



**COMPUTIME
GROUP LIMITED**
金寶通集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 320)

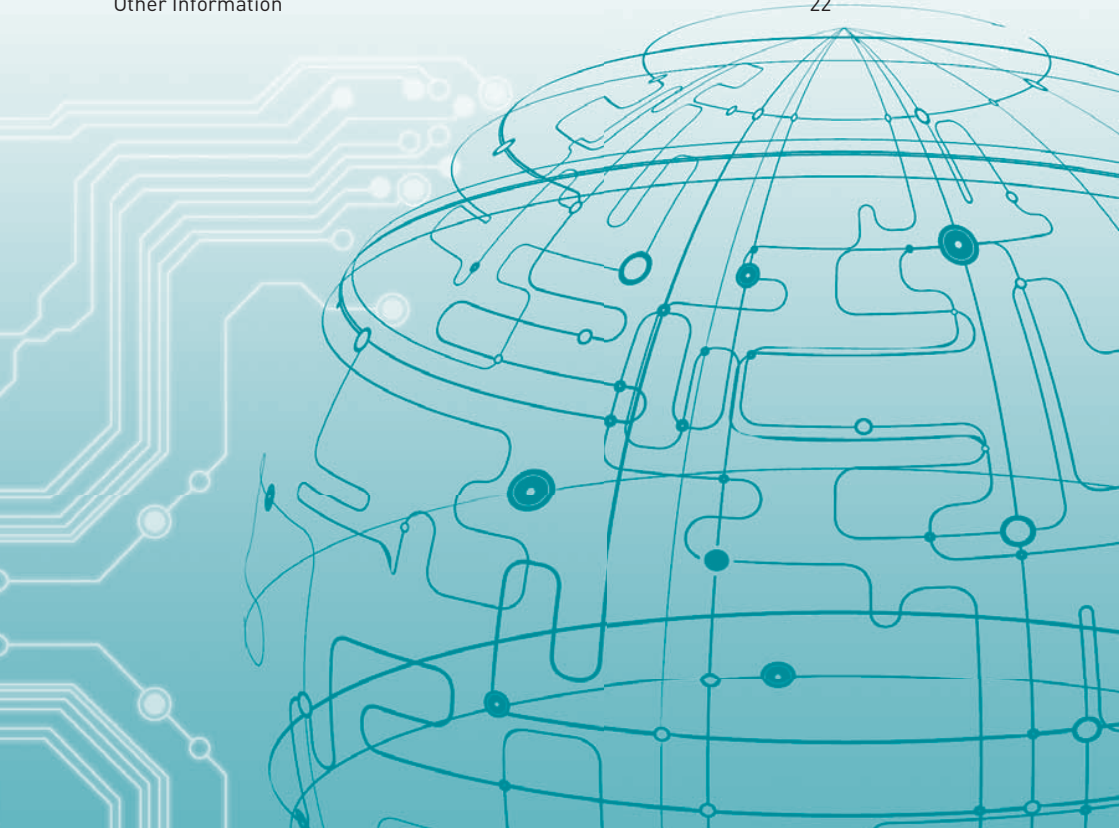
* For identification purposes only



**INTERIM REPORT
2013/2014**

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CORPORATE INFORMATION

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

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Auyang Ho
Dr. Owyang King

EXECUTIVE COMMITTEE

Mr. Auyang Ho (*Chairman*)
Dr. Owyang King

AUDIT COMMITTEE

Mr. Luk Koon Hoo (*Chairman*)
Mr. Patrick Thomas Siewert
Mr. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Cheung Ching Leung, David

REMUNERATION COMMITTEE

Mr. Patrick Thomas Siewert (*Chairman*)
Mr. Auyang Ho
Mr. Luk Koon Hoo
Mr. Cheung Ching Leung, David

NOMINATION COMMITTEE

Mr. Auyang Ho (*Chairman*)
Mr. Luk Koon Hoo
Mr. Patrick Thomas Siewert

COMPANY SECRETARY

Ms. Soon Yuk Tai

INVESTOR RELATIONS

9th Floor, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Email: ir@computime.com

STOCK CODE

320

REGISTERED OFFICE

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9th Floor, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: (852) 2260 0300
Fax: (852) 2790 3996

WEBSITE

www.computime.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House,
24 Shedden Road, George Town,
Grand Cayman KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

AUDITORS

Ernst & Young

LEGAL ADVISOR

Reed Smith Richards Butler

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Industrial and Commercial Bank of China (Asia)
Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

CONDENSED CONSOLIDATED INCOME STATEMENT

30 September 2013

The board of directors (the "Board") of Computime Group Limited (the "Company") is pleased to present the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013 (the "Period") together with the comparative figures for the six months ended 30 September 2012.

