Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Computime

COMPUTIME GROUP LIMITED
金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "**Board**") of Computime Group Limited (the "**Company**" or "**Computime**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 (the "**Year**", or "**FY2018**") together with the comparative figures for the year ended 31 March 2017 ("**FY2017**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
REVENUE	*3, 4*	**3,867,510**	3,683,598
Cost of sales		**(3,304,836)**	(3,143,514)
Gross profit		**562,674**	540,084
Other income	*4*	**7,346**	20,351
Selling and distribution expenses		**(120,307)**	(99,225)
Administrative expenses		**(287,338)**	(268,392)
Other operating income/(expenses), net		**12,236**	(21,094)
Finance costs	*5*	**(16,370)**	(10,380)
Share of profit of an associate		**580**	1,310
PROFIT BEFORE TAX	*6*	**158,821**	162,654
Income tax expense	*7*	**(32,435)**	(36,220)
PROFIT FOR THE YEAR		**126,386**	126,434

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
Year ended 31 March 2018

	Note	**2018** **HK$'000**	2017 *HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company		**126,404**	126,449
Non-controlling interests		**(18)**	(15)
		126,386	126,434
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**15.1 HK cents**	15.1 HK cents
Diluted		**14.9 HK cents**	15.0 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**126,386**	126,434
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) 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 year	**(33,538)**	26,830
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	**15,623**	(28,499)
	(17,915)	(1,669)
Exchange differences on translation of foreign operations	**49,221**	(15,365)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**31,306**	(17,034)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**157,692**	109,400
Attributable to:		
Owners of the Company	**157,710**	109,415
Non-controlling interests	**(18)**	(15)
	157,692	109,400

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**228,301**	170,966
Goodwill		**36,420**	36,420
Club debenture		**705**	705
Intangible assets		**121,161**	106,801
Interest in an associate		**5,624**	6,277
Available-for-sale investment		**–**	–
Prepayments and deposits		**8,291**	3,338
Deferred tax assets		**6,404**	–
Total non-current assets		**406,906**	324,507
CURRENT ASSETS			
Inventories		**638,279**	627,068
Trade receivables	*10*	**483,278**	602,636
Prepayments, deposits and other receivables		**37,303**	51,294
Tax recoverable		**–**	5,041
Derivative financial instruments		**–**	19,154
Cash and cash equivalents		**729,615**	771,920
Total current assets		**1,888,475**	2,077,113
CURRENT LIABILITIES			
Trade and bills payables	*11*	**499,659**	729,580
Other payables and accrued liabilities		**128,804**	115,004
Interest-bearing bank borrowings		**250,689**	264,877
Amount due to a non-controlling shareholder		**160**	160
Tax payable		**24,794**	26,854
Derivative financial instruments		**24,763**	–
Total current liabilities		**928,869**	1,136,475
NET CURRENT ASSETS		**959,606**	940,638
TOTAL ASSETS LESS CURRENT LIABILITIES			
(to be continued)		**1,366,512**	1,265,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES *(continued)*	**1,366,512**	1,265,145
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**14,718**	13,189
Net assets	**1,351,794**	1,251,956
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**83,974**	83,642
Reserves	**1,267,063**	1,167,539
	1,351,037	1,251,181
Non-controlling interests	**757**	775
Total equity	**1,351,794**	1,251,956

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP 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 changed from 9th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong to 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong with effect from 16 April 2018.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of Amendments to HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the building and home controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of building and home control products;

(b) the appliance controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of appliance control products; and

(c) the commercial and industrial controls segment, which is engaged in the research and development, design, manufacture, trading and distribution of commercial and industrial control products.

