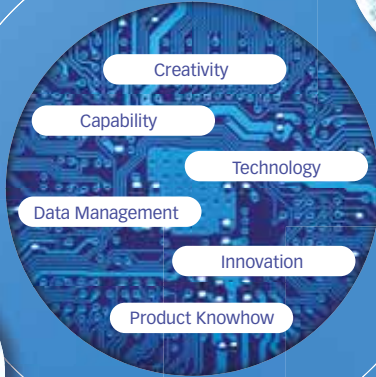


Smart Home Heating & Energy Management



Value-Added Manufacturing Services



IoMT:  
TeleHealth



Intelligent Home & Building Management

2019/2020  
INTERIM REPORT

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

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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  
Mr. AU Hing Lun, Dennis

## 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. SO Ka Man

## INVESTOR RELATIONS

6/F, Building 20E, Phase 3,  
Hong Kong Science Park,  
20 Science Park East Avenue,  
Shatin, New Territories,  
Hong Kong  
Email: ir@computime.com

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

6/F, Building 20E, Phase 3,  
Hong Kong Science Park,  
20 Science Park East Avenue,  
Shatin, New Territories,  
Hong Kong  
Tel: (852) 2260 0300  
Fax: (852) 2790 3996

## WEBSITE

[www.computime.com](http://www.computime.com)

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor,  
24 Shedden Road,  
P.O. Box 1586, 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

## AUDITOR

Ernst & Young

## LEGAL ADVISORS

DLA Piper  
Burke, Warren, Mackay & Serritella, P.C.

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
MUFG Bank, Ltd.  
BNP Paribas Hong Kong Branch  
DBS Bank (Hong Kong) Limited  
Citibank N.A.  
United Overseas Bank Limited  
Bank of China (Hong Kong) Limited

## STOCK CODE

320

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2019

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 2019 (the "Period" or "1H FY19/20") together with the comparative figures for the six months ended 30 September 2018.

	Notes	For the six months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>REVENUE</b>		<b>1,601,362</b>	1,532,361
Cost of sales	3, 4	(1,378,327)	(1,307,957)
Gross profit		223,035	224,404
Other income		3,948	4,873
Selling and distribution expenses		(57,426)	(49,863)
Administrative expenses		(140,699)	(127,653)
Other operating income/(expenses), net		427	(8,120)
Finance costs	5	(13,956)	(13,137)
Share of profit/(loss) of an associate		1,754	(493)
<b>PROFIT BEFORE TAX</b>	6	<b>17,083</b>	30,011
Income tax expense	7	(398)	(5,103)
<b>PROFIT FOR THE PERIOD</b>		<b>16,685</b>	24,908
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		16,688	24,910
Non-controlling interests		(3)	(2)
		16,685	24,908
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	9	1.99 HK cents	2.97 HK cents
Diluted		1.98 HK cents	2.95 HK cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2019

	For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>16,685</b>	24,908
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	-	9,401
Reclassification adjustments for losses included in the condensed consolidated statement of profit or loss	-	6,794
	-	16,195
Exchange differences on translation of foreign operations	(56,706)	(84,779)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX</b>	<b>(56,706)</b>	(68,584)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(40,021)</b>	(43,676)
Attributable to:		
Owners of the Company	(40,018)	(43,674)
Non-controlling interests	(3)	(2)
	<b>(40,021)</b>	(43,676)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

