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COMPUTIME GROUP LIMITED
金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "**Board**") of Computime Group Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 (the "**Year**", or "**FY2019**") together with the comparative figures for the year ended 31 March 2018 ("**FY2018**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
REVENUE	*3, 4*	**3,420,131**	3,867,510
Cost of sales		**(3,018,883)**	(3,304,836)
Gross profit		**401,248**	562,674
Other income	*4*	**11,289**	7,346
Selling and distribution expenses		**(107,866)**	(120,307)
Administrative expenses		**(269,356)**	(287,338)
Other operating income, net		**3,972**	12,236
Finance costs	*5*	**(25,420)**	(16,370)
Share of profit of an associate		**53**	580
PROFIT BEFORE TAX	*6*	**13,920**	158,821
Income tax expense	*7*	**(3,646)**	(32,435)
PROFIT FOR THE YEAR		**10,274**	126,386

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
Year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
ATTRIBUTABLE TO:			
Owners of the Company		**10,289**	126,404
Non-controlling interests		**(15)**	(18)
		10,274	126,386
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**1.23 HK cents**	15.1 HK cents
Diluted		**1.22 HK cents**	14.9 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**10,274**	126,386
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	**9,401**	(33,538)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	**6,794**	15,623
	16,195	(17,915)
Exchange differences on translation of foreign operations	**(24,556)**	49,221
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**(8,361)**	31,306
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,913**	157,692
Attributable to:		
Owners of the Company	**1,928**	157,710
Non-controlling interests	**(15)**	(18)
	1,913	157,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**234,876**	228,301
Goodwill		**36,420**	36,420
Club debenture		**705**	705
Intangible assets		**154,543**	121,161
Interest in an associate		**5,166**	5,624
Financial asset at fair value through other comprehensive income		**–**	–
Available-for-sale investment		**–**	–
Prepayments and deposits		**5,828**	8,291
Deferred tax assets		**13,052**	6,404
Total non-current assets		**450,590**	406,906
CURRENT ASSETS			
Inventories		**670,969**	638,279
Trade receivables	*10*	**605,868**	483,278
Prepayments, deposits and other receivables		**52,355**	37,303
Derivative financial instruments		**294**	–
Cash and cash equivalents		**436,488**	729,615
Total current assets		**1,765,974**	1,888,475
CURRENT LIABILITIES			
Trade and bills payables	*11*	**592,091**	499,659
Other payables and accrued liabilities		**89,409**	128,804
Interest-bearing bank borrowings		**210,039**	250,689
Amount due to a non-controlling shareholder		**160**	160
Tax payable		**6,540**	24,794
Derivative financial instruments		**–**	24,763
Contract liabilities		**4,934**	–
Total current liabilities		**903,173**	928,869
NET CURRENT ASSETS		**862,801**	959,606
TOTAL ASSETS LESS CURRENT LIABILITIES *(to be continued)*		**1,313,391**	1,366,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES *(continued)*	**1,313,391**	1,366,512
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**24,464**	14,718
Net assets	**1,288,927**	1,351,794
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**83,974**	83,974
Reserves	**1,204,211**	1,267,063
	1,288,185	1,351,037
Non-controlling interests	**742**	757
Total equity	**1,288,927**	1,351,794

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

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 financial asset at fair value through other comprehensive income and 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 2019. 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 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

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

(a) *(Continued)*

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
	Notes	Category	Amount *HK$'000*	Reclassification *HK$'000*	ECL *HK$'000*	Amount *HK$'000*	Category
Financial assets							
Trade receivables	*(i)*	L&R[1]	483,278	(146,484)	(2,117)	334,677	AC[2]
Trade receivables	*(ii)*	N/A	–	146,484	–	146,484	FVOCI[3] (debt)
			483,278	–	(2,117)	481,161	
Available-for-sale investment	*(iii)*	AFS[4]	–	–	–	–	N/A
Financial asset at fair value through other comprehensive income	*(iii)*	N/A	–	–	–	–	FVOCI[3] (equity)
Financial assets included in prepayments, deposits and other receivables		L&R[1]	29,566	–	–	29,566	AC[2]
Cash and cash equivalents		L&R[1]	729,615	–	–	729,615	AC[2]
			1,242,459	–	(2,117)	1,240,342	
Financial liabilities							
Trade and bills payables		AC[2]	499,659	–	–	499,659	AC[2]
Financial liabilities included in other payables and accrued liabilities		AC[2]	27,726	–	–	27,726	AC[2]
Interest-bearing bank borrowings		AC[2]	250,689	–	–	250,689	AC[2]
Amount due to a non-controlling shareholder		AC[2]	160	–	–	160	AC[2]
			778,234	–	–	778,234	