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. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, finance costs, share of profit of an associate as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets mainly exclude property, plant and equipment, goodwill, a club debenture, cash and cash equivalents, an available-for-sale investment, derivative financial instruments, tax recoverable, deferred tax assets, certain balances of intangible assets, trade receivables, inventories, and prepayments, deposits and other receivables attributable to the distribution business line, and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities mainly exclude interest-bearing bank borrowings, derivative financial instruments, tax payable, an amount due to a non-controlling shareholder, deferred tax liabilities, certain balances of trade and bills payables and other payables and accruals attributable to the distribution business line, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

	Building and home controls		Appliance controls		Commercial and industrial controls		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,522,710**	1,492,155	**1,527,162**	1,554,654	**817,638**	636,789	**3,867,510**	3,683,598
Segment results	**182,980**	204,161	**31,853**	28,515	**58,034**	39,836	**272,867**	272,512
Bank interest income							**2,531**	3,460
Other income (excluding bank interest income, income from termination of a vendor contract, and marketing and management service fee income)							**4,815**	4,844
Corporate and other unallocated expenses							**(105,602)**	(109,092)
Finance costs							**(16,370)**	(10,380)
Share of profit of an associate	**580**	1,310	**–**	–	**–**	–	**580**	1,310
Profit before tax							**158,821**	162,654
Income tax expense							**(32,435)**	(36,220)
Profit for the year							**126,386**	126,434
Assets and liabilities								
Segment assets	**590,938**	610,493	**383,245**	513,032	**248,873**	200,481	**1,223,056**	1,324,006
Interest in an associate	**5,624**	6,277	**–**	–	**–**	–	**5,624**	6,277
Corporate and other unallocated assets							**1,066,701**	1,071,337
Total assets							**2,295,381**	2,401,620
Segment liabilities	**13,698**	11,671	**5,975**	14,682	**40,028**	3,972	**59,701**	30,325
Corporate and other unallocated liabilities							**883,886**	1,119,339
Total liabilities							**943,587**	1,149,664
Other segment information:								
Capital expenditure*							**164,967**	126,108
Depreciation							**50,853**	39,884
Amortisation of deferred expenditure	**38,698**	40,749	**5,980**	6,816	**9,679**	8,589	**54,357**	56,154
Impairment/(reversal of impairment) of trade receivables, net	**(785)**	1,724	**3,865**	6,998	**383**	–	**3,463**	8,722
Write-down of inventories to net realisable value	**1,702**	9,115	**1,670**	5,811	**3,197**	5,359	**6,569**	20,285

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Note: The 2017 comparative amounts have been reclassified to conform with current year's presentation and enable a better comparison of performance.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
The America	**1,072,853**	1,043,947
Europe	**1,830,404**	1,818,785
Asia	**964,253**	820,866
	3,867,510	3,683,598

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
The America	**1,952**	–
Europe	**2,042**	2,415
Asia	**238,222**	178,166
	242,216	180,581

The non-current asset information above is based on the locations of assets and excludes a club debenture, goodwill, intangible assets, deferred tax assets and an available-for-sale investment.

Information about major customers

Revenue for the year ended 31 March 2018 of approximately 23.6% and 11.0% was derived from sales by the appliance controls segment and commercial and industrial controls segment to two separate single customers, respectively. Single customer includes a group of entities which are known to be under common control with that customer. Revenue for the year ended 31 March 2017 of approximately 23.7% was derived from sales by the appliance controls segment to a single customer.

4. **REVENUE AND OTHER INCOME**

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

An analysis of other income is as follows:

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**2,531**	3,460
Income from termination of a vendor contract	**–**	10,188
Marketing and management service fee income	**–**	1,850
Sundry income	**4,815**	4,853
	7,346	20,351

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans	**16,370**	10,380

6. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Cost of inventories sold*	**3,298,267**	3,123,229
Depreciation	**50,853**	39,884
Research and development costs:		
Amortisation of deferred expenditure^	**54,357**	56,154
Current year expenditure	**7,780**	7,535
	62,137	63,689
Write-down of inventories to net realisable value**	**6,569**	20,285
Foreign exchange losses/(gains), net#	**(16,996)**	5,828
Loss on disposal of items of property, plant and equipment, net#	**630**	1,654
Impairment of trade receivables, net#	**3,463**	8,722
Impairment of an available-for-sale investment#	**–**	5,439

* Employee benefit expense of HK$457,232,000 (2017: HK$325,266,000) is included in "Cost of inventories sold" above.

