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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “Board”) of Computime Group Limited (the “Company” or “Computime”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2024 (“1H FY24/25”, or the “Period”), together with the comparative figures for the six months ended 30 September 2023 (“1H FY23/24”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	3, 4	1,811,320	2,046,848
Cost of sales		(1,528,385)	(1,739,428)
Gross profit		282,935	307,420
Other income		6,502	11,372
Selling and distribution expenses		(49,263)	(51,648)
Administrative expenses		(187,750)	(184,931)
Other operating income, net		10,343	437
Finance costs	5	(31,351)	(33,983)
Share of profits/(losses) of associates		192	(414)
Share of profit of a joint venture		2,312	77
PROFIT BEFORE TAX	6	33,920	48,330
Income tax expense	7	(6,445)	(10,633)
PROFIT FOR THE PERIOD		27,475	37,697

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Continued)

		For the six months ended	
		30 September	
	Notes	2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Owners of the Company		28,808	37,709
Non-controlling interests		(1,333)	(12)
		<u>27,475</u>	<u>37,697</u>
EARNINGS PER SHARE ATTRIBUTABLE			
TO OWNERS OF THE COMPANY			
	9		
Basic		<u>3.42 HK cents</u>	<u>4.48 HK cents</u>
Diluted		<u>3.40 HK cents</u>	<u>4.48 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	<u>27,475</u>	<u>37,697</u>
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(10,994)</u>	<u>(32,913)</u>
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	<u>(10,994)</u>	<u>(32,913)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>16,481</u>	<u>4,784</u>
ATTRIBUTABLE TO:		
Owners of the Company	<u>17,869</u>	<u>4,832</u>
Non-controlling interests	<u>(1,388)</u>	<u>(48)</u>
	<u>16,481</u>	<u>4,784</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2024	31 March 2024
	Notes	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		322,824	342,066
Right-of-use assets		98,464	111,942
Goodwill		111,251	111,549
Club debenture		705	705
Intangible assets		317,056	302,615
Interest in associates		192	–
Interest in a joint venture		21,326	13,513
Financial asset at fair value through other comprehensive income		–	–
Financial assets at fair value through profit or loss		12,118	12,065
Prepayments and deposits		22,979	36,626
Deferred tax assets		21,487	22,338
		928,402	953,419
CURRENT ASSETS			
Inventories		940,164	823,976
Trade receivables	10	517,865	509,376
Amount due from a joint venture		–	6,970
Prepayments, deposits and other receivables		124,159	100,246
Derivative financial instruments		–	242
Cash and bank balances	11	217,110	226,699
		1,799,298	1,667,509
CURRENT LIABILITIES			
Trade and bills payables	12	828,581	745,346
Other payables and accrued liabilities		147,345	166,732
Contract liabilities		45,875	40,216
Derivative financial instruments		427	–
Interest-bearing bank borrowings		147,011	136,445
Amount due to a joint venture		6,717	–
Lease liabilities		49,660	44,665
Tax payable		10,955	2,713
Dividend payable		42,127	–
		1,278,698	1,136,117
NET CURRENT ASSETS		520,600	531,392
TOTAL ASSETS LESS CURRENT LIABILITIES <i>(to be continued)</i>		1,449,002	1,484,811

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES <i>(continued)</i>	1,449,002	1,484,811
NON-CURRENT LIABILITIES		
Lease liabilities	38,204	52,977
Deferred tax liabilities	50,947	47,397
Total non-current liabilities	89,151	100,374
Net assets	1,359,851	1,384,437
EQUITY		
Equity attributable to owners of the Company		
Issued capital	84,254	84,254
Reserves	1,273,230	1,296,484
	1,357,484	1,380,738
Non-controlling interests	2,367	3,699
Total equity	1,359,851	1,384,437

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The registered address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is located at 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong.

The Group is principally engaged in the research and development, manufacture, sales, and brand management of electronic control products, focusing on smart and sustainable living.

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

Save for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), which include HKASs, during the Period as set out in note 2.2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2024.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have material impact on the financial position or performance of the Group.

3. REVENUE

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

4. OPERATING SEGMENT INFORMATION

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

	Control Solutions		Branded Business		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 September		30 September		30 September	
	2024	2023	2024	2023	2024	2023
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Segment revenue:						
Sales to external customers	<u>1,638,557</u>	<u>1,844,431</u>	<u>172,763</u>	<u>202,417</u>	<u>1,811,320</u>	<u>2,046,848</u>
Segment results	<u>126,132</u>	<u>161,801</u>	<u>(12,651)</u>	<u>(17,383)</u>	<u>113,481</u>	<u>144,418</u>
Bank interest income					692	1,038
Unallocated other income (excluding bank interest income)					571	10,334
Corporate and other unallocated expenses					(51,977)	(73,140)
Finance costs					(31,351)	(33,983)
Share of profits/(losses) of associates	-	-	192	(414)	192	(414)
Share of profit of a joint venture	2,312	77	-	-	2,312	77
Profit before tax					33,920	48,330
Income tax expense					(6,445)	(10,633)
Profit for the period					<u>27,475</u>	<u>37,697</u>