1 L&R: Loans and receivables
2 AC: Financial assets or financial liabilities at amortised cost
3 FVOCI: Financial assets at fair value through other comprehensive income
4 AFS: Available-for-sale investment

Notes:

(i) *The gross carrying amount of the trade receivables under the column "HKAS 39 measurement – Amount" represent the amount before the measurement of ECLs.*

(ii) *The Group has reclassified the trade receivables of certain customers, which are designated in trade receivable factoring arrangements entered into between the Group and banks, previously classified as loans and receivables as financial assets at fair value through other comprehensive income as these trade receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

(iii) *The Group has elected the option to irrevocably designate its previous available-for-sale investment as financial asset at fair value through other comprehensive income.*

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

(a) *(Continued)*

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 March 2018	Re-measurement	ECL allowances under HKFRS 9 at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	–	2,117	2,117

Impact on retained profits

The impact of transition to HKFRS 9 on retained profits is as follows:

	Retained profits
	HK$'000
Balance as at 31 March 2018 under HKAS 39	812,475
Recognition of ECLs for trade receivables under HKFRS 9	(2,117)
Deferred tax in relation to the above	375
Balance as at 1 April 2018 under HKFRS 9	810,733

Hedge accounting

The Group has applied hedge accounting under HKFRS 9 prospectively. At the date of initial application of HKFRS 9, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of HKFRS 9, the Group designated the change in fair value of the entire forward currency contracts in its cash flow hedge relationships. Upon adoption of HKFRS 9, the Group continues to designate the entire forward currency contracts in the cash flow hedge relationships. The adoption of the hedge accounting requirements of HKFRS 9 has had no impact on the Group's financial statements.

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

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The Group's contracts with customers for the sale of goods include only single performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when a customer obtains control of goods. The Group has concluded that the initial application of HKFRS 15 did not have a significant impact on the Group's revenue recognition.

Before the adoption of HKFRS 15, the Group recognised advances from customers as other payables. Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer (i.e., refund liability).

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$879,000 from advances from customers included in other payables and accrued liabilities to contract liabilities as at 1 April 2018 in relation to the short-term advances received from customers as at 1 April 2018.

3. OPERATING SEGMENT INFORMATION

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

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

(b) the contract manufacturing services 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 resource 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, a financial asset at fair value through other comprehensive income, an available-for-sale investment, derivative financial instruments, deferred tax assets, certain balances of intangible assets, inventories, and prepayments, deposits and other receivables, 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, 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)*

	Smart solutions		Contract manufacturing services		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,295,866**	1,522,710	**2,124,265**	2,344,800	**3,420,131**	3,867,510
Segment results	**106,216**	182,980	**2,715**	89,887	**108,931**	272,867
Bank interest income					**1,608**	2,531
Government grants					**4,146**	–
Other income (excluding bank interest income and government grants)					**5,535**	4,815
Corporate and other unallocated expenses					**(80,933)**	(105,602)
Finance costs					**(25,420)**	(16,370)
Share of profit of an associate	**53**	580	**–**	–	**53**	580
Profit before tax					**13,920**	158,821
Income tax expense					**(3,646)**	(32,435)
Profit for the year					**10,274**	126,386
Assets and liabilities						
Segment assets	**769,005**	590,938	**674,217**	632,118	**1,443,222**	1,223,056
Interest in an associate	**5,166**	5,624	**–**	–	**5,166**	5,624
Corporate and other unallocated assets					**768,176**	1,066,701
Total assets					**2,216,564**	2,295,381
Segment liabilities	**27,520**	13,698	**1,888**	46,003	**29,408**	59,701
Corporate and other unallocated liabilities					**898,229**	883,886
Total liabilities					**927,637**	943,587
Other segment information:						
Capital expenditure*					**154,434**	164,967
Depreciation					**51,913**	50,853
Amortisation of deferred expenditure	**35,636**	38,698	**12,965**	15,659	**48,601**	54,357
Impairment/(reversal of impairment) of trade receivables, net	**383**	(304)	**1,365**	3,767	**1,748**	3,463
Write-down of inventories to net realisable value	**7,271**	1,702	**585**	4,867	**7,856**	6,569