** Write-down of inventories to net realisable value is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

^ The amortisation of deferred expenditure for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

These items are included in "Other operating income/(expenses), net" on the face of the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	2018	2017
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**12,041**	14,952
Overprovision in prior years	**(1,408)**	(1,995)
Current – Mainland China and other countries:		
Charge for the year	**28,034**	24,104
Overprovision in prior years	**(1,438)**	–
Deferred	**(4,794)**	(841)
Total tax charge for the year	**32,435**	36,220

8. DIVIDENDS

Dividend paid during the year

	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of the financial year ended 31 March 2017 – HK$0.075 per ordinary share (2017: final dividend of HK$0.058 per ordinary share, in respect of the financial year ended 31 March 2016)	**62,981**	48,512

Proposed final dividend

	2018	2017
	HK$'000	*HK$'000*
Final – HK$0.075 (2017: HK$0.075) per ordinary share	**62,981**	62,732

The proposed final dividend for the year ended 31 March 2018 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$126,404,000 (2017: HK$126,449,000) and the weighted average number of ordinary shares of 838,176,000 (2017: 835,438,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK$126,404,000 (2017: HK$126,449,000). The weighted average number of ordinary shares used in the calculation of 846,917,000 (2017: 841,373,000) is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

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

	2018	2017
Weighted average number of ordinary shares used in calculating the basic earnings per share	**838,176,000**	835,438,000
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 year	**8,741,000**	5,935,000
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**846,917,000**	841,373,000

10. TRADE RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade receivables	**572,348**	683,043
Impairment	**(89,070)**	(80,407)
	483,278	602,636

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to three months. 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, 11.7% (2017: 12.8%) and 39.5% (2017: 51.2%) 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:

	2018 *HK$'000*	2017 *HK$'000*
Current and due within 1 month	**453,733**	551,522
1 to 2 months	**7,098**	14,746
2 to 3 months	**9,755**	11,119
Over 3 months	**12,692**	25,249
	483,278	602,636

Included in the Group's provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$89,070,000 (2017: HK$80,407,000) with a carrying amount before provision of HK$89,351,000 (2017: HK$83,254,000). The individually impaired trade receivables mainly relate to balances that were in dispute, or in the status of insolvency and reorganisation proceedings for Fagor Electrodomesticos Sociedad Cooperativa, FagorBrandt SAS, and Fagor Mastercook S.A. (collectively the "**Fagor Group**") as detailed below.

10. TRADE RECEIVABLES *(Continued)*

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

FagorBrandt SAS, a company incorporated under the laws of France, was subject to reorganisation proceedings (redressement judiciaire) before the Commercial Court of Nanterre (France) since 7 November 2013. On 11 April 2014, the Commercial Court of Nanterre (France) converted the reorganisation proceedings into liquidation proceedings. On 15 April 2014, the Commercial Court of Nanterre (France) approved various bids for the assets of FagorBrandt SAS, including the bid of Cevital. During the year ended 31 March 2017, FagorBrandt SAS has completed the realisation of most of the assets to Cevital in order to raise funds for settlement to its creditors.

On 31 October 2013, Fagor Mastercook S.A., a company incorporated under the laws of Poland, submitted a petition to open formal insolvency proceedings (concurso) before the Commercial Court No. 1 of San Sebastian (Spain). The Court opened the insolvency proceedings on 19 November 2013. On 18 February 2014, the Polish Court in Wroclaw opened the secondary proceedings of Fagor Mastercook S.A. These proceedings under the EC Regulation 1346/2000 are liquidation proceedings.

Since the Fagor Group has undertaken insolvency and reorganisation proceedings for several years without significant positive progress that would lead to debt recovery, full impairment provision of EUR8,123,000 (2017: EUR7,912,000) (approximately HK$78,841,000 (2017: approximately HK$66,007,000)) was made against the Group's trade receivables of EUR8,123,000 (2017: EUR8,123,000) (approximately HK$78,841,000 (2017: approximately HK$67,773,000)) due from the Fagor Group as at 31 March 2018.

11. 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:

	2018	2017
	HK$'000	*HK$'000*
Current and due within 1 month	**446,105**	604,173
1 to 2 months	**42,999**	110,709
2 to 3 months	**6,782**	4,132
Over 3 months	**3,773**	10,566
	499,659	729,580

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

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on Friday, 7 September 2018 (the "**2018 AGM**") a final dividend of 7.5 HK cents per share for the Year (the "**Proposed Final Dividend**") to be paid on Monday, 8 October 2018 to those Shareholders whose names appear on the register of members of the Company on Friday, 21 September 2018.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2018 AGM

The 2018 AGM is scheduled to be held on Friday, 7 September 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Tuesday, 4 September 2018 to Friday, 7 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 September 2018.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2018 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Wednesday, 19 September 2018 to Friday, 21 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 18 September 2018.