	Control Solutions		Branded Business		Total	
	30 September	31 March	30 September	31 March	30 September	31 March
	2024	2024	2024	2024	2024	2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Segment assets	1,280,891	1,172,277	409,064	381,843	1,689,955	1,554,120
Interest in associates	-	-	192	-	192	-
Interest in a joint venture	21,326	13,513	-	-	21,326	13,513
Corporate and other unallocated assets					<u>1,016,227</u>	<u>1,053,295</u>
Total assets					<u>2,727,700</u>	<u>2,620,928</u>

4. OPERATING SEGMENT INFORMATION *(Continued)*

Segment assets mainly exclude property, plant and equipment, goodwill, a club debenture, interest in associates, interest in a joint venture, financial asset at fair value through other comprehensives income, financial assets at fair value through profit or loss, right-of-use assets, deferred tax assets, cash and bank balances, amount due from a joint venture, derivative financial instruments, certain balances of intangible assets, certain balances of prepayments, deposits and other receivables, and corporate and other unallocated assets as these assets are managed on a group basis.

5. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans	29,040	31,788
Interest on lease liabilities	2,311	2,195
	<u>31,351</u>	<u>33,983</u>

6. PROFIT BEFORE TAX

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

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	1,519,466	1,726,262
Depreciation of property, plant and equipment	34,518	35,552
Depreciation of right-of-use assets	24,170	24,173
Amortisation of intangible assets [#]	23,241	24,633
Write-down of inventories to net realisable value ^{##}	8,919	11,165
Interest income	(692)	(1,038)
Foreign exchange differences, net ^{###}	(9,293)	(4,035)
Impairment/(reversal of impairment) of trade receivables ^{###}	(80)	3,383

6. PROFIT BEFORE TAX (Continued)

The amortisation of intangible assets included (i) amortisation of deferred expenditure; (ii) patent and customer relationships; and (iii) software for the Period and are included in “Administrative expenses” on the face of the condensed consolidated statement of profit or loss.

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

Foreign exchange differences, net and impairment/(reversal of impairment) of trade receivables are included in “Other operating income, net” on the face of the condensed consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (1H FY23/24: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group entities operate.

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	3,863	4,239
Current – Mainland China and other countries	2,582	6,394
Total tax charge for the period	<u>6,445</u>	<u>10,633</u>

8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2024 is recommended (1H FY23/24: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$28,808,000 (six months ended 30 September 2023: HK\$37,709,000) and the weighted average number of ordinary shares of 842,573,000 (six months ended 30 September 2023: 842,540,000) in issue during the Period.

For the period ended 30 September 2024, the calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the Company of HK\$28,808,000. The weighted average number of ordinary shares used in the calculation of 846,967,000 is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration in relation to the share awards granted during the Period.

A reconciliation between the weighted average number of ordinary shares used in calculating the basic earnings per share and that used in calculating the diluted earnings per share for the period ended 30 September 2024 is as follows:

	For the six months ended 30 September 2024
Weighted average number of ordinary shares used in calculating the basic earnings per share	842,573,000
Effect of dilution - weighted average number of ordinary shares:	
Share awards	4,394,000
	<hr/>
Weighted average number of ordinary shares used in calculating the diluted earnings per share	<u>846,967,000</u>

The computation of diluted earnings per share for the six months ended 30 September 2023 did not consider the effect arising from the unvested share award granted during the period ended 30 September 2023.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from one to five months (31 March 2024: one to five months). The Group maintains strict credit control over its customers and outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, 24.5% (31 March 2024: 14.9%) and 58.2% (31 March 2024: 59.7%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 1 month	283,816	249,472
1 to 2 months	74,551	136,841
2 to 3 months	49,339	67,214
Over 3 months	110,159	55,849
	<u>517,865</u>	<u>509,376</u>

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Current and due within 1 month	478,851	459,258
1 to 2 months	6,289	27,897
2 to 3 months	220	7,125
Over 3 months	32,505	15,096
	<u>517,865</u>	<u>509,376</u>

As part of its normal business, the Group entered into trade receivable factoring arrangements (the "Arrangement") pursuant to which the Group assigned the rights to certain trade receivables to certain banks. The Group is not exposed to default risks of the trade debtors after the assignment. The Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. Trade receivables as if without assignment of the Arrangement as at 30 September 2024 amounted to HK\$947,279,000 (31 March 2024: HK\$1,033,188,000).

11. CASH AND BANK BALANCES

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Cash and bank balances	201,421	210,824
Restricted bank deposits	15,689	15,875
	<u>217,110</u>	<u>226,699</u>

As at 30 September 2024 and 31 March 2024, restricted bank deposits mainly included deposits for issuance of bank acceptance notes with a bank.