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

Note: The 2018 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

	2019	2018
	HK$'000	*HK$'000*
The America	**1,013,993**	1,072,853
Europe	**1,479,939**	1,830,404
Asia	**926,199**	964,253
	3,420,131	3,867,510

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

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
The America	**1,737**	1,952
Europe	**1,819**	2,042
Asia	**242,314**	238,222
	245,870	242,216

The non-current asset information above is based on the locations of the assets and excludes a club debenture, goodwill, intangible assets, deferred tax assets, a financial asset at fair value through other comprehensive income and an available-for-sale investment.

Information about major customers

For the year ended 31 March 2019, revenues of approximately HK$759,587,000 and HK$472,370,000, which represented 22.2% and 13.8% of the Group's total revenue, respectively, were derived from sales by contract manufacturing services segment to two separate single customers. Revenue of approximately HK$343,220,000, which represented 10.0% of the Group's total revenue, was derived from sales by smart solutions segment to one single customer. They included sales to a group of entities which are known to be under common control with these customers.

For the year ended 31 March 2018, revenues of approximately HK$911,267,000 and HK$426,508,000, which represented 23.6% and 11.0% of the Group's total revenue, respectively, were derived from sales by contract manufacturing services segment to two separate single customers, including sales to a group of entities which are known to be under common control with these customers.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of goods	**3,420,131**	3,867,510

4. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2019

	HK$'000
Geographical markets	
The America	1,013,993
Europe	1,479,939
Asia	926,199
	3,420,131

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	1 April 2018 *HK$'000*
Sale of goods	879

(ii) Performance obligations

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with early settlement rebates which give rise to variable consideration subject to constraint.

An analysis of other income is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Bank interest income	**1,608**	2,531
Government grants*	**4,146**	–
Sundry income	**5,535**	4,815
	11,289	7,346

4. REVENUE AND OTHER INCOME *(Continued)*

* Government grants of HK$4,146,000 (2018: Nil) was granted by The People's Government of Longgang District, Shenzhen, Guangdong Province, the PRC during the year ended 31 March 2019 to subsidise the technological development of the industry. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grant in the future.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 HK$'000	2018 HK$'000
Interest on bank loans	**25,420**	16,370

6. PROFIT BEFORE TAX

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

	2019 HK$'000	2018 HK$'000
Cost of inventories sold*	**3,011,027**	3,298,267
Depreciation	**51,913**	50,853
Research and development costs:		
Amortisation of deferred expenditure^	**48,601**	54,357
Current year expenditure	**2,177**	7,780
	50,778	62,137
Foreign exchange gains, net#	**(1,257)**	(32,619)
Write-down of inventories to net realisable value**	**7,856**	6,569
Loss on disposal of items of property, plant and equipment, net#	**162**	630
Impairment of trade receivables, net#	**1,748**	3,463
Fair value loss/(gains), net:		
Cash flow hedges (transfer from equity)#	**6,794**	15,623
Derivative instruments – transactions not qualifying as hedges#	**(521)**	–

* Employee benefit expense of HK$449,697,000 (2018: HK$457,232,000) 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, 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% (2018: 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.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**586**	12,041
Overprovision in prior years	**–**	(1,408)
Current – Mainland China and other countries:		
Charge for the year	**8,495**	28,034
Overprovision in prior years	**(4,555)**	(1,438)
Deferred	**(880)**	(4,794)
Total tax charge for the year	**3,646**	32,435

8. DIVIDENDS

Dividend paid during the year

	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the financial year ended 31 March 2018 – HK$0.075 per ordinary share (2018: final dividend of HK$0.075 per ordinary share, in respect of the financial year ended 31 March 2017)	**62,981**	62,981

