

We Enable Smart & Sustainable Living



Interim Report 2022/2023

Technology
Manufacturing
Brand

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

CHAIRMAN EMERITUS

Mr. AUYANG Ho

DIRECTORS

EXECUTIVE DIRECTORS

Mr. AUYANG Pak Hong Bernard
(Chairman and Chief Executive Officer)
Mr. WONG Wah Shun

NON-EXECUTIVE DIRECTORS

Mr. KAM Chi Chiu, Anthony
Mr. WONG Chun Kong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LUK Koon Hoo
Mr. Patrick Thomas SIEWERT
Mr. HO Pak Chuen Patrick
Mr. Roy KUAN

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. AUYANG Pak Hong Bernard
Mr. WONG Samuel Wan Kay

EXECUTIVE COMMITTEE

Mr. AUYANG Pak Hong Bernard *(Chairman)*
Mr. WONG Wah Shun

AUDIT COMMITTEE

Mr. LUK Koon Hoo *(Chairman)*
Mr. Patrick Thomas SIEWERT
Mr. KAM Chi Chiu, Anthony
Mr. HO Pak Chuen Patrick
Mr. Roy KUAN

REMUNERATION COMMITTEE

Mr. Patrick Thomas SIEWERT *(Chairman)*
Mr. AUYANG Pak Hong Bernard
Mr. LUK Koon Hoo
Mr. HO Pak Chuen Patrick
Mr. Roy KUAN

NOMINATION COMMITTEE

Mr. AUYANG Pak Hong Bernard *(Chairman)*
Mr. LUK Koon Hoo
Mr. Patrick Thomas SIEWERT
Mr. HO Pak Chuen Patrick
Mr. Roy KUAN

COMPANY SECRETARY

Mr. WONG Samuel Wan Kay

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100, 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
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Slaughter and May
Burke, Warren, Mackay & Serritella, P.C.

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Citibank (Hong Kong) Limited
United Overseas Bank Limited,
Hong Kong Branch
DBS Bank (Hong Kong) Limited

STOCK CODE

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2022

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 2022 (“1H FY22/23”, or the “Period”), together with the comparative figures for the six months ended 30 September 2021 (“1H FY21/22”).

	Notes	For the six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
REVENUE	3,4	2,090,500	1,836,206
Cost of sales		(1,823,041)	(1,580,448)
Gross profit		267,459	255,758
Other income		15,672	5,315
Selling and distribution expenses		(56,018)	(55,036)
Administrative expenses		(168,522)	(157,929)
Other operating income/(expense), net		758	(2,602)
Finance costs	5	(19,018)	(5,742)
Share of profit of an associate		3	1,800
PROFIT BEFORE TAX	6	40,334	41,564
Income tax expense	7	(10,083)	(7,408)
PROFIT FOR THE PERIOD		30,251	34,156
ATTRIBUTABLE TO:			
Owners of the Company		30,179	34,156
Non-controlling interests		72	–
		30,251	34,156
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	9	3.58 HK cents	4.06 HK cents
Diluted		3.58 HK cents	4.05 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2022

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	30,251	34,156
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(62,835)	(11,536)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	(62,835)	(11,536)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	(32,584)	22,620
ATTRIBUTABLE TO:		
Owners of the Company	(32,677)	22,620
Non-controlling interests	93	-
	(32,584)	22,620

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2022

<i>Notes</i>	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	363,602	362,013
Right-of-use assets	77,316	106,144
Goodwill	111,775	111,560
Club debenture	705	705
Intangible assets	250,768	231,123
Interest in an associate	2,082	2,079
Financial asset at fair value through other comprehensive income	–	–
Financial assets at fair value through profit or loss	9,721	9,359
Prepayments and deposits	41,163	46,845
Deferred tax assets	13,858	14,208
Total non-current assets	870,990	884,036
CURRENT ASSETS		
Inventories	1,118,086	935,884
Trade receivables	365,171	499,151
Prepayments, deposits and other receivables	156,959	133,166
Tax recoverable	931	–
Cash and bank balances	406,448	347,727
Total current assets	2,047,595	1,915,928
CURRENT LIABILITIES		
Trade and bills payables	943,102	807,020
Other payables and accrued liabilities	92,635	165,959
Contract liabilities	77,808	14,148
Derivative financial instruments	347	216
Interest-bearing bank borrowings	341,962	285,923
Lease liabilities	29,152	46,450
Tax payable	–	2,135
Dividend payable	40,021	–
Total current liabilities	1,525,027	1,321,851
NET CURRENT ASSETS	522,568	594,077
TOTAL ASSETS LESS CURRENT LIABILITIES (to be continued)	1,393,558	1,478,113