Notes	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
	237,411	234,876
Property, plant and equipment		
	35,009	–
Right-of-use assets		
	36,420	36,420
Goodwill		
	705	705
Club debenture		
	168,838	154,543
Intangible assets		
	6,920	5,166
Interest in an associate		
Financial asset at fair value through other comprehensive income	–	–
Prepayments and deposits	5,497	5,828
Deferred tax assets	16,371	13,052
	<b>507,171</b>	<b>450,590</b>
Total non-current assets		
<b>CURRENT ASSETS</b>		
	776,751	670,969
Inventories		
	496,070	605,868
Trade receivables	11	52,355
Prepayments, deposits and other receivables		
	4,787	–
Tax recoverable		
	–	294
Derivative financial instruments		
Cash and cash equivalents	369,652	436,488
	<b>1,719,156</b>	<b>1,765,974</b>
Total current assets		
<b>CURRENT LIABILITIES</b>		
	692,078	592,091
Trade and bills payables	12	89,409
Other payables and accrued liabilities		
	145,860	210,039
Interest-bearing bank borrowings		
	–	160
Amount due to a non-controlling shareholder		
	–	6,540
Tax payable		
	13,772	–
Dividend payable		
	2,863	4,934
Contract liabilities		
	25,203	–
Lease liabilities		
	<b>957,343</b>	<b>903,173</b>
Total current liabilities		
<b>NET CURRENT ASSETS</b>		
	<b>761,813</b>	<b>862,801</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		
<b>(to be continued)</b>	<b>1,268,984</b>	<b>1,313,391</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 September 2019

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES (continued)</b>	<b>1,268,984</b>	<b>1,313,391</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	11,911	–
Deferred tax liabilities	24,464	24,464
Total non-current liabilities	36,375	24,464
Net assets	1,232,609	1,288,927
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	83,974	83,974
Reserves	1,147,896	1,204,211
<b>Non-controlling interests</b>	<b>1,231,870</b> <b>739</b>	<b>1,288,185</b> <b>742</b>
Total equity	1,232,609	1,288,927

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2019

## Attributable to owners of the Company

	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
For the six months ended 30 September 2019 (unaudited)										
At 31 March 2019 and 1 April 2019 (audited)	83,974	394,934	1,879	13,151	-	36,206	758,041	1,288,185	742	1,288,927
Effect of adoption of HKFRS 16	-	-	-	-	-	-	(3,053)	(3,053)	-	(3,053)
At 1 April 2019 (restated)	83,974	394,934	1,879	13,151	-	36,206	754,988	1,285,132	742	1,285,874
Profit for the period	-	-	-	-	-	-	16,688	16,688	(3)	16,685
Other comprehensive expense for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(56,706)	-	(56,706)	-	(56,706)
Total comprehensive income/ (expense) for the period	-	-	-	-	-	(56,706)	16,688	(40,018)	(3)	(40,021)
Equity-settled share option arrangements	-	-	-	528	-	-	-	528	-	528
Final 2019 dividend declared	-	-	-	-	-	-	(13,772)	(13,772)	-	(13,772)
At 30 September 2019 (unaudited)	83,974	394,934	1,879	13,679	-	(20,500)	757,904	1,231,870	739	1,232,609
For the six months ended 30 September 2018 (unaudited)										
At 1 April 2018 (audited)	83,974	394,934	1,879	13,208	(16,195)	60,762	812,475	1,351,037	757	1,351,794
Profit for the period	-	-	-	-	-	-	24,910	24,910	(2)	24,908
Other comprehensive income/ (expense) for the period:										
Cash flow hedges, net of tax	-	-	-	-	16,195	-	-	16,195	-	16,195
Exchange differences on translation of foreign operations	-	-	-	-	-	(84,779)	-	(84,779)	-	(84,779)
Total comprehensive income/ (expense) for the period	-	-	-	-	16,195	(84,779)	24,910	(43,674)	(2)	(43,676)
Equity-settled share option arrangements	-	-	-	(677)	-	-	-	(677)	-	(677)
Final 2018 dividend declared	-	-	-	-	-	-	(62,981)	(62,981)	-	(62,981)
At 30 September 2018 (unaudited)	83,974	394,934	1,879	12,531	-	(24,017)	774,404	1,243,705	755	1,244,460



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2019

	For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	99,815	(326,394)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(82,209)	(86,958)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(78,135)	(31,461)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(60,529)	(444,813)
Cash and cash equivalents at beginning of period	436,488	729,615
Effect of foreign exchange rate changes, net	(6,307)	(12,179)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	369,652	272,623
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	369,652	209,631
Time deposits with original maturity of less than three months when acquired	-	62,992
	369,652	272,623

## 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 2019 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 2019.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of the new and revised HKFRSs effective as of 1 April 2019.