Proposed final dividend

	2019	2018
	HK$'000	*HK$'000*
Final – HK$0.0164 (2018: HK$0.075) per ordinary share	**13,772**	62,981

The proposed final dividend for the year ended 31 March 2019 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$10,289,000 (2018: HK$126,404,000) and the weighted average number of ordinary shares of 839,740,000 (2018: 838,176,000) 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$10,289,000 (2018: HK$126,404,000). The weighted average number of ordinary shares used in the calculation of 843,408,000 (2018: 846,917,000) 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:

	2019	2018
Weighted average number of ordinary shares used in calculating the basic earnings per share	**839,740,000**	838,176,000
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	**3,668,000**	8,741,000
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**843,408,000**	846,917,000

10. TRADE RECEIVABLES

	2019 *HK$'000*	2018 *HK$'000*
Trade receivables	**691,192**	572,348
Impairment	**(85,324)**	(89,070)
	605,868	483,278

As at 31 March 2019, gross trade receivables of certain customers of HK$232,696,000, which are designated in trade receivable factoring arrangements entered into between the Group and banks, were measured at fair value through other comprehensive income as these trade receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to four months. The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, 10.2% (2018: 11.7%) and 30.0% (2018: 39.5%) 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 loss allowance, is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Current and due within 1 month	**568,177**	453,733
1 to 2 months	**15,284**	7,098
2 to 3 months	**12,807**	9,755
Over 3 months	**9,600**	12,692
	605,868	483,278

10. TRADE RECEIVABLES *(Continued)*

Included in the Group's provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$83,068,000 (2018: HK$89,070,000) with a carrying amount before provision of HK$83,068,000 (2018: HK$89,351,000). 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.

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 (2018: EUR8,123,000) (approximately HK$71,671,000 (2018: approximately HK$78,841,000)) was made against the Group's trade receivables of EUR8,123,000 (2018: EUR8,123,000) (approximately HK$71,671,000 (2018: approximately HK$78,841,000)) due from the Fagor Group as at 31 March 2019.

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:

	2019	2018
	HK$'000	*HK$'000*
Current and due within 1 month	**398,179**	446,105
1 to 2 months	**123,331**	42,999
2 to 3 months	**32,408**	6,782
Over 3 months	**38,173**	3,773
	592,091	499,659

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 Thursday, 5 September 2019 (the "**2019 AGM**") a final dividend of HK$0.0164 per share for the Year (the "**Proposed Final Dividend**") to be paid on Tuesday, 8 October 2019 to those Shareholders whose names appear on the register of members of the Company on Thursday, 19 September 2019.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2019 AGM

The 2019 AGM is scheduled to be held on Thursday, 5 September 2019. For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 2 September 2019 to Thursday, 5 September 2019, 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 2019 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 Friday, 30 August 2019.

(b) Entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of the Shareholders at the 2019 AGM. For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Tuesday, 17 September 2019 to Thursday, 19 September 2019, 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 Monday, 16 September 2019.

ANNUAL GENERAL MEETING

It is proposed that the 2019 AGM will be held on Thursday, 5 September 2019. Notice of the 2019 AGM will be sent to the Shareholders in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Over a decade ago, as the business model of original equipment manufacturer ("**OEM**") became increasingly difficult due to the fierce price competition and its lack of bargaining power, it became evident that additional value-added features such as enhanced design, improved functionality, increasing adaptability, superb connectivity and application of data analytics were of growing importance, as such features could lead to a boost in sales volume and margins as a result of the wider use of products and higher customer stickiness, essentially forming a more profitable and sustainable business. Hence, leveraging its design expertise, material know-how, product engineering and manufacturing capability, the Group firmly grasped such opportunity to transform from a pure manufacturing player to a technology-driven company specifically focusing on Internet-of-Things ("**IoT**"), while offering customized, turnkey design and manufacturing solutions to its established and diversified list of clients through its presence in the electronics manufacturing services ("**EMS**") industry. Through bespoke intellectual property and sophisticated research and development ("**R&D**") capabilities, the Group also launched its own line of proprietary products under the brand SALUS in the European and North American markets.

