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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board of directors (the “Board”) of Computime Group Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2012 (the “Period”) together with the comparative figures for the six months ended 30 September 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
REVENUE	3, 4	1,215,329	1,258,603
Cost of sales		(1,100,620)	(1,131,746)
GROSS PROFIT		114,709	126,857
Other income and gains		10,720	4,648
Selling and distribution costs		(26,622)	(34,261)
Administrative expenses		(87,629)	(83,089)
Other operating income, net		1,478	3,626
Finance costs	5	(3,015)	(2,164)
Share of profits and losses of associates		(554)	541
PROFIT BEFORE TAX	6	9,087	16,158
Income tax expense	7	(1,718)	(3,113)
PROFIT FOR THE PERIOD		7,369	13,045

* For identification purposes only

		For the six months ended	
		30 September	
	<i>Notes</i>	2012	2011
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Owners of the Company		7,373	13,047
Non-controlling interests		(4)	(2)
		<hr/>	<hr/>
		7,369	13,045
		<hr/>	<hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	9		
Basic		<u>0.89 HK cent</u>	<u>1.57 HK cents</u>
Diluted		<u>0.89 HK cent</u>	<u>1.57 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	7,369	13,045
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		
Exchange differences on translation of foreign operations	<u>(441)</u>	<u>9,045</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,928</u>	<u>22,090</u>
ATTRIBUTABLE TO:		
Owners of the Company	6,932	22,092
Non-controlling interests	<u>(4)</u>	<u>(2)</u>
	<u>6,928</u>	<u>22,090</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		115,761	113,409
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		47,538	47,520
Interests in associates		1,667	2,222
Deposits		2,326	—
Available-for-sale investment		7,750	7,750
		<hr/>	<hr/>
Total non-current assets		212,167	208,026
CURRENT ASSETS			
Inventories		698,674	545,580
Trade receivables	<i>10</i>	496,704	463,112
Prepayments, deposits and other receivables		39,872	31,444
Tax recoverable		1,477	1,798
Cash and cash equivalents		561,021	632,211
		<hr/>	<hr/>
Total current assets		1,797,748	1,674,145
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	538,930	442,390
Other payables and accrued liabilities		155,231	158,737
Interest-bearing bank and other borrowings		257,918	230,659
Amounts due to associates		4	4
Amounts due to non-controlling shareholders		160	160
Dividend payable		14,940	—
Tax payable		4,295	4,481
		<hr/>	<hr/>
Total current liabilities		971,478	836,431
NET CURRENT ASSETS		<hr/> 826,270 <hr/>	<hr/> 837,714 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,038,437 <hr/>	<hr/> 1,045,740 <hr/>

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>6,910</u>	<u>7,310</u>
Net assets	<u>1,031,527</u>	<u>1,038,430</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,000	83,000
Reserves	<u>947,698</u>	<u>954,597</u>
Non-controlling interests	<u>1,030,698</u> <u>829</u>	<u>1,037,597</u> <u>833</u>
Total equity	<u>1,031,527</u>	<u>1,038,430</u>

NOTES TO INTERIM CONDENSED 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, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at 9th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

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

2.1 Basis of Presentation

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

Save for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which include HKASs and Interpretations, during the Period as set out in note 2.2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2012.

2.2 Changes in Accounting Policy and Disclosures

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

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

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

3. Revenue

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

4. Segment Information

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments. The following table presents revenue and profit for the Group's reportable segments for the six months ended 30 September 2012 and 2011:

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	<u>336,438</u>	<u>381,996</u>	<u>679,203</u>	<u>650,405</u>	<u>199,688</u>	<u>226,202</u>	<u>1,215,329</u>	<u>1,258,603</u>
Segment results	<u>10,945</u>	<u>5,255</u>	<u>9,870</u>	<u>8,446</u>	<u>8,514</u>	<u>19,383</u>	<u>29,329</u>	<u>33,084</u>
Bank interest income							3,366	2,041
Other income and gains (excluding bank interest income)							7,354	2,607
Corporate and other unallocated expenses							(27,393)	(19,951)
Finance costs							(3,015)	(2,164)
Share of profits and losses of associates	(554)	541	—	—	—	—	(554)	541
Profit before tax							9,087	16,158
Income tax expense							(1,718)	(3,113)
Profit for the period							<u>7,369</u>	<u>13,045</u>