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 September 2022

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES (continued)	1,393,558	1,478,113
NON-CURRENT LIABILITIES		
Lease liabilities	36,950	48,392
Deferred tax liabilities	39,491	39,833
Total non-current liabilities	76,441	88,225
Net assets	1,317,117	1,389,888
EQUITY		
Equity attributable to owners of the Company		
Issued capital	84,254	84,254
Reserves	1,229,283	1,302,147
	1,313,537	1,386,401
Non-controlling interests	3,580	3,487
Total equity	1,317,117	1,389,888

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2022

	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	HK\$'000	HK\$'000
For the six months ended 30 September 2022 (unaudited)									
At 1 April 2022 (audited)	84,254	396,142	1,879	5,926	32,610	865,590	1,386,401	3,487	1,389,888
Profit for the period	-	-	-	-	-	30,179	30,179	72	30,251
Other comprehensive income/(expense) for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(62,856)	-	(62,856)	21	(62,835)
Total comprehensive income/(expense) for the period	-	-	-	-	(62,856)	30,179	(32,677)	93	(32,584)
Transfer of share option reserve upon the forfeiture or lapse of share options	-	-	-	(5,926)	-	5,926	-	-	-
Final 2022 dividend declared	-	-	-	-	-	(40,187)	(40,187)	-	(40,187)
At 30 September 2022 (unaudited)	84,254	396,142	1,879	-	(30,246)	861,508	1,313,537	3,580	1,317,117
For the six months ended 30 September 2021 (unaudited)									
At 1 April 2021 (audited)	83,974	394,934	1,879	9,524	79,670	828,429	1,398,410	9	1,398,419
Profit for the period	-	-	-	-	-	34,156	34,156	-	34,156
Other comprehensive expense for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(11,536)	-	(11,536)	-	(11,536)
Total comprehensive income/(expense) for the period	-	-	-	-	(11,536)	34,156	22,620	-	22,620
Issue of shares upon exercise of share options	280	1,208	-	(438)	-	-	1,050	-	1,050
Equity-settled share option arrangements	-	-	-	131	-	-	131	-	131
Transfer of share option reserve upon the forfeiture or lapse of share options	-	-	-	(2,899)	-	2,899	-	-	-
Final 2021 dividend declared	-	-	-	-	-	(49,965)	(49,965)	-	(49,965)
At 30 September 2021 (unaudited)	84,254	396,142	1,879	6,318	68,134	815,519	1,372,246	9	1,372,255

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2022

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	143,640	(118,709)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(101,081)	(78,656)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	7,693	(17,071)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	50,252	(214,436)
Cash and cash equivalents at beginning of period	301,758	582,064
Effect of foreign exchange rate changes, net	(8,103)	1,371
CASH AND CASH EQUIVALENTS AT END OF PERIOD	343,907	368,999
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	282,678	308,586
Time deposits with original maturity of three months or less when acquired	61,229	60,413
	343,907	368,999

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2022

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 2022 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 2022.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 3
Amendments to HKAS 16

*Reference to the Conceptual Framework
Property, Plant and Equipment:
Proceeds before Intended Use*

Amendments to HKAS 37
*Annual Improvements to HKFRSs
2018-2020*

Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative
Examples accompanying HKFRS 16, and HKAS 41

30 September 2022

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

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 April 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

30 September 2022

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

The nature and impact of the revised HKFRSs are described below: *(continued)*

- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 April 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

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.

During the current period, management changed its reporting segments to (i) control solutions, and (ii) branded business as a result of the growing importance of the branded business to the Group. The corresponding information for the period ended 30 September 2021 has been re-presented accordingly.