	Notes	For the six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
REVENUE		1,306,842	1,215,329
Cost of sales	3, 4	(1,180,785)	(1,100,620)
GROSS PROFIT		126,057	114,709
Other income		5,714	10,720
Selling and distribution expenses		(35,901)	(26,622)
Administrative expenses		(80,244)	(87,629)
Other operating income/(expense), net	5	(40,492)	1,478
Finance costs	6	(3,056)	(3,015)
Share of profits/(losses) of associates		689	(554)
PROFIT/(LOSS) BEFORE TAX	7	(27,233)	9,087
Income tax expense	8	(4,862)	(1,718)
PROFIT/(LOSS) FOR THE PERIOD		(32,095)	7,369
ATTRIBUTABLE TO:			
Owners of the Company		(32,094)	7,373
Non-controlling interests		(1)	(4)
		(32,095)	7,369
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	10	(3.87) HK cents	0.89 HK cent
Diluted		(3.87) HK cents	0.89 HK cent

Details of the dividends for the Period are disclosed in note 9 to the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 September 2013

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(32,095)	7,369
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		
Other comprehensive income/(expense) may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	5,098	(441)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	(26,997)	6,928
ATTRIBUTABLE TO:		
Owners of the Company	(26,996)	6,932
Non-controlling interests	(1)	(4)
	(26,997)	6,928

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	Notes	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	112,970	111,962
Goodwill		36,420	36,420
Club debenture		705	705
Intangible assets		52,906	48,918
Interests in associates		2,500	1,811
Available-for-sale investment		7,750	7,750
Rental deposits		2,577	2,577
Total non-current assets		215,828	210,143
CURRENT ASSETS			
Inventories		695,230	614,368
Trade receivables	12	523,017	556,677
Prepayments, deposits and other receivables		42,220	31,712
Tax recoverable		500	3,043
Cash and cash equivalents		577,409	516,063
Total current assets		1,838,376	1,721,863
CURRENT LIABILITIES			
Trade and bills payables	13	561,179	426,248
Other payables and accrued liabilities		152,211	134,188
Interest-bearing bank borrowings		299,135	304,864
Amount due to an associate		4	4
Amounts due to non-controlling shareholders		160	160
Dividend payable		14,940	-
Tax payable		2,800	1,221
Total current liabilities		1,030,429	866,685
NET CURRENT ASSETS		807,947	855,178
TOTAL ASSETS LESS CURRENT LIABILITIES		1,023,775	1,065,321

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	6,593	6,700
Net assets	1,017,182	1,058,621
EQUITY		
Equity attributable to owners of the Company		
Issued capital	83,000	83,000
Reserves	933,362	974,800
Non-controlling interests	1,016,362 820	1,057,800 821
Total equity	1,017,182	1,058,621

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2013

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2013 (audited)	83,000	386,419	1,879	7,424	46,912	532,166	1,057,800	821	1,058,621
Loss for the period	-	-	-	-	-	(32,094)	(32,094)	(1)	(32,095)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	5,098	-	5,098	-	5,098
Total comprehensive expense for the period	-	-	-	-	5,098	(32,094)	(26,996)	(1)	(26,997)
Equity-settled share option arrangement	-	-	-	498	-	-	498	-	498
Final 2013 dividend declared	-	-	-	-	-	(14,940)	(14,940)	-	(14,940)
At 30 September 2013 (unaudited)	83,000	386,419	1,879	7,922	52,010	485,132	1,016,362	820	1,017,182
At 1 April 2012 (audited)	83,000	386,419	1,879	5,609	44,862	515,828	1,037,597	833	1,038,430
Profit for the period	-	-	-	-	-	7,373	7,373	(4)	7,369
Other comprehensive expense for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(441)	-	(441)	-	(441)
Total comprehensive income for the period	-	-	-	-	(441)	7,373	6,932	(4)	6,928
Equity-settled share option arrangement	-	-	-	1,109	-	-	1,109	-	1,109
Final 2012 dividend declared	-	-	-	-	-	(14,940)	(14,940)	-	(14,940)
At 30 September 2012 (unaudited)	83,000	386,419	1,879	6,718	44,421	508,261	1,030,698	829	1,031,527

