
Non-controlling interests	(11)	(10)
	<b>45,261</b>	<b>66,124</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	<i>Notes</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>113,409</b>	129,058
Goodwill		<b>36,420</b>	36,420
Club debenture		<b>705</b>	705
Intangible assets		<b>47,520</b>	44,102
Interests in associates		<b>2,222</b>	2,311
Available-for-sale investment		<b>7,750</b>	–
		<hr/>	<hr/>
Total non-current assets		<b>208,026</b>	212,596
<b>CURRENT ASSETS</b>			
Inventories		<b>545,580</b>	517,263
Trade receivables	<i>10</i>	<b>463,112</b>	519,748
Prepayments, deposits and other receivables		<b>31,444</b>	33,652
Tax recoverable		<b>1,798</b>	1,282
Cash and cash equivalents		<b>632,211</b>	623,341
		<hr/>	<hr/>
Total current assets		<b>1,674,145</b>	1,695,286
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>442,390</b>	464,450
Other payables and accrued liabilities		<b>158,737</b>	160,016
Interest-bearing bank and other borrowings		<b>230,659</b>	255,760
Amounts due to an associate		<b>4</b>	62
Amounts due to non-controlling shareholders		<b>160</b>	160
Tax payable		<b>4,481</b>	4,003
		<hr/>	<hr/>
Total current liabilities		<b>836,431</b>	884,451
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>837,714</b>	810,835
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,045,740</b>	1,023,431
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**As at 31 March 2012*

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>1,045,740</b></u>	<u>1,023,431</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u><b>7,310</b></u>	<u>7,000</u>
Net assets	<u><b>1,038,430</b></u>	<u>1,016,431</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>83,000</b>	83,000
Reserves	<u><b>954,597</b></u>	<u>932,587</u>
	<b>1,037,597</b>	1,015,587
Non-controlling interests	<u><b>833</b></u>	<u>844</u>
Total equity	<u><b>1,038,430</b></u>	<u>1,016,431</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at 17/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

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

### 2. 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 (the “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 for the year ended 31 March 2012. 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 that 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 profit or loss or retained profits, as appropriate.

## Changes in accounting policy and disclosures

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

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- *HKAS 1 Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.
- *HKAS 27 Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

### 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:

- the building and home controls segment engages in the research and development, design, manufacture, trading and distribution of building and home control products;
- the appliance controls segment engages in the research and development, design, manufacture, trading and distribution of appliance control products; and
- 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 and gain, 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 and other 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.

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	<u>731,093</u>	<u>1,004,492</u>	<u>1,251,543</u>	<u>1,226,471</u>	<u>446,168</u>	<u>433,616</u>	<u>2,428,804</u>	<u>2,664,579</u>
<b>Segment results</b>	<u>13,784</u>	<u>11,333</u>	<u>22,588</u>	<u>25,252</u>	<u>41,641</u>	<u>48,482</u>	<u>78,013</u>	85,067
Bank interest income							4,710	2,857
Other income and gain (excluding bank interest income)							6,417	9,907
Corporate and other unallocated expenses							(43,249)	(39,446)
Finance costs							(4,773)	(4,205)
Share of losses of associates	(91)	(2,292)	-	-	-	-	(91)	(2,292)
Profit before tax							41,027	51,888
Income tax expense							(7,786)	4,674
Profit for the year							<u>33,241</u>	<u>56,562</u>
<b>Assets and liabilities</b>								
Segment assets	336,130	340,881	465,950	496,304	98,470	131,679	900,550	968,864
Interests in associates	2,222	2,311	-	-	-	-	2,222	2,311
Corporate and other unallocated assets							<u>979,399</u>	<u>936,707</u>
Total assets							<u>1,882,171</u>	<u>1,907,882</u>
Segment liabilities	25,780	22,290	21,233	19,107	2,568	2,907	49,581	44,304
Corporate and other unallocated liabilities							<u>794,160</u>	<u>847,147</u>
Total liabilities							<u>843,741</u>	<u>891,451</u>
<b>Other segment information:</b>								
Capital expenditure*							60,133	59,918
Depreciation							34,601	35,648
Loss on disposal of items of property, plant and equipment							244	257
Amortisation of deferred expenditure	29,266	34,169	7,492	6,984	3,043	2,420	39,801	43,573
Impairment of trade receivables	679	5,098	-	-	-	-	679	5,098
Impairment of an interest in an associate	-	1,551	-	-	-	-	-	1,551
Write-down of inventories to net realisable value	<u>1,959</u>	<u>4,918</u>	<u>6,458</u>	<u>8,153</u>	<u>1,071</u>	<u>1,907</u>	<u>9,488</u>	<u>14,978</u>

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

## Geographical information

### (a) Revenue from external customers

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The America	887,463	1,213,581
Europe	1,097,547	1,132,192
Asia	430,532	301,270
Other regions	13,262	17,536
	<u>2,428,804</u>	<u>2,664,579</u>

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

### (b) Non-current assets

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The America	5,663	4,188
Europe	1,890	2,102
Asia	192,018	205,601
	<u>199,571</u>	<u>211,891</u>