	Control Solutions		Branded Business		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 September		30 September		30 September	
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	1,863,583	1,655,976	226,917	180,230	2,090,500	1,836,206
Segment results	122,642	129,373	(17,790)	(27,105)	104,852	102,268
Bank interest income					958	1,170
Other income (excluding bank interest income)					14,714	4,145
Corporate and other unallocated expenses					(61,175)	(62,077)
Finance costs					(19,018)	(5,742)
Share of profit of an associate	-	-	3	1,800	3	1,800
Profit before tax					40,334	41,564
Income tax expense					(10,083)	(7,408)
Profit for the period					30,251	34,156

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

4. OPERATING SEGMENT INFORMATION (continued)

	Control Solutions		Branded Business		Total	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Segment assets	1,376,616	1,318,020	388,425	359,276	1,765,041	1,677,296
Interest in an associate	-	-	2,082	2,079	2,082	2,079
Corporate and other unallocated assets					1,151,462	1,120,589
Total assets					2,918,585	2,799,964

Segment assets mainly exclude property, plant and equipment, goodwill, a club debenture, interest in an associate, a financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, right-of-use assets, deferred tax assets, cash and bank balances, tax recoverable, and certain balances of prepayments, deposits and other receivables, and corporate and other unallocated assets as these assets are managed on a group basis.

5. FINANCE COSTS

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank loans	17,536	4,283
Interest on lease liabilities	1,482	1,459
	19,018	5,742

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cost of inventories sold	1,823,121	1,574,829
Depreciation of property, plant and equipment	34,962	31,100
Depreciation of right-of-use assets	25,028	21,400
Amortisation of deferred expenditure [#]	19,210	19,351
Amortisation of patent and customer relationships [^]	329	-
Write-down/(reversal of write-down) of inventories to net realisable value ^{##}	(80)	5,619
Interest income	(958)	(1,170)
Foreign exchange differences, net ^{###}	(799)	4,595
Impairment/(reversal of impairment) of trade receivables ^{####}	(354)	51
Write-off of deferred expenditure [#]	798	-

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

[^] The amortisation of patent and customer relationships for the Period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

^{##} 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.

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

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (1H FY21/22: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current – Hong Kong	1,167	2,326
Current – Mainland China and other countries	8,916	5,082
Total tax charge for the period	10,083	7,408

The share of tax attributable to associate amounting to Nil (1H FY21/22: HK\$6,000) is included in "Share of profit of an associate" in the condensed consolidated statement of profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2022 is recommended (1H FY21/22: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$30,179,000 (six months ended 30 September 2021: HK\$34,156,000) and the weighted average number of ordinary shares of 842,540,000 (six months ended 30 September 2021: 840,627,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2022.

For the six months ended 30 September 2021, the calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company of HK\$34,156,000. The weighted average number of ordinary shares used in the calculation of 843,271,000 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 2021 (Unaudited)
Weighted average number of ordinary shares used in calculating the basic earnings per share	840,627,000
Weighted average number of ordinary shares assumed to have been issued at nil consideration on deemed exercise of all dilutive options in issue during the period	<u>2,644,000</u>
Weighted average number of ordinary shares used in calculating the diluted earnings per share	<u>843,271,000</u>

10. MAJOR ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group purchased property, plant and equipment amounting to approximately HK\$62,176,000 (six months ended 30 September 2021: HK\$45,649,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

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 five months (31 March 2022: one to five 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, 21.0% (31 March 2022: 36.2%) and 38.5% (31 March 2022: 56.6%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 1 month	206,561	308,518
1 to 2 months	77,563	87,010
2 to 3 months	48,219	70,301
Over 3 months	32,828	33,322
	365,171	499,151

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Current and due within 1 month	354,220	486,385
1 to 2 months	3,719	2,355
2 to 3 months	3,517	2,358
Over 3 months	3,715	8,053
	365,171	499,151

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

11. TRADE RECEIVABLES (continued)

As part of its normal business, the Group entered into trade receivable factoring arrangements (the "Arrangement") pursuant to which the Group assigned the rights to certain trade receivables to certain banks. The Group is not exposed to default risks of the trade debtors after the assignment. The Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. Trade receivables as if without assignment of the Arrangement as at 30 September 2022 amounted to HK\$904,900,000 (as at 31 March 2022: HK\$1,071,824,000).

12. CASH AND BANK BALANCES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Cash and bank balances	282,678	301,758
Time deposits	61,229	–
Restricted bank deposits	62,541	45,969
	406,448	347,727

As at 30 September 2022, restricted bank deposits mainly included deposits for issuance of bank acceptance notes with a bank (31 March 2022: deposits for issuance of bank acceptance notes with a bank).