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

30 September 2013

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	96,897	(56,960)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(28,118)	(38,052)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(8,785)	24,243
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,994	(70,769)
Cash and cash equivalents at beginning of period	516,063	632,211
Effect of foreign exchange rate changes, net	1,352	(421)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	577,409	561,021
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	379,525	277,679
Time deposits with original maturity of less than three months when acquired	197,884	283,342
	577,409	561,021

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

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 PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2013 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 2013.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

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 – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11, HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK (IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

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. Segment information regarding the Group's revenue, profit and assets is presented below:

	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	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Segment revenue:								
Sales to external customers	336,336	336,438	733,051	679,203	237,455	199,688	1,306,842	1,215,329
Segment results	22,480	10,945	(37,072)	9,870	6,274	8,514	(8,318)	29,329
Bank interest income							2,766	3,366
Other income (excluding bank interest income)							2,948	7,354
Corporate and other unallocated expenses							(22,262)	(27,393)
Finance costs							(3,056)	(3,015)
Share of profits/(losses) of associates	689	(554)	-	-	-	-	689	(554)
Profit/(loss) before tax							(27,233)	9,087
Income tax expense							(4,862)	(1,718)
Profit/(loss) for the period							(32,095)	7,369

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
	Segment assets	380,641	382,379	627,385	587,292	89,856	77,867	1,097,882
Interests in associates	2,500	1,811	-	-	-	-	2,500	1,811
Corporate and other unallocated assets							953,822	882,657
Total assets							2,054,204	1,932,006

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

5. OTHER OPERATING INCOME/(EXPENSE), NET

Included in other operating income/(expense), net, is an impairment of trade receivables amounting to HK\$48,237,000 which is due from Fagor Electrodomeísticos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively, the "Fagor Group").

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

FagorBrandt SAS, a company incorporated under the laws of France, has been subject to reorganisation proceedings (*redressement judiciaire*) before the commercial court of Nanterre, France since 7 November 2013.

Fagor Mastercook S.A., a company incorporated under the laws of Poland, has submitted, on 31 October 2013, a petition to open formal insolvency proceedings (*concurso*) before the Commercial Court No. 1 of San Sebastian (Spain). The Court has opened the insolvency proceedings on 19 November 2013.

Since Fagor Group has undertaken insolvency on reorganisation proceedings and only a portion of these receivables is expected to be recovered, impairment of trade receivables of HK\$48,237,000 were made at the end of the reporting period.

6. FINANCE COSTS

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	3,056	3,015

7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Cost of inventories sold	1,176,311	1,096,271
Depreciation	17,360	16,899
Amortisation of intangible assets [#]	13,965	21,848
Impairment for obsolete and slow-moving inventories ^{##}	4,474	4,349
Bank interest income	(2,766)	(3,366)
Impairment of trade receivables ^{###}	48,237	134

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

7. PROFIT/(LOSS) BEFORE TAX *(Continued)*

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

Included in "Cost of sales" on the face of the condensed consolidated income statement.

Included in "Other operating income/(expense), net" on the face of the condensed consolidated income statement.

8. 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 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	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current – Hong Kong	86	550
Current – Mainland China and other countries	4,883	1,568
Deferred	(107)	(400)
Total tax charge for the Period	4,862	1,718

No share of tax attributable to associates (2012: Nil) is included in "Share of profits/(losses) of associates" in the condensed consolidated income statement.

9. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2013 is recommended (2012: Nil).



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the loss for the Period attributable to owners of the Company of HK\$32,094,000 (six months ended 30 September 2012: profit of HK\$7,373,000) and 830,000,000 (six months ended 30 September 2012: 830,000,000) ordinary shares in issue during the Period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2013 in respect of a dilution as the exercise price of the share options of the Company has an anti-dilutive effect on the basic loss per share amount presented during the period ended 30 September 2013.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2012 in respect of a dilution as the exercise price of the share options of the Company outstanding as at 30 September 2012 was higher than the average market price of the Company's ordinary shares for the period and, accordingly, share options in issue during the six months ended 30 September 2012 has no dilutive effect on the basic earnings per ordinary shares.