5. Finance Costs

	For the six months ended 30 September	
	2012	2011
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	<u>3,015</u>	<u>2,164</u>

6. Profit Before Tax

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

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	1,096,271	1,123,323
Depreciation	16,899	17,896
Amortisation of intangible assets [#]	21,848	20,349
Write-down of inventories to net realisable value	4,349	8,423
Bank interest income	(3,366)	(2,041)

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

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 Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong	550	2,210
Current — Mainland China and other regions	1,568	1,283
Deferred	(400)	(380)

Total tax charge for the Period	1,718	3,113
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No share of tax attributable to associates (2011: Nil) is included in "Share of profits and losses of associates" in the condensed consolidated income statement.

8. Dividends

No payment of interim dividend for the six months ended 30 September 2012 is recommended (2011: Nil).

9. Earnings Per Share Attributable to Owners of the Company

The calculation of basic earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$7,373,000 (six months ended 30 September 2011: HK\$13,047,000) and 830,000,000 (six months ended 30 September 2011: 830,000,000) ordinary shares in issue during the Period.

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 September 2012 and 2011 in respect of dilution as the exercise price of the share options of the Company outstanding during the two periods is higher than the average market price of the Company's ordinary shares and accordingly, such share options held have no dilutive effect on the basic earnings per ordinary share.

10. Trade Receivables

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to three months.

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within 1 month	459,743	440,120
1 to 2 months	19,100	13,037
2 to 3 months	6,940	3,567
Over 3 months	10,921	6,388
	<u>496,704</u>	<u>463,112</u>

Included in the Group's trade receivables as at 30 September 2012 are amounts due from the Group's associate of HK\$23,579,000 (31 March 2012: HK\$10,983,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

11. Trade and Bills Payables

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within 1 month	456,383	393,725
1 to 2 months	67,219	33,558
2 to 3 months	428	2,063
Over 3 months	14,900	13,044
	538,930	442,390

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

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Results

The Group's turnover for the Period amounted to HK\$1,215,329,000, decreasing by approximately 3.4% from the same period in last year. The consolidated net profit attributable to owners of the Company was HK\$7,373,000 for the Period, compared to HK\$13,047,000 for the six months ended 30 September 2011. Basic earnings per share for the Period amounted to 0.89 HK cent, compared to 1.57 HK cents for the same period in last year.

Business Review and Financial Highlights

Turnover

Turnover of the Group amounted to HK\$1,215,329,000 for the Period, representing a decrease of 3.4% over the same period in last year. The decrease in turnover was mainly due to continued weakening in the global economy particularly with prolonged European debt concerns and a sluggish economic recovery in the United States ("US"). Nevertheless, the Group recorded revenue growth in its Appliance Controls business due to expansion into the Mainland China domestic market and restocking by certain European customers.

Profitability and Margin

Consolidated net profit attributable to owners of the Company decreased from HK\$13,047,000 to HK\$7,373,000 for the Period, representing a decrease of 43.5%. Gross profit margin decreased to 9.4% for the Period, compared to 10.1% for the same period in last year. Production and overhead costs continued to increase 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. The Group recorded other income and gains of HK\$10,720,000 for the Period, compared with HK\$4,648,000 for the same period in last year mainly due to the increased interest earned on cash balances and the recovery of the Group's previously share of recognized joint venture cessation costs. The Group managed to maintain operating expenses at HK\$115,788,000 during the Period, compared with HK\$115,888,000 for the same period in last year due to intensive expense controls.