13. TRADE AND BILLS PAYABLES

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 1 month	289,168	138,958
1 to 2 months	176,232	172,593
2 to 3 months	152,244	193,458
Over 3 months	325,458	302,011
	943,102	807,020

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

13. TRADE AND BILLS PAYABLES (continued)

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 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Current and due within 1 month	714,855	603,024
1 to 2 months	71,168	81,896
2 to 3 months	52,279	25,758
Over 3 months	104,800	96,342
	943,102	807,020

The trade payables are non-interest-bearing and generally have payment terms ranging from one to six months (31 March 2022: one to six months).

14. 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 of the Company (the "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 ("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 ("2016 Scheme") which, unless otherwise cancelled or terminated, would remain in force for 10 years from that date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

14. SHARE OPTION SCHEMES (continued)

Details and movements of the share options of the Company granted under the 2006 Scheme during the Period are as follows:

Category of participant	As at 1 April 2022	Granted during the Period (Note 1)	Exercised during the Period (Note 1)	Cancelled during the Period (Note 1)	Lapsed/ forfeited during the Period (Note 2)	As at 30 September 2022	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\$
Other Eligible Participant	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	3 September 2020	1.174	1.13
Total	8,000,000	-	-	-	(8,000,000)	-					

Notes:

1. No share options were granted, exercised and cancelled under the 2006 Scheme during the Period.
2. 8,000,000 options granted under the 2006 Scheme were lapsed or forfeited during the Period. The respective share option reserve of HK\$5,041,000 for the share options granted and vested in prior years but not yet exercised had been transferred from share option reserve to retained profits.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

14. SHARE OPTION SCHEMES (continued)

Details and movements of the share options of the Company granted under the 2016 Scheme during the Period are as follows:

Category of participants	As at 1 April 2022	Granted during the Period (Note 1)	Exercised during the Period (Note 1)	Cancelled during the Period (Note 1)	Lapsed/forfeited during the Period (Note 2)	As at 30 September 2022	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\$
Other Eligible Participant	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	3 September 2020	1.04	1.04
	1,600,000	-	-	-	(1,600,000)	-	28 April 2017	From 28 April 2022 to 27 April 2027	3 September 2020	1.04	1.04
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>					
Director											
Mr. AU-YANG Pak Hong Bernard	4,000,000	-	-	-	(4,000,000)	-	1 April 2020	From 1 July 2022 to 30 June 2030	1 July 2022	0.345	0.345
	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>	<u>-</u>					
Total	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>					

Notes:

1. No share options were granted, exercised and cancelled under the 2016 Scheme during the Period.
2. 6,000,000 share options granted under the 2016 Scheme were lapsed or forfeited during the Period. The respective share option reserve of HK\$885,000 for the share options granted and vested in prior years but not yet exercised had been transferred from share option reserve to retained profits.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

14. SHARE OPTION SCHEMES (continued)

The fair values of the equity-settled share options granted under the 2016 Scheme during the Period were estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Granted on 1 April 2020	Granted on 3 September 2020
Exercise price (HK\$)	0.345	0.305
Share price at the date of grant (HK\$)	0.345	0.305
Dividend yield (%)	3.80	4.30
Expected volatility (%)	51.59	50.41
Risk-free interest rate (%)	0.61	0.52
Expected life of options (number of years)	10	10

The expected life of the options is based on the contractual life and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

15. COMMITMENTS

As at 30 September 2022, the Group had contracted but not provided for capital commitments, mainly for the acquisition of property, plant and equipment of HK\$18,129,000 (31 March 2022 acquisition of property, plant and equipment: HK\$33,295,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

16. 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 related parties during the Period:

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Sale of finished goods to an associate	–	24,292
Sale of finished goods to a related party	–	316
Service fee income from an associate	360	–

These related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short term employee benefits	15,341	18,777
Post-employment benefits	99	108
Equity-settled share option expenses	–	131
	15,440	19,016

Included in other payables is an amount due to an associate of HK\$974,000 (31 March 2022: HK\$1,833,000), which is non-interest-bearing and repayable on demand.