Amendments to HKFRS 9  
HKFRS 16

Amendments to HKAS 19

Amendments to HKAS 28

HK(IFRIC)-Int 23

Annual Improvements  
2015-2017 Cycle

*Prepayment Features with Negative Compensation  
Leases*

*Plan Amendment, Curtailment or Settlement*

*Long-term Interests in Associates and Joint Ventures*

*Uncertainty over Income Tax Treatments*

Amendments to HKFRS 3, HKFRS 11, HKAS 12 and  
HKAS 23

30 September 2019

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial statements. The nature and impact of the new and revised HKFRSs are described below:

### **HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for 2018/19 was not restated and continues to be reported under HKAS 17.

#### New definition of lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** (continued)**HKFRS 16 Leases** (continued)As a lessee – Leases previously classified as operating leases*Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

*Impacts on transition*

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payment, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded the initial direct costs from the measurement of the right-of-use asset at date of initial application

30 September 2019

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

**HKFRS 16 Leases** (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/ (decrease) HK\$'000 (Unaudited)
<b>Assets</b>	
Increase in right-of-use assets and total assets	56,272
<b>Liabilities</b>	
Increase in lease liabilities and total liabilities	59,325
Decrease in retained profits	(3,053)

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK\$'000 (Unaudited)
Operating lease commitments as at 31 March 2019	62,536
Weighted average incremental borrowing rate as at 1 April 2019	4.5%
Discounted operating lease commitments as at 1 April 2019	59,325
Lease liabilities as at 1 April 2019	59,325

30 September 2019

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### **HKFRS 16 Leases** (continued)

#### Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

#### *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

#### *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

30 September 2019

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

**HKFRS 16 Leases** (continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the Period are as follow:

	Right-of-use assets (Unaudited) HK\$'000	Lease liabilities (Unaudited) HK\$'000
As at 1 April 2019	56,272	59,325
Addition	3,517	3,517
Depreciation charge	(22,879)	-
Interest expense	-	1,172
Payments	-	(24,918)
Exchange realignment	(1,901)	(1,982)
As at 30 September 2019	35,009	37,114

30 September 2019

### 3. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. It is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the electronic control products.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

	Smart Solutions		Contract Manufacturing Services		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	632,790	561,602	968,572	970,759	1,601,362	1,532,361
<b>Segment results</b>	<b>37,340</b>	<b>46,475</b>	<b>39,920</b>	<b>31,523</b>	<b>77,260</b>	<b>77,998</b>
Bank interest income					898	1,247
Other income (excluding bank interest income)					3,050	3,626
Corporate and other unallocated expenses					(51,923)	(39,230)
Finance costs					(13,956)	(13,137)
Share of profit/(loss) of an associate	1,754	(493)	-	-	1,754	(493)
Profit before tax					17,083	30,011
Income tax expense					(398)	(5,103)
Profit for the period					16,685	24,908



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2019

## 4. OPERATING SEGMENT INFORMATION (continued)

	Smart Solutions		Contract Manufacturing Services		Total	
	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Segment assets	725,826	769,005	735,296	674,217	1,461,122	1,443,222
Interest in an associate	6,920	5,166	-	-	6,920	5,166
Corporate and other unallocated assets					758,285	768,176
Total assets					2,226,327	2,216,564

## 5. FINANCE COSTS

	For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest on bank loans	12,784	13,137
Interest on lease liabilities	1,172	-
	13,956	13,137

30 September 2019

**6. PROFIT BEFORE TAX**

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

	<b>For the six months ended 30 September</b>	
	<b>2019 (Unaudited) HK\$'000</b>	<b>2018 (Unaudited) HK\$'000</b>
Cost of inventories sold	1,378,327	1,289,460
Depreciation of property, plant and equipment	26,766	26,099
Depreciation of right-of-use assets	22,879	–
Amortisation of intangible assets <sup>#</sup>	25,676	23,832
Write-down/(reversal of write-down) of inventories to net realisable value <sup>##</sup>	4,494	(1,736)
Bank interest income	(898)	(1,247)
Foreign exchange differences, net <sup>###</sup>	1,170	9,050
Impairment/(reversal of impairment) of trade receivables <sup>###</sup>	(449)	82
Write-off of intangible assets	3,599	–

<sup>#</sup> The amortisation of intangible assets for the Period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

<sup>##</sup> Write-down/(reversal of 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.