11. MAJOR ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group purchased property, plant and equipment amounting to approximately HK\$17,359,000 (six months ended 30 September 2012: HK\$19,717,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

12. 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 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Within 1 month	475,657	511,396
1 to 2 months	14,295	21,750
2 to 3 months	11,385	8,106
Over 3 months	21,680	15,425
	523,017	556,677

Included in the Group's trade receivables as at 30 September 2013 are amounts due from the Group's associate of HK\$19,795,000 (31 March 2013: HK\$22,052,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

13. TRADE AND BILLS PAYABLE

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 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Within 1 month	463,198	391,784
1 to 2 months	78,442	12,325
2 to 3 months	4,512	1,983
Over 3 months	15,027	20,156
	561,179	426,248

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

14. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 15 September 2006 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Details of the Scheme are set out in the Company's annual report for the year ended 31 March 2013 (note 29 to the financial statements).

Details and movements of the share options of the Company granted under the Scheme for the six months ended 30 September 2013 are as follows:

Category of participants	Number of share options					As at 30 September 2013	Date of grant of share options	Exercise period of share options	Exercise price per share HK\$
	As at 1 April 2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period				
Senior management and other employees in aggregate	402,000	-	-	-	-	402,000	27 September 2007	from 31 August 2008 to 30 August 2017	1.75
	402,000	-	-	-	-	402,000	27 September 2007	from 31 August 2009 to 30 August 2017	1.75
	402,000	-	-	-	-	402,000	27 September 2007	from 31 August 2010 to 30 August 2017	1.75
	1,206,000	-	-	-	-	1,206,000			
Director Dr. Owyang King	2,400,000	-	-	-	-	2,400,000	30 April 2010	from 30 April 2011 to 29 April 2020	1.05
	2,400,000	-	-	-	-	2,400,000	30 April 2010	from 30 April 2012 to 29 April 2020	1.05
	3,200,000	-	-	-	-	3,200,000	30 April 2010	from 30 April 2013 to 29 April 2020	1.05
	2,400,000	-	-	-	-	2,400,000	28 June 2011	from 28 June 2012 to 27 June 2021	0.79
	2,400,000	-	-	-	-	2,400,000	28 June 2011	from 28 June 2013 to 27 June 2021	0.79
	3,200,000	-	-	-	-	3,200,000	28 June 2011	from 28 June 2014 to 27 June 2021	0.79
	1,200,000	-	-	-	-	1,200,000	6 August 2012	from 6 August 2013 to 5 August 2022	0.375
	1,200,000	-	-	-	-	1,200,000	6 August 2012	from 6 August 2014 to 5 August 2022	0.375
	1,600,000	-	-	-	-	1,600,000	6 August 2012	from 6 August 2015 to 5 August 2022	0.375
	20,000,000	-	-	-	-	20,000,000			
Total	21,206,000	-	-	-	-	21,206,000			

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

14. SHARE OPTION SCHEME *(Continued)*

Notes:

1. The vesting period of the share options granted is from the date of grant until the commencement of the exercise period.
2. No share options have been granted, exercised, cancelled or lapsed for the six months ended 30 September 2013.

15. COMMITMENTS

As at 30 September 2013, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$1,601,000 (31 March 2013: HK\$1,700,000).

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following significant transactions with related parties during the Period:

(a) Transactions with related parties

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
An associate		
Sales of finished goods	23,223	27,482

(b) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Short term employee benefits	9,824	10,918
Post-employment benefits	90	54
Equity-settled share option expenses	499	1,109
	10,413	12,081

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF RESULTS

The Group's turnover for the Period amounted to HK\$1,306,842,000, rising by approximately 7.5% from the same period in last year. The consolidated net loss attributable to owners of the Company was HK\$32,094,000 for the Period, compared to net profit of HK\$7,373,000 for the six months ended 30 September 2012. Basic loss per share for the Period amounted to 3.87 HK cents, compared to basic earnings per share of 0.89 HK cent for the same period in last year.