ANNUAL GENERAL MEETING

It is proposed that the 2018 AGM will be held on Friday, 7 September 2018. Notice of the 2018 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

During FY2018, Computime recorded revenue of HK$3,867.5 million, a year-on-year increase of 5.0%, driven by new key customers as well as growth of certain existing customers. More importantly, we have been growing the more profitable segments of the business, with a 9.9% year-on-year growth for the combined Commercial and Industrial Controls ("**CIC**") and Building and Home Controls ("**BHC**") segments, while the lower margin Appliance Controls ("**APC**") segment recorded a 1.8% reduction. The combined CIC and BHC segments accounted for 60.5% of the Company's total revenue in FY2018, compared to 57.8% in FY2017.

Gross profit for the Year amounted to HK$562.7 million, an increase of 4.2% compared to FY2017, while gross profit margin fell slightly from 14.7% in FY2017 to 14.5% in FY2018. Higher sales volume and more favorable revenue mix in terms of operating segments, combined with operational efficiencies and cost controls, all had favorable impact on gross margin. However, these benefits were offset by the performance in the second half of FY2018, which saw a significant rise in the prices of certain raw material commodities.

In FY2017, a one-time fee income of HK$10.2 million was recorded from a vendor who executed an early termination of distribution right in our brand distribution division, while income of this nature was absent in FY2018. We made a strategic decision during the Year to gradually scale down the brand distribution division in order to focus our resources on our core capabilities in Internet-of-Things ("**IoT**") related technologies to capture the vast market opportunities in the smart home area.

Total operating expenses (selling, distribution, administrative and other operating expenses) rose by 1.7% to HK$395.4 million. As a percentage of total revenue, they improved from 10.6% to 10.2%. The increase in total operating expenses was mainly attributable to office expansion, marketing and sales initiatives, and research and development ("**R&D**") related to the Company's own line of branded products, SALUS, in Europe and North America. Other notable increase in expenses included higher transportation and freight charges due to higher business volume, as well as higher professional fees spent on consulting projects in the areas of risk management and corporate governance reporting, which offset the positive currency impact from RMB and GBP during the Year.

The Company continuously invests in R&D to advance its technologies and upgrade its smart home comfort solutions. We recently received the prestigious Hong Kong Information and Communications Technology Awards 2018, which recognized the Company for developing and commercializing a smart home solution with technological innovation and creativity. During the Year, gross R&D spending increased by 8.2% to HK$76.5 million, representing 2.0% of total revenue.

Net profit of the Company was largely in line with FY2017 at HK$126.4 million. However, excluding the non-core brand distribution business, net profit increased by 10.3% in FY2018, continuing the growth momentum experienced in the past five fiscal years.

Inventory balance increased slightly by 1.8% to HK$638.3 million, as the Company continued to utilize effective up front controls to minimize inventory investments. However, supply constraints for certain electronic components continue to be severe, and if this problem persists, our inventory level could be affected in the future.

The Company continued to focus on monitoring and controlling trade receivables, inventory and trade payables to maintain a healthy and sustainable liquidity position. During the Year, we continued to exercise effective credit controls to reduce overdue trade receivables, improving turnover days by 9 days. At the same time, the Company carefully balanced sufficient inventory on hand to meet customers' needs while avoiding unnecessary inventory that ties up working capital. As at 31 March 2018, the Group effectively maintained an optimal level of inventory with turnover days improving by 2 days. However, under a tight material market, we accelerated our payments to ensure sufficient supply of raw materials in the future. We also strived to manage purchase of materials in line with customers' requirements which led to lower trade payables toward the end of the Year. Coupled with the earlier payment settlement, trade payables turnover days decreased considerably.

The Company maintained a healthy cash and cash equivalents balance of HK$729.6 million, and a net cash position of HK$478.9 million as of the end of FY2018. This strong cash and net cash position will provide flexibility for the Company if there is a sudden cash need, especially in the current tight material market.