<sup>###</sup> Foreign exchange differences, net and impairment of trade receivables are included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss.

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## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	<b>For the six months ended 30 September</b>	
	<b>2019 (Unaudited) HK\$'000</b>	<b>2018 (Unaudited) HK\$'000</b>
Current – Hong Kong	380	4,919
Current – Mainland China and other countries	3,338	184
Deferred	(3,320)	–
Total tax charge for the period	<b>398</b>	<b>5,103</b>

The share of tax attributable to associate amounting to HK\$30,000 (2018: Nil) is included in “Share of profit/(loss) of an associate” in the condensed consolidated statement of profit or loss.

## 8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2019 is recommended (2018: Nil).

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**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\$16,688,000 (six months ended 30 September 2018: HK\$24,910,000) and the weighted average number of ordinary shares of 839,740,000 (six months ended 30 September 2018: 839,740,000) in issue during the Period.

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 (six months ended 30 September 2018: HK\$24,910,000). The weighted average number of ordinary shares used in the calculation of 841,135,000 (six months ended 30 September 2018: 845,374,000) 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)	2018 (Unaudited)
Weighted average number of ordinary shares used in calculating the basic earnings per share	839,740,000	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	1,395,000	5,634,000
Weighted average number of ordinary shares used in calculating the diluted earnings per share	841,135,000	845,374,000

**10. MAJOR ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT**

During the Period, the Group purchased property, plant and equipment amounting to approximately HK\$40,815,000 (six months ended 30 September 2018: HK\$45,527,000).

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## 11. 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, 12.2% (31 March 2019: 10.2%) and 50.5% (31 March 2019: 30.0%) 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 payment due date and net of provisions, is as follows:

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Current and due within 1 month	487,090	568,177
1 to 2 months	2,495	15,284
2 to 3 months	102	12,807
Over 3 months	6,383	9,600
	<b>496,070</b>	<b>605,868</b>

Included in trade receivables is an amount due from an associate of HK\$16,347,000 (31 March 2019: HK\$41,075,000) which is repayable on credit terms similar to those offered to the major customers of the Group.

As part of its normal business, the Group entered into a trade receivable factoring arrangement (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 2019 was HK\$1,081,016,000 (as at 31 March 2019: HK\$1,283,288,000).

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## 12. TRADE AND BILLS PAYABLES

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 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Current and due within 1 month	593,644	398,179
1 to 2 months	72,714	123,331
2 to 3 months	7,081	32,408
Over 3 months	18,639	38,173
	<b>692,078</b>	<b>592,091</b>

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

## 13. SHARE OPTION SCHEMES

The purpose of the share option schemes of the Company is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the share option schemes of the Company include Directors (including Executive, Non-executive and Independent Non-executive Directors) and employees of the Group, any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group.

The share option scheme adopted by the Company on 15 September 2006 (the "2006 Scheme") was expired on 15 September 2016. Unless otherwise cancelled or lapsed in accordance with the 2006 Scheme, the outstanding share options granted under the 2006 Scheme would remain exercisable. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 14 September 2016, the Company adopted a new share option scheme (the "2016 Scheme") which, unless otherwise cancelled or terminated, would remain in force for 10 years from that date.

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**13. SHARE OPTION SCHEMES** (continued)

Details and movements of the share options of the Company granted under the 2006 Scheme during the six months ended 30 September 2019 are as follows:

