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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the “**Board**”) of Computime Group Limited (the “**Company**” or “**Computime**”) 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 2020 (“**1H FY20/21**”, or the “**Period**”), together with the comparative figures for the six months ended 30 September 2019 (“**1H FY19/20**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
REVENUE	3, 4	1,501,915	1,601,362
Cost of sales		<u>(1,329,681)</u>	<u>(1,378,327)</u>
Gross profit		172,234	223,035
Other income		9,522	3,948
Selling and distribution expenses		(40,907)	(57,426)
Administrative expenses		(134,819)	(140,699)
Other operating income, net		5,679	427
Finance costs	5	(7,569)	(13,956)
Share of profit of associates		<u>1,555</u>	<u>1,754</u>
PROFIT BEFORE TAX	6	5,695	17,083
Income tax expense	7	<u>(3,589)</u>	<u>(398)</u>
PROFIT FOR THE PERIOD		<u>2,106</u>	<u>16,685</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*Continued*)

		For the six months ended	
		30 September	
	<i>Note</i>	2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Owners of the Company		2,106	16,688
Non-controlling interests		<u>–</u>	<u>(3)</u>
		<u>2,106</u>	<u>16,685</u>
EARNINGS PER SHARE ATTRIBUTABLE			
TO OWNERS OF THE COMPANY			
Basic	9	<u>0.25 HK cents</u>	<u>1.99 HK cents</u>
Diluted		<u>0.25 HK cents</u>	<u>1.98 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	<u>2,106</u>	<u>16,685</u>
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(30,603)</u>	<u>(56,706)</u>
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	<u>(30,603)</u>	<u>(56,706)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u>(28,497)</u>	<u>(40,021)</u>
ATTRIBUTABLE TO:		
Owners of the Company	<u>(28,497)</u>	<u>(40,018)</u>
Non-controlling interests	<u>–</u>	<u>(3)</u>
	<u>(28,497)</u>	<u>(40,021)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September <i>Notes</i> 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	313,416	250,707
Right-of-use assets	65,989	89,398
Goodwill	36,420	36,420
Club debenture	705	705
Intangible assets	173,620	170,247
Interests in associates	8,848	9,338
Financial asset at fair value through other comprehensive income	–	–
Prepayments and deposits	34,070	29,694
Deferred tax assets	26,351	26,069
	659,419	612,578
CURRENT ASSETS		
Inventories	773,899	718,676
Trade receivables	10 346,364	489,785
Prepayments, deposits and other receivables	77,400	75,437
Cash and cash equivalents	399,558	432,031
	1,597,221	1,715,929
CURRENT LIABILITIES		
Trade and bills payables	11 709,115	715,432
Other payables and accrued liabilities	87,420	80,713
Contract liabilities	6,051	6,777
Derivative financial instruments	76	2,352
Interest-bearing bank borrowings	116,804	139,099
Lease liabilities	32,264	41,535
Amount due to a non-controlling shareholder	713	713
Tax payable	6,839	4,589
Dividend payable	11,001	–
	970,283	991,210
NET CURRENT ASSETS	626,938	724,719
TOTAL ASSETS LESS CURRENT LIABILITIES		
<i>(to be continued)</i>	1,286,357	1,337,297

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES <i>(continued)</i>	1,286,357	1,337,297
NON-CURRENT LIABILITIES		
Lease liabilities	38,284	51,186
Deferred tax liabilities	27,188	27,188
Total non-current liabilities	65,472	78,374
Net assets	1,220,885	1,258,923
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,974	83,974
Reserves	1,136,902	1,174,940
	1,220,876	1,258,914
Non-controlling interests	9	9
Total equity	1,220,885	1,258,923

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 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong.