30 September 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accrued liabilities, dividend payable and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The valuations of the Group's financial asset at fair value through other comprehensive income in level 3 as at 30 September 2022 and 31 March 2022 were conducted with reference to the carrying value of the net asset value of the investment based on the cost approach by management.

The fair values of unlisted equity investments which were classified as financial assets at fair value through profit or loss in level 3 as at 30 September 2022 have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to sales ("EV/S") ratio, and discount for lack of marketability, for each comparable company identified. The multiple is calculated by dividing the enterprise value or market value of invested capital of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The put option included in the financial asset at fair value through profit or loss in level 3 as at 30 September 2022 has been estimated using a binomial lattice model. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

During the period/year ended 30 September 2022 and 31 March 2022, the Group entered into derivative financial instruments with various counterparties, principally creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 30 September 2022 and 31 March 2022, the derivative financial instruments and trade receivables designated at debt investments at fair value through other comprehensive income were classified under fair value measurement using significant observable inputs within level 2. The valuations of the Group's trade receivables designated at debt investments at fair value through other comprehensive income as at 30 September 2022 and 31 March 2022 were determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 September 2022 and 31 March 2022:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	EV/EBITDA multiple	0.84 to 4.72 (31 March 2022: 0.66 to 6.55)	5% (31 March 2022: 5%) increase/decrease in EV/EBITDA multiple would result in increase/decrease in fair value by HK\$216,000 (31 March 2022: HK\$269,000)
		EV/S ratio	1.57 to 10.89 (31 March 2022: 1.74 to 10.23)	5% (31 March 2022: 5%) increase/decrease in EV/S ratio would result in increase/decrease in fair value by HK\$110,000 (31 March 2022: HK\$79,000)
		Discount for lack of marketability	10% to 47.3% (31 March 2022: 12% to 47.3%)	5% (31 March 2022: 5%) increase/decrease in discount for lack of marketability would result in decrease/increase in fair value by HK\$126,000 to HK\$198,000 (31 March 2022: HK\$138,000 to HK\$249,000)
Put option included in unlisted investments	Binomial lattice model	Stock price (31 March 2022: Volatility)	US\$274,550 to US\$303,450 (31 March 2022: 50.5% to 55.8%)	5% (31 March 2022: 5%) increase/decrease in stock price (31 March 2022: volatility) would result in decrease/increase in fair value by HK\$109,000 (31 March 2022: HK\$31,000)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 September 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The movements in fair value measurements in Level 3 during the periods are as follow:

	Put option HK\$'000	Equity investments HK\$'000
Unlisted investments designated at fair value through profit or loss:		
At 1 April 2021	–	8,386
Purchases	–	1,250
Total gains recognised in the consolidated statement of profit or loss included in other operating income/ (expense), net	–	2,725
At 30 September 2021	–	12,361
At 1 April 2022	3,525	5,834
Total gains/(losses) recognised in the consolidated statement of profit or loss included in other operating income/(expense), net	1,844	[1,482]
At 30 September 2022	5,369	4,352

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (1H FY21/22: Nil).

18. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board on 23 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1974, Computime has evolved from an ordinary clock and timing device manufacturer, to a technology, brand, and manufacturing company that drives smart and sustainable living. The Group advances smart and sustainable living through its two key operating segments, with Control Solutions focusing on the design, engineering, technology and manufacturing solutions of heating, ventilation, and air conditioning, home appliance and industrial controls for international branded customers, whereas its Branded Business offers smart home, energy efficient, and environmental control products to professional installers, property developers, and wholesalers under its house brand Salus. Following the top-up investment of 62.9998% of membership interests of Braeburn Systems LLC ("Braeburn"), the Group also operates the Braeburn brand in the American market, along with lines of licensed products distributed under Computime Brands.

MARKET OVERVIEW

In 2022, the world has seen severe disruptions across several fronts. On the supply side, the lingering effect of COVID-19 pandemic has led to regional lockdowns and border closure in China, which has in turn, created significant supply chain issues for parts and finished goods movement. Considering China's leading role in the global manufacturing industry, companies saw increasing pressure from the rising material and logistics cost, and were forced to revisit their supply chain setup. Meanwhile, the Ukraine-Russia war that was escalated in February 2022 has not only casted further doubts on market visibility and sentiment, but it has also further disrupted the global raw material market as well as European supply chain.