Category of participants	As at 1 April 2019	Exercised during the Period	Lapsed during the Period	As at 30 September 2019	Date of grant of share options	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK\$	The price of the Company's shares at the grant date HK\$
<b>Senior management and other employees in aggregate</b>	240,000	-	-	240,000	22 October 2015	From 22 October 2016 to 21 October 2025	22 October 2016	1.24	1.24
	240,000	-	-	240,000	22 October 2015	From 22 October 2017 to 21 October 2025	22 October 2017	1.24	1.24
	320,000	-	-	320,000	22 October 2015	From 22 October 2018 to 21 October 2025	22 October 2018	1.24	1.24
	240,000	-	-	240,000	28 April 2016	From 28 April 2017 to 27 April 2026	28 April 2017	1.174	1.13
	360,000	-	-	360,000	28 April 2016	From 28 April 2018 to 27 April 2026	28 April 2018	1.174	1.13
	440,000	-	-	440,000	28 April 2016	From 28 April 2019 to 27 April 2026	28 April 2019	1.174	1.13
	160,000	-	-	160,000	28 April 2016	From 28 April 2020 to 27 April 2026	28 April 2020	1.174	1.13
	<u>2,000,000</u>	-	-	<u>2,000,000</u>					

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**13. SHARE OPTION SCHEMES** *(continued)*

 Details and movements of the share options of the Company granted under the 2006 Scheme during the six months ended 30 September 2019 are as follows: *(continued)*

Category of participants	As at 1 April 2019	Exercised during the Period	Lapsed during the Period	As at 30 September 2019	Date of grant of share options	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK\$	The price of the Company's shares at the grant date HK\$
<b>Director</b>									
Dr. OWYANG King	2,400,000	-	-	2,400,000	30 April 2010	From 30 April 2011 to 29 April 2020	30 April 2011	1.05	1.05
	2,400,000	-	-	2,400,000	30 April 2010	From 30 April 2012 to 29 April 2020	30 April 2012	1.05	1.05
	3,200,000	-	-	3,200,000	30 April 2010	From 30 April 2013 to 29 April 2020	30 April 2013	1.05	1.05
	2,400,000	-	-	2,400,000	28 June 2011	From 28 June 2012 to 27 June 2021	28 June 2012	0.79	0.79
	2,400,000	-	-	2,400,000	28 June 2011	From 28 June 2013 to 27 June 2021	28 June 2013	0.79	0.79
	3,200,000	-	-	3,200,000	28 June 2011	From 28 June 2014 to 27 June 2021	28 June 2014	0.79	0.79
	1,200,000	-	-	1,200,000	6 August 2012	From 6 August 2014 to 5 August 2022	6 August 2014	0.375	0.375
	1,600,000	-	-	1,600,000	6 August 2012	From 6 August 2015 to 5 August 2022	6 August 2015	0.375	0.375
	1,600,000	-	-	1,600,000	28 April 2016	From 28 April 2017 to 27 April 2026	28 April 2017	1.174	1.13
	1,600,000	-	-	1,600,000	28 April 2016	From 28 April 2018 to 27 April 2026	28 April 2018	1.174	1.13
	1,600,000	-	-	1,600,000	28 April 2016	From 28 April 2019 to 27 April 2026	28 April 2019	1.174	1.13
	1,600,000	-	-	1,600,000	28 April 2016	From 28 April 2020 to 27 April 2026	28 April 2020	1.174	1.13
	1,600,000	-	-	1,600,000	28 April 2016	From 28 April 2021 to 27 April 2026	28 April 2021	1.174	1.13
	<u>26,800,000</u>	-	-	<u>26,800,000</u>					
Total	<u>28,800,000</u>	-	-	<u>28,800,000</u>					



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**13. SHARE OPTION SCHEMES** (continued)

Details and movements of the share options of the Company granted under the 2006 Scheme during the six months ended 30 September 2019 are as follows: (continued)

Notes:

1. No share options granted under the 2006 Scheme have been exercised, cancelled or lapsed during the six months ended 30 September 2019.
2. The vesting period of the share options granted under the 2006 Scheme is from the date of grant until the commencement of the exercise period.