The above results included an impairment of financial assets relating to a key Appliance Controls customer amounting to HK\$48,237,000. As announced by the Group on 22 November 2013, the specific impairment was provided for one of the key customers, which had commenced insolvency or reorganisation proceedings.

On an underlying basis, excluding the effect of the impairment charge, consolidated net income and earnings per share rose over the prior year.

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

Turnover

Turnover of the Group amounted to HK\$1,306,842,000 for the Period, representing an increase of 7.5% over the same period in last year. The increase in turnover was mainly attributed by the Appliance Controls business due to the continuous improvement in European market. Moreover, the Group recorded revenue growth in its Commercial and Industrial Controls business due to expansion into the Asian market.

Profitability and Margin

Gross profit margin increased to 9.6% for the Period, compared to 9.4% for the same period in last year, which was mainly contributed by the increase in sales, labour efficiency and control of fixed costs, which could more than fully offset the price decline and appreciation of Renminbi ("RMB"). The Group recorded other income of HK\$5,714,000 for the Period, compared with HK\$10,720,000 for the same period in last year mainly due to lack of an one-off income from recovery of the Group's previously share of recognised joint venture cessation costs in this Period. Excluding the impairment of trade receivables of HK\$48,237,000, the Group managed to maintain operating expenses at HK\$111,456,000 during the Period compared with HK\$115,788,000 for the same period in last year due to intensive cost controls.

Included in other operating income/(expense), net, is an impairment of trade receivables amounting to HK\$48,237,000 related to amounts due from Fagor Electrodomesticos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively, the "Fagor Group").

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

FagorBrandt SAS, a company incorporated under the laws of France, has been subject to reorganisation proceedings (*redressement judiciaire*) before the commercial court of Nanterre, France since 7 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Fagor Mastercook S.A., a company incorporated under the laws of Poland, has submitted, on 31 October 2013, a petition to open formal insolvency proceedings (*concurso*) before the Commercial Court No. 1 of San Sebastian (Spain). The Court has opened the insolvency proceedings on 19 November 2013.

After the HK\$48,237,000 for impairment of trade receivables, the Group's net trade receivables from the Fagor Group amounted to a net carrying amount of HK\$32,862,000.

Consolidated net profit attributable to owners of the Company decreased from profit of HK\$7,373,000 to loss of HK\$32,094,000 for the Period.

Segment margin decreased to negative 0.6% for the Period, compared to 2.4% for the same period in last year, which was mainly due to the impairment of trade receivables of HK\$48,237,000 in Appliance Controls business. Excluding the impairment of trade receivable, the segment margin of the Group will become 3.1% and the segment margin remained flat for Appliance Controls business. The Group recorded improvement in segment margin for Building and Home Controls business, which was due to the decrease in sales of relatively low margin products and improvement in relatively high margin branded SALUS business. However, the decrease in segment margin of Commercial and Industrial Control business was due to the decrease in sales of relatively high margin products.

OUTLOOK

Economic headwinds have subsided and the Group sees a gradual return to strong growth in energy-saving control solutions. Management believes results are beginning to demonstrate that we are on the right path. While targeting higher profit margin markets, the Group is achieving meaningful success in expanding into European and Asian markets in order to sustain growth in the controls business.

The Group will continue to place emphasis on strengthening its in-house research and development capabilities, specifically on wireless technologies and branded business that are both consistently gaining market acceptance in the overall control business.

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. Gradual improvement in the rate of growth in new business worldwide and particularly signs of a strengthening US market are 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 optimisation, as it proceeds with the rollout of higher margin smart energy and wireless innovations to solidify its expansion into attractive new customers markets to drive its business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a sound financial and liquidity position in the Period. As at 30 September 2013, the Group maintained a balance of cash and cash equivalents of HK\$577,409,000, which were mainly denominated either in United States dollars ("US dollars") or Hong Kong dollars, and HK\$192,301,000 were denominated in RMB. Overall, the Group maintained a robust current ratio of 1.78 times.

As at 30 September 2013, total interest-bearing bank borrowings were HK\$299,135,000, 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.

As at 30 September 2013, total equity attributable to owners of the Company amounted to HK\$1,016,362,000. The Group had a net cash balance of HK\$278,274,000, representing total cash and cash equivalents less total interest-bearing bank 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 regarding US dollars 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 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 minimise the relevant exposures when necessary.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Period, the Group incurred total capital expenditures of approximately HK\$35,317,000 for the additions to property, plant and equipment as well as for deferred expenditure for the development of new products.