Manufacturers and solution providers have turned to price hike to ease their cost pressure in an already-conservative market correspondingly. Yet, overall consumer demand shrinks across Europe and the Americas. According to a survey from McKinsey & Company, consumers are pulling back on spending and dipping into savings, as nearly four in ten have reduced spending on non-food discretionary items; whereas in the America, retailers such as Walmart and Target have both reported growing inventory backlog issues, pointing towards consumer softness. All these painted a rather conservative outlook for the market, facing a stagnated demand and rising cost at the same time.

Despite all the obstacles, there were also some beneficiaries in certain niche markets, such as smart home products amid the growing stay-at-home economy. With COVID-19 fundamentally changing people's perception of home as a work-and-life space, there is a growing emphasis on quality of living, and interconnected, environmental-friendly, smart and customized household products were being increasingly valued. According to the IDC Worldwide Quarterly Smart Home Device Tracker, global shipments of smart home devices are expected to remain stable at US\$897.4 million in 2022. This highlights the resilience in demand, despite the prevailing conservatism among consumers.

COVID-19 also calls for increasing automation and robotics involvement in order to reduce human touch and risk of infection. According to a market research conducted by Technavio, the global consumer robotics market is expected to grow 11.6% in 2022, and the growth is expected to further accelerate between 2022 and 2026, at a compounded annual growth rate of 12.2%.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Meanwhile, the Ukraine-Russia war also came with a real possibility of energy crisis in the continent, forcing the European Union to reconsider its energy policy, as well as its path to the ambitious proposal of reaching net-zero targets by 2050. It is expected that there will be an increasing burden on corporates' contribution, which could potentially lead to more stringent environmental, social, and corporate governance ("ESG") requirements. Suppliers may also be increasingly chosen for its outstanding ESG performance, whereas on the consumer end, the sharp increase in energy prices also forced consumers to rethink their consumption habit. According to the Energy Efficiency report by International Energy Agency in 2021, sales of more efficient electric heat pumps and renewable heating equipment, such as solar hot water systems, made up more than 20% of overall installations in 2020. Such development is only expected to accelerate, as energy prices remained high and consumers became increasingly price-sensitive.

All in all, sustainability has become the new watchword for countries, companies and consumers. Raw material, supply chain, and consumer demand issues are expected to remain, yet there are also market opportunities for companies with agile supply chain, faster time-to-market, that can offer smart, environmental-friendly, and energy-conserving solutions.

BUSINESS AND FINANCIAL REVIEW

Despite the prevailing conservatism among industry players and end consumers, the Group was able to leverage its technological capability and customer stickiness, in securing a steady increase in orders across both operating segments during the Period. Hence, total revenue increased 13.8% year-on-year ("YoY") to HK\$2,090.5 million (1H FY21/22: HK\$1,836.2 million). As a result of the increase in revenue, gross profit also increased 4.6% YoY to HK\$267.5 million (1H FY21/22: HK\$255.8 million), yet gross profit margin suffered a drop of 1.1 percentage point to 12.8% (1H FY21/22: 13.9%), mainly due to the depreciation of European currencies as well as the spike in raw material and logistics costs. Coupled with the sharp increase in interest rate, as well as the increase in interest-bearing bank borrowings in support of various corporate projects, profit attributable to owners of the Company decreased 11.6% YoY to HK\$30.2 million (1H FY21/22: HK\$34.2 million). On the other hand, EBITDA for the Period increased from HK\$118.0 million last year to HK\$138.7 million this year.

Specifically, revenue of Control Solutions reached HK\$1,863.6 million for the Period (1H FY21/22: HK\$1,656.0 million), representing a YoY growth of 12.5%, thanks to the increase in order volume during the Period. However, despite the Group's best effort in cost control and price adjustment, segment profit margin decreased 1.2 percentage point to 6.6% (1H FY21/22: 7.8%), as a result of the surge in material cost and the depreciation of European currencies.