Details and movements of the share options of the Company granted under the 2016 Scheme during the six months ended 30 September 2019 are as follows:

Category of participants	As at 1 April 2019	Exercised during the Period	Lapsed during the Period	As at 30 September 2019	Date of grant of share options	Exercise period of share options	Date of share options vested/to be vested	Exercise price per share HK\$	The price of the Company's shares at the grant date HK\$
<b>Director</b>									
Dr. OWYANG King	200,000	-	-	200,000	28 April 2017	From 28 April 2020 to 27 April 2027	28 April 2020	1.04	1.04
	200,000	-	-	200,000	28 April 2017	From 28 April 2021 to 27 April 2027	28 April 2021	1.04	1.04
	1,600,000	-	-	1,600,000	28 April 2017	From 28 April 2022 to 27 April 2027	28 April 2022	1.04	1.04
<b>Total</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>					

Notes:

1. No share options granted under the 2016 Scheme have been exercised, cancelled or lapsed during the six months ended 30 September 2019.
2. The vesting period of the share options granted under the 2016 Scheme is from the date of grant until the commencement of the exercise period.

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#### 14. COMMITMENTS

As at 30 September 2019, the Group had contracted but not provided for capital commitments, mainly for the acquisition of leasehold improvements, plant and machinery of HK\$15,950,000 (31 March 2019: HK\$3,666,000).

#### 15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in these interim condensed consolidated financial statements, the Group had the following significant related party transactions during the Period.

**(a) The Group had the following material transactions with a related party during the Period:**

	For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Sale of finished goods to an associate	20,823	40,644

**(b) Compensation of key management personnel of the Group**

	For the six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Short term employee benefits	18,185	15,813
Post-employment benefits	105	95
Equity-settled share option expenses	528	(677)
	18,818	15,231

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## 16. EVENTS AFTER THE REPORTING PERIOD

### (a) Renewal of lease agreement

On 29 October 2019, the Company entered into a lease agreement with a landlord, an independent third party, in respect of the renewal of the lease of the premises for a term of three years commencing from 1 January 2020 to 31 December 2022 for use as factory, dormitory and office of the Group. Details of which were disclosed in the announcement of the Company dated 29 October 2019.

### (b) Subscription of shares in CT Nova Limited

On 21 November 2019, a wholly-owned subsidiary of the Company, Global Zone Holdings Limited, entered into an agreement to subscribe certain shares of CT Nova Limited, a company wholly-owned by Mr. AUYANG Pak Hong, Bernard, a son of Mr. AUYANG Ho, an executive Director and chairman of the Board. The subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of which were disclosed in the announcement of the Company dated 21 November 2019.

## 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 21 November 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

With over 40 years of experience in the electronics manufacturing service (“EMS”) industry, the Company has always sought to deliver quality creative engineering solutions to end customers. As the market became increasingly saturated over the last decade with fierce competition and growing cost pressure, the Company had since taken revolutionary steps to transform itself into a market-driven technology solutions provider. Today, Computime has evolved into a global player of Internet of Things (“IoT”), and is widely recognised as one of the premium suppliers of innovative smart solutions.

## Market Overview

The general market environment has been challenging in the recent year, particularly for the EMS industry. According to the Ministry of Industry and Information Technology of China, EMS industry’s output growth in the first 3 quarters of 2019 has slowed down by 4.3% year-over-year (“YoY”), whereas the output growth for EMS component exports also recorded a decline from 15.7% in September 2018 to 0.3% in September 2019, likely as a result of the growing conservatism over trading tariffs and high material costs. While the EMS industry in China suffers, Computime has turned its sights to the thriving IoT industry.

According to Strategy Analytics, the global number of households with smart systems is expected to reach 293 million by 2023, as market output reaches US\$155 billion. Notably, smart solutions technology is expected to be widely adopted by the hospitality industry. MarketsandMarkets predicts that by 2021, the market value of the smart hospitality industry would reach US\$18.1 billion, with a compound annual growth rate of 25.8% from US\$5.74 billion of 2016. Within this market, Europe is expected to be the largest geographical segment, followed by North America and the APEC region.

With such an enormous addressable market in place, building a one-stop, fully integrated home comfort smart system with wide geographical footprint would present promising future growth. Adding the increasing awareness of energy conservation and green energy into consideration, smart system remains on track to be the next breakthrough for the industry and for Computime.

### FINANCIAL PERFORMANCE

The Sino-US trade tension, the issue of Brexit, and the overall economic downturn has created much uncertainties in the macro environment, causing prudence in overall market sentiment as end users delay or restrict consumptions. Combined with the sharp and unexpected one-off increase in material and component costs last year, this has created a difficult environment for Computime to navigate. However, thanks to strategic actions carried out during the six months ended 30 September 2019, the Group's revenue enjoyed a 4.5% YoY increase to HK\$1,601.4 million compared to the corresponding period in 2018.