Business Review

The APC segment saw a revenue decrease of 1.8% to HK$1,527.2 million in FY2018, as the Company deliberately diverted resources away from low margin product lines within this segment. We successfully won orders from existing customers for higher value-added projects. The segment margin improved from 1.8% in FY2017 to 2.1% to FY2018 driven by labor cost savings through the adoption of automation and lean manufacturing which more than offset customer price reductions.

The CIC segment revenue grew by 28.4% to HK$817.6 million in FY2018 due to increased orders from a couple of key existing customers, alongside a number of new accounts in the entertainment and lifestyle sectors. Benefiting from higher sales volume and labor efficiency improvement, we managed to increase the segment margin from 6.3% in FY2017 to 7.1% in FY2018. The Company believes that the CIC segment will continue to be a key growth driver as our customers introduce more advanced products that require sophisticated technologies and complex engineering, which are Computime's key competitive strengths.

The BHC segment reported revenue of HK$1,522.7 million in FY2018, a modest increase of 2.0%. Following robust growth in the first half of FY2018, the BHC segment saw a decline in revenue in the second half due to considerable slowdown of orders from a couple of key customers as compared to the first half of the Year. Combined with expenses associated with expansion of the SALUS business and higher costs in certain raw materials in the second half, the full year segment margin dropped slightly from 13.7% in FY2017 to 12.0% in FY2018.

The SALUS business, which is included within the BHC segment, generated revenue in line with that of the prior year in local currency terms. SALUS is the Company's own line of proprietary thermostatic controls and home automation products sold in Europe and North America. The UK construction market continued to be mired by Brexit uncertainties, negatively affecting sales of SALUS products in the UK as wholesalers and distributors adopted more conservative purchasing strategies. However, in the rest of the European territories, especially the Nordic regions, SALUS posted an overall healthy sales growth. During the Year, a number of new products were launched and well received by the market, including the innovative Auto Balancing Actuator, a patent pending revolutionary product that resolves some of the toughest challenges faced by underfloor heating system installers and customers.

Industry Analysis

The Company believes that the Electronic Manufacturing Services ("**EMS**") industry is fundamentally sound and has opportunities for growth. As wireless technologies mature, products are achieving higher levels of technical capability, and with this trend, there is increasing demand for value-added manufacturing capability. Our customers are no longer looking for pure manufacturers to build their products, but instead seek manufacturers that are able to contribute ideas and innovation to their products. According to New Venture Research's current estimates, the EMS industry was worth US$457.5 billion in 2017, and is expected to grow to US$615.4 billion by 2021, at a CAGR of 7.5%. These statistics are a promising sign for the EMS industry as a whole, and the Company will focus on growing its technological competency to offer ODM and other higher-margin value-added services to its customers.

With the advent of more advanced wireless technologies, the smart home market has seen robust growth over the last few years. In a research by MarketsandMarkets, the global smart home market is expected to be valued at US$137.9 billion by 2023, growing at a CAGR of 13.6% between 2017 and 2023. This is primarily driven by growth in IoT, rising need for energy saving and convenience, as well as rapid proliferation of smartphones and smart gadgets. With a focus on energy efficiency and home comfort, our SALUS brand is well-positioned to capture the attractive opportunities in the smart home market.

Outlook

We are cautiously optimistic for the year ending 31 March 2019 ("**FY2019**") and target to record relatively stable revenue, but a number of factors could come into play that may affect our performance. While we expect the growth momentum for our higher margin businesses will continue given the strong demand for our products and services in these areas, certain macro issues could potentially dominate during FY2019 and affect our short term overall performance. Factors such as the ongoing global trade disputes, or the constrained supply of certain critical electronic components, could potentially lead to lower orders and fulfillments by the Company during FY2019. We will continue to execute plans and strategies to manage these factors to the best of our abilities to deliver the best possible results.

The Company will also continue to invest in expanding SALUS' market presence in both North America and Europe, as the business gains traction in these two markets. While Brexit has dampened the UK housing market, negatively impacting SALUS' business in the country, the Company has a business strategy in place and new products in the pipeline to recover UK sales and accelerate growth in FY2019. SALUS will also look to pursue more opportunities to participate in large scale smart home projects to generate new sources of revenue. For example, SALUS recently entered into a strategic alliance in the UK to become the designated provider of smart heating control devices for a large global electronics conglomerate in their participation in utility tenders for smart home projects.