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

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2020 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 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, 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 Group’s annual financial statements for the year ended 31 March 2020.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. REVENUE

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

5. FINANCE COSTS

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loans	5,856	12,784
Interest on lease liabilities	1,713	1,172
	<u>7,569</u>	<u>13,956</u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories sold	1,326,981	1,373,833
Depreciation of property, plant and equipment	28,488	26,766
Depreciation of right-of-use assets	19,540	22,879
Amortisation of deferred expenditure [#]	23,751	25,676
Write-down of inventories to net realisable value ^{##}	2,700	4,494
Interest income	(223)	(898)
Foreign exchange differences, net ^{###}	(4,854)	1,170
Reversal of impairment of trade receivables ^{###}	(711)	(449)
Write-off of deferred expenditure [#]	2,089	3,599
Loss on disposal of a subsidiary	32	–
	<u>1,326,981</u>	<u>1,373,833</u>

[#] The amortisation of deferred expenditure and write-off of deferred expenditure for the Period are included in “Administrative expenses” on the face of the condensed consolidated statement of profit or loss.

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

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

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	2,657	380
Current – Mainland China and other countries	932	3,338
Deferred	–	(3,320)
Total tax charge for the period	<u>3,589</u>	<u>398</u>

The share of tax attributable to associate amounting to HK\$14,000 (1H FY19/20: HK\$30,000) is included in “Share of profit of associates” in the condensed consolidated statement of profit or loss.

8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2020 is recommended (1H FY19/20: 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\$2,106,000 (six months ended 30 September 2019: HK\$16,688,000) and the weighted average number of ordinary shares of 839,740,000 (six months ended 30 September 2019: 839,740,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2020 in respect of a dilution as the impact of the share options vested had an anti-dilutive effect on the basic earnings per share amount presented.

For the six months ended 30 September 2019, the calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company of HK\$16,688,000. The weighted average number of ordinary shares used in the calculation of 841,135,000 is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 September 2019 (Unaudited)
Weighted average number of ordinary shares used in calculating the basic earnings per share	839,740,000
Weighted average number of ordinary shares assumed to have been issued at nil consideration on deemed exercise of all dilutive options in issue during the period	<u>1,395,000</u>
Weighted average number of ordinary shares used in calculating the diluted earnings per share	<u>841,135,000</u>

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 four 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. At the end of the reporting period, 15.8% (31 March 2020: 9.2%) and 51.7% (31 March 2020: 47.1%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Within 1 month	221,586	266,708
1 to 2 months	53,973	61,538
2 to 3 months	34,792	51,157
Over 3 months	36,013	110,382
	<u>346,364</u>	<u>489,785</u>

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Current and due within 1 month	333,331	461,672
1 to 2 months	868	12,003
2 to 3 months	156	2,923
Over 3 months	12,009	13,187
	<u>346,364</u>	<u>489,785</u>

Included in trade receivables is an amount due from an associate with gross amount of HK\$30,969,000 (31 March 2020: HK\$10,982,000) which is repayable on credit terms similar to those offered to the major customers of the Group. Impairment of HK\$112,000 (31 March 2020: HK\$38,000) was recognised for amount due from an associate.

As part of its normal business, the Group entered into trade receivable factoring arrangements (the "Arrangement") pursuant to which the Group assigned the rights to certain trade receivables to certain banks. The Group is not exposed to default risks of the trade debtors after the assignment. The Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. Trade receivables as if without assignment of the Arrangement as at 30 September 2020 amounted to HK\$1,043,906,000 (as at 31 March 2020: HK\$1,142,072,000).

11. TRADE AND BILLS PAYABLES

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Within 1 month	325,998	121,035
1 to 2 months	178,995	119,959
2 to 3 months	123,203	151,435
Over 3 months	80,919	323,003
	<u>709,115</u>	<u>715,432</u>

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Current and due within 1 month	624,753	500,902
1 to 2 months	29,241	122,128
2 to 3 months	19,101	47,841
Over 3 months	36,020	44,561
	<u>709,115</u>	<u>715,432</u>

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

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In the third quarter of 2020, despite the global economy continues to be battered by the sudden outbreak of COVID-19 pandemic, it shows signs of recovery in China, leading to a rebound in orders and production from the Electronics Manufacturing Service (“EMS”) industry. According to the Ministry of Industry and Information Technology of China, the Chinese EMS industry recorded a positive growth in output and export value since March 2020, peaking in June 2020 at 12.6% and 17.5% respectively (January 2020: –13.8% and –17.2% respectively).