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

## 4. REVENUE AND OTHER INCOME AND GAIN

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 and gain of the Group is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Bank interest income	4,710	2,857
Engineering fee income	3,856	7,475
Handling and testing fee income	734	850
Sale of materials	1,312	808
Sundry income	515	774
	<u>11,127</u>	<u>12,764</u>

## 5. FINANCE COSTS

An analysis of finance costs of the Group is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts wholly repayable within five years	4,773	4,202
Finance leases	–	3
	<u>4,773</u>	<u>4,205</u>

## 6. PROFIT BEFORE TAX

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cost of inventories sold*	2,150,633	2,355,743
Depreciation	34,601	35,648
Research and development costs:		
Amortisation of deferred expenditure^	39,801	43,573
Current year expenditure	25,911	27,351
	<u>65,712</u>	<u>70,924</u>
Foreign exchange differences, net#	(4,557)	(12,026)
Loss on disposal of items of property, plant and equipment#	244	257
Impairment of trade receivable#	679	5,098
Impairment of an interest in an associate#	–	1,551
	<u>–</u>	<u>–</u>

\* Employee benefit expense of HK\$171,879,000 (2011: HK\$156,835,000) is included in "Cost of inventories sold" above.

^ 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 2012, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (2011: Nil).

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012 <i>HK\$’000</i>	2011 <i>HK\$’000</i>
Current – Hong Kong		
Charge for the year	5,874	4,982
Underprovision/(overprovision) in prior years	60	(13,241)
Current – Mainland China and other countries	1,542	3,714
Deferred	310	(129)
	<u>7,786</u>	<u>(4,674)</u>
Total tax charge/(credit) for the year	<u>7,786</u>	<u>(4,674)</u>

## 8. DIVIDENDS

### Dividends paid during the year

	2012 <i>HK\$’000</i>	2011 <i>HK\$’000</i>
Final dividend in respect of the financial year ended 31 March 2011		
– HK\$0.031 per ordinary share (2011: final dividend of HK\$0.018 per ordinary share, in respect of the financial year ended 31 March 2010)	25,730	14,940
	<u>25,730</u>	<u>14,940</u>

### Proposed final dividends

	2012 <i>HK\$’000</i>	2011 <i>HK\$’000</i>
Final – HK\$0.018 (2011: HK\$0.031) per ordinary share	14,940	25,730
	<u>14,940</u>	<u>25,730</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\$33,252,000 (2011: HK\$56,572,000) and 830,000,000 ordinary shares in issue (2011: 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 2012 and 2011 in respect of a dilution as the exercise price of the share options of the Company outstanding during the two years was higher than the average market price of the Company’s ordinary shares and, accordingly, such share options held have no dilutive effect on the basic earnings per ordinary shares.

## 10. TRADE RECEIVABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	476,127	532,084
Impairment	<u>(13,015)</u>	<u>(12,336)</u>
	<u><b>463,112</b></u>	<u><b>519,748</b></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 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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 1 month	440,120	489,806
1 to 2 months	13,037	20,418
2 to 3 months	3,567	4,775
Over 3 months	<u>6,388</u>	<u>4,749</u>
	<u><b>463,112</b></u>	<u><b>519,748</b></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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 1 month	393,725	432,430
1 to 2 months	33,558	14,823
2 to 3 months	2,063	2,433
Over 3 months	<u>13,044</u>	<u>14,764</u>
	<u><b>442,390</b></u>	<u><b>464,450</b></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 Tuesday, 18 September 2012 (the “**2012 AGM**”) a final dividend of 1.8 HK cents per share for the Year (the “**Proposed Final Dividend**”) to be paid on Thursday, 11 October 2012 to those Shareholders whose names appear on the register of members of the Company on Thursday, 27 September 2012.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Entitlement to attend and vote at the 2012 AGM**

The 2012 AGM is scheduled to be held on Tuesday, 18 September 2012. For determining the entitlement to attend and vote at the 2012 AGM, the register of members of the Company will be closed from Friday, 14 September 2012 to Tuesday, 18 September 2012, 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 2012 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 13 September 2012.

### **(b) Entitlement to the Proposed Final Dividend**

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2012 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Tuesday, 25 September 2012 to Thursday, 27 September 2012, 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 Monday, 24 September 2012.

## **ANNUAL GENERAL MEETING**

It is proposed that the 2012 AGM will be held on Tuesday, 18 September 2012. Notice of the 2012 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\$2,428,804,000, decreasing by approximately 8.8% from last year. The consolidated net profit attributable to owners of the Company was HK\$33,252,000 for the Year, compared to HK\$56,572,000 for the year ended 31 March 2011. Basic earnings per share for the Year amounted to 4.0 HK cents, compared to 6.8 HK cents for the same period in last year.

### Business Review and Financial Highlights

#### *Turnover*

Turnover of the Group amounted to HK\$2,428,804,000 for the Year, representing a decrease of 8.8% over last year. The decrease in turnover was mainly due to the volatile global economy and the euro-zone sovereign debt crisis in Europe, which further intensified in the second half of the year. The Group recorded modest growth in turnover in the Appliance Controls and Commercial and Industrial Controls businesses due to diversification into the Mainland China domestic market and the successful launch of new products by certain existing and new customers. Nevertheless, this growth was offset by a decrease in sales of approximately HK\$273,399,000 or 27.2% in the Building and Home Controls business due primarily to weakness in the US housing market, resulting in soft demand for customer products.