As for gross margin, it experienced a slight decrease from 14.6% of last year corresponding period to 13.9% of this Period, mainly attributable to the unfavourable fix and one-time restructuring cost in China factories. Cost ratio (% to revenue) of selling and distribution expenses, as well as administrative expenses of this Period both recorded slight increases of 0.3%pt and 0.5%pt respectively compared to its corresponding period in 2018, attributable to additional talent pool added to drive multiple new projects identified. As a result, profit attributable to owners of the company landed at HK\$16.7 million for the Period, representing a decrease of 33.0% from HK\$24.9 million for the corresponding period last year.

In terms of operational efficiency and capital management, the Group sees significant improvement on a YoY basis. As at 30 September 2019, inventory amounted to HK\$776.8 million, representing a decrease of 19.9% from HK\$969.5 million as at the same date of last year as a result of strengthened inventory management. Comparing the inventory balance as at 30 September 2019 to 31 March 2019 (HK\$671.0 million), it is slightly higher which simply reflects the seasonality of our business and corresponding production planning. Furthermore, contributed by reinforcement of credit management initiatives, trade receivables also recorded a decrease of 18.1% to HK\$496.1 million (31 March 2019: HK\$605.9 million), such improvement has led to a 35.6% increase in cash and cash equivalents, with it reaching HK\$369.7 million (as at 30 September 2018: HK\$272.6 million). The cash and cash equivalents as at 30 September 2019 is slightly lower than that as at 31 March 2019 (HK\$436.5 million) which is also just a reflection of seasonality.

Net cash position of the Group improved substantially from HK\$40.3 million as at 30 September 2018 to HK\$223.8 million as at 30 September 2019 driven by improvement in overall efficiency in the whole cash conversion cycle in multiple dimensions of working capital management. Net cash position as at 31 March 2019 was HK\$226.4 million.

### BUSINESS REVIEW

During the Period, Computime remained ever committed to transform itself into a provider of Smart Solutions ("SS"), offering premium home comfort and energy conservation to end users under various settings, while utilising its strong competencies and resources to provide Contract Manufacturing Services ("CMS") to its clients, in turn securing a stable cash flow that fuels the continual evolution of the Group's SS segment.

The SS segment, which accounted for 39.5% of the Group's 1H FY19/20 revenue, aligns with the Company's vast technological know-how and capabilities and focuses them on products and total system solutions within the IoT field. During the Period, segmental revenue for the SS business rose by 12.7% while segmental profit margin reduced slightly by 2.4%pt (2019: 5.9% and 2018: 8.3%) due to our continuous investment in research and development in addition to price decline and unfavourable product mix. One fast-growing product line is our own brand SALUS, which is an integrated set of software, firmware, and hardware that covers heating, ventilation and air conditioning solutions. During the Period, the Company continued to develop the SALUS brand, and has successfully introduced new features such as industry-leading level of energy saving. Such features are particularly attractive to hospitality services and multi-property management, as they empower operators with greater cost control in the form of energy usage monitoring and conservation. Specifically, Computime is working with several renowned hotel chains in North America for the trial run of its smart solutions. Additionally, the Company is also exploring opportunities in multi-family apartment complexes in the United States in energy-saving IoT solutions.

The CMS business segment, which accounted for 60.5% of the Group's 1H FY19/20 revenue, focuses on providing cost-efficient manufacturing services to notable brand owners around the world. During the Period, segmental revenue for the CMS business maintained at last year's level despite macro-economic uncertainty. Segmental profit margin of the Period (4.1%) is 0.9%pt higher than that of the corresponding period in 2018 (3.2%) contributed by cost reduction initiatives.

### OUTLOOK

With an increasingly strong foundation in IoT application across multiple industry segments and channels, there is huge business potential ahead of us for wider scope of IoT solution application leveraging our expertise in IoT technology, connectivity, as well as cloud and data analytics to enhance overall device efficiency and user experience in various dimensions.