Milestone in FY2019

During the Year, the Group has taken an active approach in driving client's adoption and attracting new clients for its Smart Solutions ("**SS**") and Contract Manufacturing Services ("**CMS**") businesses. Supported by its 4 R&D centres in the Silicon Valley, Cincinnati, Hong Kong and Shenzhen, the Group was able to approach existing or new clients with new ideas and technologies, particularly on IoT. Through such technological breakthrough or client co-development, the Group was able to tap into the smart home, smart energy, and smart building segments, and was able to secure new clients. This showcased the Group's outstanding R&D capability in further expanding the business in the future. During the Year, the Group has successfully broadened the application channel of our IoT products and solutions to multiple industries and expanded our multi-channel distribution network.

In addition to the original design manufacturer ("**ODM**") business under SS, the Group also paid specific attention to its house brand, SALUS, as it represented a key strategy to enhance the Group's market presence, margins, and drove cross-selling activities with both SS and CMS businesses. Through sales channel expansion and increased marketing effort, SALUS has successfully secured orders not only from wholesalers and distributors in Europe, but also from new customers including an insurance provider and a home security company. Together with the ODM business, the two have laid a solid foundation for the Group's future rebound.

Meanwhile, the Group has positioned its CMS business as a stable cash cow which would provide steady income stream through its OEM business. However, during the Year, its profitability was greatly affected by the rise in price of certain critical components. To tackle the problem, the Group actively looked into various initiatives to optimize its raw material procurement, inventory control, and working capital management in order to drive enhancement in business performance.

FY2019 Financial Review

In spite of the Group's aforementioned best effort and initiatives, there was a prevailing prudency in the market with the view of contracting global trade and regressing economy. Two of the key major contributing markets of the Group's sales, the America and Europe, suffered from political and economic uncertainties due to Sino-US trade tension and Brexit. Consequently, the Group's revenue for the Year recorded a year-on-year ("**YoY**") decrease of 11.6%, from approximately HK$3,867.5 million to approximately HK$3,420.1 million, as clients became more conservative with orders and delayed shipment scheduling. Sales from SS and CMS both dropped, but nonetheless inventories managed to be driven down significantly on a half-on-half basis, decreasing from HK$969.5 million as at 30 September 2018 to HK$671.0 million as at 31 March 2019, driven by efficient inventory management as well as acceleration of customer sell-through.

In terms of gross profit, the Group suffered a drop from HK$562.7 million of last year to HK$401.2 million of this Year, attributable mainly to significant component cost increase. Yet, both SS and CMS remained profitable at segment level despite the latter has experienced more pressure due to its higher ratio of components and raw materials in its cost base. Profit attributable to owners of the Company amounted to HK$10.3 million for the Year, as compared to HK$126.4 million of last year.

Total operating expenses (selling and distribution expenses and administrative expenses) decreased by approximately 7.5% YoY to HK$377.2 million. Specifically, both selling and distribution expenses and administrative expenses recorded a YoY decrease, from HK$120.3 million to HK$107.9 million, down by 10.3%, and from HK$287.3 million to HK$269.4 million, down by 6.2%, respectively.

Regarding the Group's financial position, it remained in a healthy, net cash position despite the challenge trading environment. Apart from managing inventory reduction in the past 6 months, current ratio stood at 2.0x (As at 31 March 2018: 2.0x), significant with trade receivables remained manageable, in particular the reduction in receivables aged over 3 months by 24.4% to HK$9.6 million (As at 31 March 2018: HK$12.7 million). Such healthy financial position and flexibility will be critical for the Group to prevail in the volatile global economy and pursue future M&A opportunities.

The Board has recommended a final dividend of HK$0.0164 (FY2018: HK$0.075) per ordinary share for the Year, representing an increased dividend payout ratio of 134.0% (FY2018: 49.8%).

Outlook

Looking into next financial year ("**FY2020**"), while the global economy is still volatile due to events including the escalation of trade dispute between the U.S. and China, Brexit and the slowing down of global trade activities, the stabilization of component price in the market has significantly alleviated our cost pressure. With the solid foundations laid in FY2019, the Group remain cautiously optimistic towards FY2020 through wider adoption of our IoT products and solutions into different industries.