#### *Profitability and Margin*

Consolidated net profit attributable to owners of the Company decreased from HK\$56,572,000 to HK\$33,252,000 for the Year, representing a decrease of 41.2%. Excluding the effect of a tax credit of HK\$13,241,000 recorded in last year, the Group's consolidated net profit attributable to owners of the Company was HK\$43,331,000 for the year ended 31 March 2011 compared to HK\$33,252,000 for the Year. The decrease in turnover during the Year leading to the overall decrease in the Group's results; however, the gross profit margin remained stable at approximately 11%.

With continuing increases in production and overhead costs due to inflation, increases in labour costs in Mainland China and appreciation of the Renminbi (“RMB”), the Group still managed to maintain its gross margin through control of overheads and continuous improvement in operational efficiency. As a result, operating expenses decreased by HK\$13,750,000 to HK\$238,692,000 during the Year. The decrease in segment margin for both the Appliance Controls and Commercial and Industrial Controls businesses largely resulted from the increased production and overhead costs during the Year. Segment margin for the Building and Home Controls business improved to 1.9%, compared to 1.1% last year, primarily due to improvement in branded business and a decrease in sales of relatively low margin products.

## **Outlook**

The ongoing impact of the European debt crisis and the uncertainties in the global economy, especially in Europe and the USA, will continue to constrain overall customer demand in the coming financial year. Rising costs in the operating environment with increases in wages, inflation and appreciation of the RMB remain challenges for manufacturers in Mainland China. To withstand these unfavorable factors, the Group will continue tight cost controls and seek further improvement in operational efficiency and productivity to minimise the adverse impact on margins. The Group will also continue its efforts to reposition products and markets through a stronger product mix derived from the rollout of smart energy and wireless innovations. In addition, as part of that repositioning plan, the Group will consolidate its expansion into the growing market in Mainland China to drive business growth in the coming year.

## **Liquidity, Financial Resources and Capital Structure**

The Group maintained a sound financial and liquidity position during the Year. As at 31 March 2012, the Group had a balance of cash and cash equivalents of HK\$632,211,000, the majority of which were denominated either in US dollars or Hong Kong dollars and HK\$282,381,000 were denominated in RMB. The Group's current ratio remained strong at 2.0 times.

As at 31 March 2012, total interest-bearing bank and other borrowings were HK\$230,659,000, comprised primarily of bank loans and overdrafts repayable within one year. The majority of these borrowings were denominated either in US dollars, Hong Kong dollars, Sterling or Euro and the interest rates applied were primarily subject to floating rate terms.

As at 31 March 2012, total equity attributable to owners of the Company amounted to HK\$1,037,597,000. The Group had a net cash balance of HK\$401,552,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings such that no gearing ratio applies.

## **Treasury Policies**

The majority of the Group's sales and purchases are denominated in US dollars and Hong Kong dollars with Sterling and Euro 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 31 March 2012, 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 where necessary.

## **Capital Expenditure and Commitments**

During the Year, the Group incurred total capital expenditures of approximately HK\$60,133,000 for additions to property, plant and equipment as well as for deferred expenditures for the development of new products.

As at 31 March 2012, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment, of HK\$1,119,000.

### **Contingent Liabilities**

A subsidiary of the Company is involved in a dispute with a third party, who is alleging that the subsidiary has infringed patent and is seeking for value in dispute of EUR937,500 (equivalent to approximately HK\$9,713,000). The decision of the relevant district court dated 19 January 2012 was favourable to the subsidiary and the third party has appealed the decision to the relevant higher regional court. Taking into consideration the advice from the Group's lawyer, the directors consider the subsidiary has valid defense against the claim and therefore no provision was made as at 31 March 2012.

### **Charges on Assets**

As at 31 March 2012, no bank deposit and other assets had been pledged to secure the Group's banking facilities.

### **Employee Information**

As at 31 March 2012, the Group had a total of approximately 3,700 full-time employees. Total staff costs for the Year amounted to HK\$252,014,000. 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, 17,476,000 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 2012, approximately HK\$114,000,000 had been utilized for strategic business combination and acquisitions, approximately HK\$20,950,000 for the expansion of the distribution network, approximately HK\$44,176,000 for the repayment of bank borrowings and approximately HK\$44,176,000 for general corporate purposes, and the remaining balance of the net proceeds had been 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 Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 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](http://www.hkexnews.hk)) and the Company ([www.computime.com](http://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, 28 June 2012

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*)

Ms. Choi Po Yee, Alice

*Non-executive directors*

Mr. Kam Chi Chiu, Anthony

Mr. Arvind Amratlal Patel

Mr. Wong Chun Kong

*Independent non-executive directors*

Mr. Luk Koon Hoo

Mr. Patrick Thomas Siewert

Mr. Cheung Ching Leung, David

\* *For identification purposes only*