As at 30 September 2013, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$1,601,000.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 September 2013, the Group has no contingent liabilities.

CHARGES ON ASSETS

As at 30 September 2013, no bank deposit and other assets had been pledged to secure the Group's banking facilities.

EMPLOYEE INFORMATION

As at 30 September 2013, the Group had a total of approximately 3,800 full-time employees. Total staff costs for the Period amounted to HK\$147,591,000. 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 report, 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 2013, approximately HK\$114,000,000 were utilised 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: 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 2013 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 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 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 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.

OTHER INFORMATION

SHARE OPTION SCHEME

Details of the share option scheme of the Company are disclosed in note 14 to the interim condensed consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2013, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Long position/Short position in the shares of the Company

Name of director	Capacity	Long position/ Short position	Number of ordinary shares involved	*Approximate percentage of the Company's issued share capital
Mr. Auyang Ho	Interest of a controlled corporation	Long position	352,500,000 <i>(Note)</i>	42.46%
	Short position of a controlled corporation	Short position	83,000,000 <i>(Note)</i>	10.00%

Note: The long/short positions in the shares were held by Solar Power Group Limited ("SPGL"). SPGL is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Auyang Ho.

* *The percentage represents the number of ordinary shares involved in the long/short positions divided by the number of the Company's issued shares as at 30 September 2013.*

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(Continued)

(2) Long position in the underlying shares of the Company – physically settled unlisted equity derivatives

Name of director	Capacity	Number of underlying shares in respect of the share options granted	*Approximate percentage of the Company's issued share capital
Dr. Owyang King	Beneficial owner	20,000,000	2.41%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in note 14 to the interim condensed consolidated financial statements.

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2013.

Save as disclosed above, as at 30 September 2013, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, the following persons (other than the directors and chief executives of the Company) had interests or short positions of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position/Short position in the shares of the Company

Name of substantial shareholder	Capacity	Long position/ Short position	Number of ordinary shares involved	*Approximate percentage of the Company's issued share capital
SPGL	Beneficial owner	Long position	352,500,000 <i>(Note 1)</i>	42.46%
	Beneficial owner	Short position	83,000,000 <i>(Note 1)</i>	10.00%
Ms. Tse Shuk Ming	Interest of spouse	Long position	352,500,000 <i>(Note 2)</i>	42.46%
	Short position of spouse	Short position	83,000,000 <i>(Note 2)</i>	10.00%
Crystalplaza Limited	Beneficial owner	Long position	133,500,000 <i>(Note 3)</i>	16.09%
Little Venice Limited	Beneficial owner	Long position	81,690,000 <i>(Note 3)</i>	9.84%
Ms. Leung Yee Li, Lana	Interest of controlled corporations	Long position	215,190,000 <i>(Note 3)</i>	25.93%
Mr. Heung Lap Chi, Eugene	Interest of spouse	Long position	215,190,000 <i>(Note 4)</i>	25.93%
Platinum Investment Management Limited	Investment manager	Long position	44,862,000	5.41%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Long position/Short position in the shares of the Company *(Continued)*

Notes:

1. *The interest/short position of SPGL were disclosed as the interest/short position of Mr. Auyang Ho in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".*
 2. *Ms. Tse Shuk Ming was deemed to be interested in 352,500,000 shares (long position) and had a short position in 83,000,000 shares of the Company through the interest/short position of her spouse, Mr. Auyang Ho.*
 3. *These shares were owned by Crystalplaza Limited (as to 133,500,000 shares) and Little Venice Limited (as to 81,690,000 shares), both companies were wholly-owned by Ms. Leung Yee Li, Lana.*
 4. *Mr. Heung Lap Chi, Eugene was deemed to be interested in 215,190,000 shares of the Company through the interest of his spouse, Ms. Leung Yee Li, Lana.*
- * *The percentage represents the number of ordinary shares involved in the long/short positions divided by the number of the Company's issued shares as at 30 September 2013.*

Save as disclosed above, as at 30 September 2013, no person, other than the directors of the Company whose interests/short positions are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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, 28 November 2013