Benefitted from the contribution of the top-up investment in Braeburn, revenue of Branded Business increased from HK\$180.2 million last year, to HK\$226.9 million this year, representing a growth of 25.9% YoY. However, a narrowing loss from HK\$27.1 million last year to HK\$17.8 million this year is partly attributable to the depreciation of European currencies. Nonetheless, Braeburn's integration has been ongoing. Through its extensive sales network, it is expected that the Group can improve segment performance in the future, by raising the Group's penetration and contributions from the North American market.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

During the Period, the Group continued to enhance its capability by streamlining its operations, investing in new technologies, refining its global manufacturing footprint, and maintaining a solid financial position in case of the unexpected. The Group has invested in its technological infrastructure to develop its Platform-as-a-Service ("PaaS") business, on applications such as smart irrigation, robotics, and smart home construction. To support the PaaS development, the Group has further invested in its research and development ("R&D"), particularly on artificial intelligence ("AI"), machine-learning ("ML"), cloud computing, robotics, professional security solutions and electrical vehicle ("EV") chargers, so that it can create better products for its future servicing business. The Group has also tapped into new product categories and industries through its robotic investment, allowing it to acquire new customers from the medical and hospitality sectors.

While the development of new sites in Mexico and Romania remains on track, the Group has greatly strengthened its control and enhanced the efficiency of the Malaysian plant during the Period. This should also lay a solid foundation for future performance, as the improved in efficiency should become a competitive advantage for existing and new customers.

In addition to the investments and business expansion, the Group also remained prudent in managing its financial. As at 30 September 2022, cash and cash equivalents increased 16.9% to HK\$406.4 million (as at 31 March 2022: HK\$347.7 million), with trade receivables greatly improved as it decreased from HK\$499.2 million, to HK\$365.2 million, despite an increase in total revenue. Trade and bills payables also increased from HK\$807.0 million to HK\$943.1 million, whereas inventories increased 19.5% to HK\$1,118.1 million (as at 31 March 2022: HK\$935.9 million), largely due to the integration of Braeburn's inventories as well as the advanced preparation of materials amid global unpredictability. Gearing ratio maintains at a healthy level at 44.0%, slightly above last fiscal year end at 40.8% as at 31 March 2022, calculated based on the net debt divided by the equity attributable to owners of the Company plus net debt. Net debt is the sum of interest-bearing bank borrowings, trade and bills payables, and other payables and accrued liabilities, minus cash and bank balances and time deposits with an original maturity of three months or less when acquired.

Overall, the Company was able to report an improvement in its cash conversion cycle to 46 days during the Period (1H FY21/22: 53 days), and that should provide enough agility for the Company to navigate the fluctuating market.

OUTLOOK

Looking ahead, macro volatility is expected to persist in the short-to-medium term. The global economy have been plummeting and the market conditions remain unstable, especially in the major markets the Group serve in. Global interest rate hike is expected to continue, not only putting pressure on companies' borrowing cost, but also consumers' access to affordable financing leading to an eventual dragging consumption. Inflation rate also remains high, making consumers increasingly conservative and price-sensitive over daily consumption. As a result, brand owners are also expected to maintain conservatism on its orders.

In order to counter the headwinds ahead, the Group will continue to focus on cost control and efficiency enhancement, allowing us to have the maximum resources and margins available to respond to the market. Specifically, the Group will continue to boost the efficiency of its Malaysian plant, as well as to reduce the operating cost of its other plants through its level-loading strategy to enjoy a higher margin. The Group will also preserve cash to efficiently respond to further market shocks, and will continue to diversify its manufacturing footprint in order to gain competitive advantage in new regional markets.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Group remains cautiously optimistic, and the successful integration of Braeburn should offer the Group a new business dimension. The Group is looking forward to leveraging its solid distribution network in North America to quickly expand its Branded Business. The Group has started offering a true end-to-end solution through its PaaS to its customers. The platform will also be expanded to cover other new product categories that the Group will tap into in the future.

Meanwhile, the Group will also continue its R&D investment, focusing on AI, ML, robotics, cloud computing, professional security solutions and EV chargers, and globalise our manufacturing footprint, to offer holistic and comprehensive products and solutions to our customers. New product development should also lay a solid foundation for future ecosystem and service revenue, offering more, better products and solutions to drive smart and sustainable living.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2022, the Group maintained a balance of cash and bank balances of HK\$406,448,000, which included cash and bank balances of HK\$282,678,000, time deposits with original maturity of three months or less when acquired of HK\$61,229,000 and restricted bank deposits of HK\$62,541,000 for issuance of bank acceptance notes. The Group held cash and bank balance of HK\$174,622,000 denominated in Renminbi ("RMB"). The remaining balance was mainly denominated in United States dollars ("US dollars"), HK dollars or Euro ("EUR"). Overall, the Group maintained a robust current ratio of 1.3 times.