Segment margin decreased to 2.4% for the Period, compared to 2.6% for the same period in last year. The Group recorded improvement in segment margin for both Building and Home Controls and Appliance Controls businesses largely due to improvement in branded business and a decrease in sales of relatively low margin products. 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

The ongoing uncertainties of the worldwide economy will continue to constrain overall customer demand during the rest of the current financial year. In addition, the operating environment for manufacturing in Mainland China remains challenging with increases in wages, inflation and appreciation of the RMB. Nevertheless, the Group will continue its tight cost controls and improvement in operating efficiency and productivity to minimise these adverse impacts. The Group also continues its efforts to achieve a stronger product mix with the rollout of smart energy and wireless innovations to solidify its expansion into Mainland China and other Asian 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 Period. As at 30 September 2012, the Group maintained a balance of cash and cash equivalents of HK\$561,021,000, which were mainly denominated either in US dollars or Hong Kong dollars and HK\$274,956,000 were denominated in RMB. The Group's current ratio remained strong at 1.85 times. The increase in prepayments, deposits and other receivables was mainly attributable to the increases in deposits and other receivables with customers and suppliers and input value added tax, which will be recoverable, from sales of the related goods.

As at 30 September 2012, total interest-bearing bank and other borrowings were HK\$257,918,000, 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 or Euro zone currencies and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2012, total equity attributable to owners of the Company amounted to HK\$1,030,698,000. The Group had a net cash balance of HK\$303,103,000, 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 Euro zone currencies comprising a lesser extent. Due to the fact that the Hong Kong dollars is pegged to the US dollars, the Group's exposure to this foreign exchange risk is relatively low. Certain production and operating overheads of the Group's production facilities in Mainland China are denominated in RMB. As at 30 September 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 when necessary.

Capital Expenditure and Commitments

During the Period, the Group incurred total capital expenditures of approximately HK\$41,584,000 for the additions to property, plant and equipment as well as for deferred expenditure for the development of new products.

As at 30 September 2012, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$1,901,000.

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\$9,385,000). The decision of the relevant district court dated 19 January 2012 was favorable to the subsidiary and the third party has filed an appeal on the decision to the relevant higher regional court. Taking into consideration of the advice from the Group's lawyer, the directors consider the subsidiary has valid defence against the claim and therefore no provision was made as at 30 September 2012.

Charges on Assets

As at 30 September 2012, no bank deposit and other assets had been pledged to secure the Group's banking facilities.

Employee Information

As at 30 September 2012, the Group had a total of approximately 3,600 full-time employees. Total staff costs for the Period amounted to HK\$139,834,000. 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 in October 2006, after deduction of related expenses, amounted to approximately HK\$469,419,000. The Group intends to apply the net proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 25 September 2006. As at 30 September 2012, approximately HK\$114,000,000 were utilized for strategic business combination and acquisitions, approximately HK\$20,950,000 for the expansion of the distribution network, approximately HK\$44,176,000 for the repayment of bank borrowings and approximately HK\$44,176,000 for general corporate purposes, and the remaining balance of the net proceeds was placed in certain financial institutions and licensed banks in Hong Kong as short-term deposits.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

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

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

CORPORATE GOVERNANCE

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

CODE OF CONDUCT FOR DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

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

PUBLICATION OF FURTHER INFORMATION

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

BOARD MEMBERS

As at the date of this announcement, the Board comprises (i) two executive directors, namely, Mr. Auyang Ho (Chairman) and Dr. Owyang King (Chief Executive Officer); (ii) three non-executive directors, namely, Mr. Kam Chi Chiu, Anthony, Mr. Arvind Amratlal Patel and Mr. Wong Chun Kong; and (iii) three independent non-executive directors, namely, Mr. Luk Koon Hoo, Mr. Patrick Thomas Siewert and Mr. Cheung Ching Leung, David.

APPRECIATION

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

By Order of the Board
Computime Group Limited
Auyang Ho
Chairman

Hong Kong, 29 November 2012