On the costs side, we will continue to drive initiatives to improve operational efficiency through lean manufacturing and automation. However, there does not appear to be short term relief for the tight supply of certain critical electronic components. As a result, rising material costs will put pressure on the gross profit margin, and the magnitude of the impact is uncertain.

The ongoing trade dispute between the US and China may further escalate geopolitical tensions, potentially resulting in negative economic impact worldwide. While in the short term, there is no easy way for any China-based manufacturers to switch their manufacturing base, Computime is working actively towards mitigating any effects that the potential tariffs may have if they are fully implemented in the long term. The Company is exploring other strategies to diversify risks, including partially relocating production lines. We are hopeful that this dispute can be resolved in due course, but the final outcome may have an impact on the Company's performance in the future.

Looking forward into the longer term, we strongly believe our plans and strategies will deliver exceptional results for our customers and shareholders. Leveraging our solid manufacturing foundation and increasingly sophisticated technical capabilities, we have a strong portfolio of innovative IoT-related technologies with increasingly wider applications to serve our EMS customers. The Company's EMS business will continue to serve as a foundation of support as we invest in more advanced technologies while expanding the SALUS brand, where we are increasingly being recognized as an industry leader in the smart home comfort space. We are confident that as we successfully execute our plans, both the EMS and SALUS businesses will drive extraordinary financial performance for Computime in the long run.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial and liquidity position in the Year. As at 31 March 2018, the Group maintained a balance of cash and cash equivalents of HK$729,615,000 (2017: HK$771,920,000), which included cash and bank balance of HK$145,935,000 (2017: HK$99,661,000) denominated in RMB. The remaining balance was mainly denominated in United States dollars ("**US dollars**") or Hong Kong dollars. Overall, the Group maintained a robust current ratio of 2.03 times.

As at 31 March 2018, total interest-bearing bank borrowings were HK$250,689,000 (2017: HK$264,877,000), comprising primarily bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars, Hong Kong dollars or Euro zone currencies and the interest rates applied were primarily subject to floating rate terms.

As at 31 March 2018, total equity attributable to owners of the Company amounted to HK$1,351,037,000 (2017: HK$1,251,181,000). The Group had a net cash balance of HK$478,926,000 (2017: HK$507,043,000), representing total cash and cash equivalents less total interest-bearing bank borrowings.

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchase that are dominated in currencies other than the functional currency of the operations to which they relate. The currencies involved are primarily Euro, GBP and RMB. As at 31 March 2018, the Group had outstanding foreign currency forward contracts to sell Euro 18.6 million buy US dollars (2017: Euro 29.6 million buy US dollars), and sell GBP 4.5 million buy US dollars (2017: GBP 5.0 million buy US dollars). These forward contracts were entered into for hedging purposes. 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 Year, the Group incurred total capital expenditures of approximately HK$164,967,000 (2017: HK$126,108,000) for additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 31 March 2018, the Group had capital commitments contracted but not provided for the amount of HK$5,931,000 (2017: HK$3,206,000), mainly for the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Charges on Assets

As at 31 March 2018, no bank deposits and other assets have been pledged to secure the Group's banking facilities (2017: Nil).

Employee Information

As at 31 March 2018, the Group had a total of approximately 5,500 full-time employees (2017: 6,400 full-time employees). Total staff costs for the Year amounted to HK$657,666,000 (2017: HK$482,455,000). Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides year-end double pay, discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees. The Company currently has a share option scheme (which was adopted on 14 September 2016 due to the expiry of the old share option scheme on 15 September 2016) under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole. Up to the date of this announcement, 28,800,000 share options remained outstanding under the 2006 Share Option Scheme and 2,000,000 share options remained outstanding under the 2016 Share Option Scheme.

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 Year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders as a whole. In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Year.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the Year, which will be sent to the Shareholders in due course.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the 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 the consolidated financial statements of the Group for the Year and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and internal control and financial reporting matters.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year, containing the information required by the Listing Rules, will be despatched to the Shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited (*www.hkexnews.hk*) and the Company (*www.computime.com*) in due course.

APPRECIATION

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

By Order of the Board
Computime Group Limited
AUYANG Ho
Chairman

Hong Kong, 27 June 2018

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

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

* *For identification purposes only*