As at 30 September 2022, total interest-bearing bank borrowings were HK\$341,962,000, comprising mainly bank loans repayable within one year. The majority of these borrowings were denominated in US dollars and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2022, total equity attributable to owners of the Company amounted to HK\$1,313,537,000. The Group had a net balance of cash and bank balances less total interest-bearing bank borrowings of HK\$64,486,000.

TREASURY POLICIES

The Group is exposed to foreign exchange risk through sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies involved are primarily US dollars, RMB, EUR and Great British Pound ("GBP"). 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 EXPENDITURE AND COMMITMENTS

During the Period, the Group incurred total capital expenditures of approximately HK\$102,082,000 for additions to property, plant and equipment as well as for deferred expenditure associated with the development of new products.

As at 30 September 2022, the Group had capital commitments contracted but not provided for of HK\$18,129,000, mainly for the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any significant contingent liabilities.

CHARGES ON ASSETS

As at 30 September 2022, 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, associates or joint ventures during the Period.

EMPLOYEE INFORMATION

As at 30 September 2022, the Group had a total of approximately 4,500 full-time employees. Total staff costs for the Period amounted to HK\$360,558,000. 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 of the Company (the "Shareholders") as a whole. Up to the date of this report, no share options remained outstanding under the 2006 Scheme and the 2016 Scheme.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (1H FY21/22: 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 as a whole. The Board is of the view that the Company has complied with the code provisions (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 Provisions C.1.6 and C.2.1 of the CG Code as described below:

Code Provision C.1.6 of the CG Code provides that independent non-executive directors and non-executive directors should attend general meetings. Due to other business arrangement at the relevant time, Mr. Roy KUAN did not attend the annual general meeting of the Company on 8 September 2022.

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 13 April 2022, Mr. AUYANG Pak Hong Bernard, the chief executive officer of the Company, has also assumed the role of the chairman of the Board (the "Chairman"). The Board believes that this can provide the Group with consistent leadership and allow more effective implementation of the overall strategy of the Group. The Board is of the view that this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board, which currently comprises a high percentage of independent non-executive directors who can scrutinise important decisions and monitor the power of the chairman and chief executive. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Mr. AUYANG Pak Hong Bernard to make decisions about the businesses and operations of the Group. The Board believes that the interests of the Group and the Shareholders as a whole have been safeguarded. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

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.

OTHER INFORMATION (continued)

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises four independent non-executive directors of the Company, namely, Mr. LUK Koon Hoo (Chairman of the Audit Committee), Mr. Patrick Thomas SIEWERT, Mr. HO Pak Chuen Patrick and Mr. Roy KUAN and one non-executive director of the Company, namely, Mr. KAM Chi Chiu, Anthony, has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

SHARE OPTION SCHEMES

Details of the share option schemes 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 2022, 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:

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. AU YANG Ho <i>(Note 1)</i>	Interest of a controlled corporation	352,500,000 <i>(Note 2)</i>	41.84%
	Beneficial owner	1,023,000	0.12%
		<hr/> 353,523,000	<hr/> 41.96%

Notes:

1. Mr. AU YANG Ho retired as Chairman and executive director of the Company with effect from 13 April 2022.
 2. 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. AU YANG Ho.
- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, 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 (continued)

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

As at 30 September 2022, 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>	41.84%
Ms. TSE Shuk Ming	Interest of spouse	353,523,000 <i>(Note 2)</i>	41.96%
Mr. HEUNG Lap Chi, Eugene	Beneficial owner	202,132,000	23.99%
Ms. LEUNG Yee Li, Lana	Interest of spouse	202,132,000 <i>(Note 3)</i>	23.99%

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. Ms. LEUNG Yee Li, Lana was deemed to be interested in 202,132,000 shares of the Company through the interest of her spouse, Mr. HEUNG Lap Chi, Eugene.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, 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.

OTHER INFORMATION (continued)

APPRECIATION

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

By Order of the Board
Computime Group Limited
AUYANG Pak Hong Bernard
Chairman and Chief Executive Officer

Hong Kong, 23 November 2022