However, the pandemic situation fluctuates in the overseas, particularly in Europe and in the United States of America (“U.S.”). Such disruptions have heavily influenced consumption patterns and the global supply chain, and many brand owners became increasingly prudent and chose to delay or cancel orders. By the time of September 2020, the Ministry of Industry and Information Technology of China reported a 3.4 percentage points drop year-over-year (“YoY”) in output volume growth from the EMS sector. Exports took a more significant hit, with September’s export value fell by 3.9% (September 2019: growth of 0.3%).

In addition to the pandemic, there were also concerns over international trade dispute and complex geopolitical development. Under such unpredictable operating environment, maintaining an agile business model, prudent balance sheet and expanding markets through diversified product and service offerings would be key to the Company’s long-term sustainability.

Business & Financial Review

The pandemic-induced global economic downturn continued to exert pressure on Computime’s business during the Period. Revenue for the Period decreased slightly by 6.2% YoY to approximately HK\$1,501.9 million, mainly attributable to the disruption to supply chain as customers were experiencing lockdown in response to the COVID-19 pandemic. Gross profit margin decreased slightly by 2.5 percentage points versus same period last year, as a result of unfavourable sales mix impacted by the lockdown in key markets as well as one-time staff redundancy cost incurred to restructure factory cost base for future benefits.

Contributed by the multiple cost rationalisation exercises executed, both selling and distribution expenses as well as administrative expenses for the Period have been driven down versus same period last year.

The Group managed to deliver a net profit attributable to owners of the Company amounted to HK\$2.1 million for the Period (1H FY19/20: HK\$16.7 million) despite the significant COVID-19 disruption as well as one-time restructuring costs incurred, which has demonstrated the resilience of the Group’s business model alongside the proactive initiatives to drive results.

Against the adverse COVID-19 impact coupled with cash investment into the new Malaysia factory, net balance of total cash and cash equivalents less total interest-bearing bank borrowings (“**net cash position**”) of the Group has been maintained at a robust level of HK\$282.8 million as at 30 September 2020, even better than the HK\$223.8 million net cash position recorded last year as at 30 September 2019. This is driven by further improvement in overall efficiency in whole cash conversion cycle in multiple dimensions, in particular the receivable cycle and payable cycle.

Despite many challenges, the Group remains committed to becoming the premium provider of innovative technology solutions. The two operating segments, Smart Solutions (“SS”) and Contract Manufacturing Services (“CMS”), continue to leverage Computime’s vast technological know-how, aiming to deliver value-added products and services to its international customers.

As for the SS segment, segment revenue for the Period is approximately HK\$483.5 million, representing a decrease of approximately 23.6%, mainly due to the regional lockdowns in Europe and in the U.S. causing order delays and limiting unit installations. As for the CMS segment, segment revenue for the Period is approximately HK\$1,018.4 million, or an increase of approximately 5.1%, as the demand from consumer home products increased. The improvement in the CMS segment has helped the Group to maintain a steady revenue level during this challenging period.

From an operational viewpoint, both segments made exciting developments amidst challenging times. For SS, the Group has made strides in data analysis of thermostats and temperature monitoring systems to enhance user experience and improve energy saving. The Group has also expanded its presence in preventive maintenance systems with new features to raise product competitiveness. On the other hand, the Group has tapped into new niche markets such as irrigation for its CMS segment, further expanding its industrial coverage.

The Group has also achieved a breakthrough in its latest geographical diversification effort, as its Malaysian manufacturing site has commenced operation and is now ramping up output. The new production site is expected to be capable to sustain the Group’s mid-to-long-term development.