Furthermore, the Group is driving enhancement in manufacturing capability and efficiency alongside geographic diversification of manufacturing solution which in turns open additional opportunities of new business acquisition.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Group maintained a balance of cash and cash equivalents of HK\$369,652,000, which included cash and bank balance of HK\$60,809,000 denominated in 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 1.8 times.

As at 30 September 2019, total interest-bearing bank borrowings were HK\$145,860,000, comprising primarily bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars or Hong Kong dollars and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2019, total equity attributable to owners of the Company amounted to HK\$1,231,870,000. The Group maintained a net cash balance, as at 30 September 2019, of HK\$223,792,000 (31 March 2019: HK\$226,449,000), representing total cash and cash equivalents less total interest-bearing bank borrowings. Without consideration of the balances of cash and cash equivalents of the Group, the Group's gearing ratio was 11.8% (31 March 2019: 16.3%), which is defined as the total interest-bearing bank borrowings divided by the Group's total equity.

### 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, GBP 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\$84,385,000 for additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 30 September 2019, the Group had capital commitments contracted but not provided for at an amount of HK\$15,950,000 mainly for the acquisition of leasehold improvements, plant and machinery.

### CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any significant contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CHARGES ON ASSETS

As at 30 September 2019, 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. After the reporting Period, the Group subscribed for certain shares of a company, CT Nova Limited, details of which are disclosed in note 16(b) above.

### EMPLOYEE INFORMATION

As at 30 September 2019, the Group had a total of approximately 4,800 full-time employees. Total staff costs for the Period amounted to HK\$326,022,000. 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 report, 30,800,000 share options remained outstanding under the share option schemes.



## OTHER INFORMATION

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: 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 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 auditor, has been engaged by the Company to conduct certain procedures on the Group's interim condensed consolidated financial statements for the Period in accordance with 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 this interim financial information and the relevant disclosures made in accordance with the requirements of HKAS 34 and Appendix 16 to the Listing Rules.

## SHARE OPTION SCHEMES

Details of the share option schemes of the Company are disclosed in note 13 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 2019, the interests 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 in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	*Approximate percentage of the Company's issued share capital
Mr. AUYANG Ho	Interest of a controlled corporation	352,500,000 <i>(Note)</i>	41.98%
	Beneficial owner	1,023,000	0.12%
		353,523,000	42.10%
Dr. OWYANG King	Beneficial owner	4,090,000	0.49%
Mr. AU Hing Lun, Dennis	Beneficial owner	5,810,000	0.69%

Note: These 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 interested divided by the number of the Company's issued shares as at 30 September 2019.

**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**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>*Approximate percentage of the Company's issued share capital</b>
Dr. OWYANG King	Beneficial owner	28,800,000	3.43%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in note 13 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 2019.*

Save as disclosed above, as at 30 September 2019, 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.

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

As at 30 September 2019, the following persons (other than the directors and chief executives of the Company) had interests 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 in the shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	*Approximate percentage of the Company's issued share capital
SPGL	Beneficial owner	352,500,000 <i>(Note 1)</i>	41.98%
Ms. TSE Shuk Ming	Interest of spouse	353,523,000 <i>(Note 2)</i>	42.10%
Crystalplaza Limited	Beneficial owner	215,190,000 <i>(Note 3)</i>	25.63%
Ms. LEUNG Yee Li, Lana	Interest of a controlled corporation	215,190,000 <i>(Note 3)</i>	25.63%
Mr. HEUNG Lap Chi, Eugene	Interest of spouse	215,190,000 <i>(Note 4)</i>	25.63%

Notes:

1. The interest of SPGL was also disclosed as the interest 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 353,523,000 shares of the Company through the interest of her spouse, Mr. AUYANG Ho.
  3. These 215,190,000 shares of the Company were owned by Crystalplaza Limited, which was 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 interested divided by the number of the Company's issued shares as at 30 September 2019.

## OTHER INFORMATION (continued)

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

Save as disclosed above, as at 30 September 2019, no person, other than the directors and chief executives of the Company whose interests 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, 21 November 2019