The SS business segment represents a prime tool in raising customer engagement and recruiting new clients. From idea generation, solution design, technology development to procurement, manufacturing and quality assurance, the Group has emerged from an EMS manufacturer to a tailor-made solution and service provider through its IoT product and solutions. Such transition allowed the Group to gain a number of key accounts despite the recent setback, including a constructor of multinational hotel chains where the Group provides smart home and energy solutions to improve user experience. In the future, the Group will also look into other applications of its IoT technologies, tapping into areas such as smart property and healthcare, in order to establish longer, sustainable partnership with its customers and achieve higher margin growth.

On the other hand, SALUS positioned itself as an innovation and technology leader in the IoT space, while also acting as an in-house distribution channel for the Group's products and solutions under the SS segment. As of 31 March 2019, SALUS has a global footprint covering countries in Europe, and North America through its smart home solutions controlled and connected by self-developed software and IoT technology. Its advanced products offering has been well-received by the market, such as the recently launched, top-of-the-class thermostat with advanced energy-saving features. Riding on its innovation ability and brand equity, the Group will continue to roll out new products with improving features targeting different settings, and at the same time, further expand its sales network in achieving sustainable growth in the near future.

Regarding its CMS business, where the Group faces a higher raw material exposure and the market generally being more price-sensitive, the Group will continue to actively manage its procurement process, including volume, price, and payment terms in its latest attempt to create a leaner cost structure. In the longer-term, the Group will also explore new businesses including connected medical devices and point-of-sale devices, in order to further diversify its product base and increase margin.

Through years of efforts, the Group has transformed from a pure manufacturing player to a technologically-driven solution provider. With its R&D capability, decades of operational history, solid reputation in the market and global presence, the Group is confident in navigating through the volatile operating environment and gaining greater market share in the IoT space.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial and liquidity position in the Year. As at 31 March 2019, the Group maintained a balance of cash and cash equivalents of HK$436,488,000 (2018: HK$729,615,000), which included cash and bank balance of HK$47,888,000 (2018: HK$145,935,000) denominated in RMB. The remaining balance was mainly denominated in United States dollars ("**US dollars**"), Hong Kong dollars or Euro. Overall, the Group maintained a robust current ratio of 2.0 times.

As at 31 March 2019, total interest-bearing bank borrowings were HK$210,039,000 (2018: HK$250,689,000), comprising mainly bank import loans repayable within one year. The majority of these borrowings were denominated either in US dollars, Hong Kong dollars or Euro and the interest rates applied were primarily subject to floating rate terms.

As at 31 March 2019, total equity attributable to owners of the Company amounted to HK$1,288,185,000 (2018: HK$1,351,037,000). The Group had a net cash balance of HK$226,449,000 (2018: HK$478,926,000), 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 US dollars, Euro and GBP. As at 31 March 2019, the Group had outstanding foreign currency forward contracts to sell Euro 3.5 million buy US dollars (2018: Euro 18.6 million buy US dollars), and sell GBP 0.75 million buy US dollars (2018: GBP 4.5 million buy US dollars). These forward contracts were entered into for managing the foreign exchange risk. 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$154,434,000 (2018: HK$164,967,000) for additions to property, plant and equipment as well as for deferred expenditures associated with the development of new products.

As at 31 March 2019, the Group had capital commitments contracted but not provided for the amount of HK$3,666,000 (2018: HK$5,931,000), mainly for the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 March 2019, the Group did not have any significant contingent liabilities (2018: Nil).

Charges on Assets

As at 31 March 2019, no bank deposits and other assets have been pledged to secure the Group's banking facilities (2018: Nil).

Employee Information

As at 31 March 2019, the Group had a total of 5,125 full-time employees (2018: 5,500 full-time employees). Total staff costs for the Year amounted to HK$682,384,000 (2018: HK$657,666,000). 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 with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Year, except for a deviation from code provision E.1.2 of the CG Code.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board of directors should attend the annual general meeting. Mr. AUYANG Ho, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 7 September 2018 due to other engagements. In view of his absence, Mr. AUYANG had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with shareholders of the Company.

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, have 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 2019 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, 20 June 2019

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*