Outlook

Heading into the second half of the financial year, market visibility remains low. The COVID-19 pandemic, coupled with the political instability from the continuous Brexit negotiation as well as disputes over the U.S. 2020 presidential election, are likely to create further turbulence and uncertainty towards the end of the financial year. Nonetheless, the Group also sees a promising rebound in order book, as economies slowly adjusting to the new normal. If this trend continues, the Group is confident in its ability to yield better performance in the second half of the financial year.

In light of this, Computime will dedicate itself to being operational prudent, while actively diversifying its business and geographic footprint.

On business level, the Group will remain steadfast in its cost control initiatives and inventory management in order to generate raw material savings and expand margins. To drive product adoption and enhance user experience, the Group will incorporate big data for more comprehensive behavioural analysis, and develop artificial intelligence (AI) solutions to customise service offerings.

It is the Group’s belief that a geographically diversified manufacturing network is highly sought after by customers under the current business climate. In the future, Computime will continue to explore additional opportunities to diversify its manufacturing bases, such that more agile and flexible manufacturing solutions can be provided to the clients.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2020, the Group maintained a balance of cash and cash equivalents of HK\$399,558,000, which included cash and bank balance of HK\$45,450,000 denominated in Renminbi (“**RMB**”). The remaining balance was mainly denominated in United States dollars (“**US dollars**”), Hong Kong dollars or Euro. Overall, the Group maintained a robust current ratio of 1.65 times.

As at 30 September 2020, total interest-bearing bank borrowings were HK\$116,804,000, comprising primarily bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars or Euro and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2020, total equity attributable to owners of the Company amounted to HK\$1,220,876,000. The Group had a net cash balance of HK\$282,754,000, representing total cash and cash equivalents less total interest-bearing bank borrowings.

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchase that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies involved are primarily US dollars, Euro, Great British Pound and RMB. The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimise the relevant exposures.

Capital Expenditures and Commitments

During the Period, the Group incurred total capital expenditures of approximately HK\$110,081,000 for additions to property, plant and equipment as well as for deferred expenditure associated with the development of new products.

As at 30 September 2020, the Group had capital commitments contracted but not provided for at an amount of HK\$8,360,000 mainly for the acquisition of leasehold improvements, plant and machinery.

Contingent Liabilities

As at 30 September 2020, the Group did not have any significant contingent liabilities.

Charges on Assets

As at 30 September 2020, no bank deposits and other assets have been pledged to secure the Group’s banking facilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition or disposal of subsidiaries, associated companies or joint ventures during the Period.

Employee Information

As at 30 September 2020, the Group had a total of approximately 4,700 full-time employees. Total staff costs for the Period amounted to HK\$298,538,000. 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 currently has a share option scheme (which was adopted on 14 September 2016 due to the expiry of the old share option scheme on 15 September 2016) 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, 18,800,000 share options remained outstanding under the 2006 Share Option Scheme and 20,000,000 share options remained outstanding under the 2016 Share Option Scheme.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (1H FY19/20: Nil).

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

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

CORPORATE GOVERNANCE

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

CODE OF CONDUCT FOR DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises four Independent Non-executive Directors of the Company, namely, Mr. LUK Koon Hoo (Chairman of the Audit Committee), Mr. Patrick Thomas SIEWERT, Mr. HO Pak Chuen Patrick and Mr. Roy KUAN and one Non-executive Director of the Company, namely, Mr. KAM Chi Chiu, Anthony, 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.

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.

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, 27 November 2020

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

Executive directors

Mr. AUYANG Ho (*Chairman*)

Mr. AUYANG Pak Hong Bernard (*Chief Executive Officer*)

Mr. WONG Wah Shun

Non-executive directors

Mr. KAM Chi Chiu, Anthony

Mr. WONG Chun Kong

Independent non-executive directors

Mr. LUK Koon Hoo

Mr. Patrick Thomas SIEWERT

Mr. HO Pak Chuen Patrick

Mr. Roy KUAN

* *For identification purposes only*