12. TRADE AND BILLS PAYABLES

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 1 month	459,995	300,741
1 to 2 months	27,472	245,388
2 to 3 months	179,420	28,256
Over 3 months	161,694	170,961
	<u>828,581</u>	<u>745,346</u>

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Current and due within 1 month	735,982	695,280
1 to 2 months	84,826	13,642
2 to 3 months	2,796	15,565
Over 3 months	4,977	20,859
	<u>828,581</u>	<u>745,346</u>

The trade payables are non-interest-bearing and generally have payment terms ranging from one to six months (31 March 2024: one to six months).

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1974, Computime began as a manufacturer of electronic clocks and timing devices and has since evolved into a leading technology, brand and manufacturing company focused on smart and sustainable living. Over the past five decades, we have grown into a transnational enterprise with regional hubs in Greater China, Southeast Asia, the European Union (the “EU”), the United Kingdom (the “UK”) and North America. These operations are coordinated and supported by the Group headquarters in Hong Kong.

The Group operates through two main segments: Control Solutions and Branded Business. The **Control Solutions** segment provides comprehensive engineering and manufacturing services for global brands across various sectors, including Heating, Ventilation, and Air Conditioning (“HVAC”), Appliances, Water and Air, Industrial Controls and Medical Devices, and Tools. The **Branded Business** segment offers a range of products, services and ecosystems that focus on HVAC, smart home, electric vehicle charger, security, energy management. Our innovative solutions are marketed globally under the Salus and Braeburn brands, catering to professional installers, property developers, and wholesalers.

MARKET OVERVIEW

Global economic growth has remained subdued in 2024, with risk factors predominantly tilted towards the downside. The Organisation for Economic Co-operation and Development (“OECD”) reported that GDP growth in the G20 area was 3.1% in Q2 2024, a slight decrease from 3.2% in the previous quarter and subdued by historical standards¹. While the United States of America (the “US”) has seen upward revisions to its growth forecasts, supported by strong consumer spending and stable asset prices, the Eurozone’s outlook has been downgraded due to stagnation in Germany’s manufacturing sector.

Emerging markets and developing economies are also experiencing reduced growth projections, hindered by disruptions in commodity production and shipping—especially oil—as well as conflicts, civil unrest, and extreme weather events.

¹ G20 GDP growth remains relatively stable in the second quarter of 2024 <https://www.oecd.org/en/data/insights/statistical-releases/2024/09/g20-gdp-growth-second-quarter-2024.html>

The combination of geopolitical instability and sluggish growth has weakened the global market, particularly affecting the new-built real estate sector in Western economies. For instance, in the UK, the National House-Building Council reported a 23% year-on-year (“YoY”) decline in new home registrations and a 6% decrease in completions.² Similarly, in the US, the new privately-owned housing reported a 2.7% year-on-year decline during the first half of 2024, compared to the same period in 2023.³ Both trends reflect ongoing challenges in the construction sector, which have also impacted us.

High-interest rates pose a significant challenge to the residential market by driving up mortgage costs. Although the Federal Reserve is gradually implementing a rate-cutting strategy, the effects have yet to materialize. As a result, consumer sentiment remains cautious, with many potential buyers adopting a wait-and-see approach. The recovery of new home construction and residential retrofit activities is expected to be slow.⁴

The macroeconomic outlook remains unclear, hindered by ongoing global conflicts. Escalating political tensions between the US and China following the recent elections have heightened geopolitical uncertainties. In addition, the ongoing Red Sea crisis continues to disrupt customer orders and demand planning, posing challenges to our operations. These geopolitical developments have injected uncertainty into our business landscape, requiring strategic adjustments to our approach.

BUSINESS AND FINANCIAL OVERVIEW

Revenue

In 1H FY24/25, revenue declined by 11.5% to HK\$1,811.3 million (1H FY23/24: HK\$2,046.8 million), mainly hindered by the HK\$133 million in shipment backlogs within the Control Solutions segment carried over from the previous year. After adjusting for the impact of these backlogs, revenue reflects a modest YoY reduction of 5%. This performance aligns with our expectations, given the prevailing marketing conditions.

² New home statistics review <https://www.nhbc.co.uk/binaries/content/assets/nhbc/media-centre/stats/q2-2024-nhbc-new-home-statistics-review.pdf>

³ The Federal Reserve Bank of St. Louis, New Privately-Owned Housing Units Authorized in Permit-Issuing Places <https://fred.stlouisfed.org/series/PERMIT>

⁴ Mortgage Rates and Prices Are Falling. People Still Aren't Happy About the Housing Market. <https://www.investopedia.com/consumers-optimism-housing-market-mortgage-rates-housing-prices-8708930>

The revenue decline was further impacted by challenges in both the HVAC segment of Control Solutions and the Branded Business. The HVAC segment within Control Solutions experienced reduced revenue due to unfavorable climatic conditions and weak market demand for new home construction and residential retrofit activities, which offset gains in the Appliances and Water and Air sectors. Additionally, the Branded Business saw a decline, driven by warm weather and a slowdown in construction activities. These factors collectively contributed to the revenue downturn, reflecting the complex challenges in the current economic landscape.

Gross profit and gross profit margin

Led by the decrease in revenue, gross profit for the Period also declined to HK\$282.9 million, representing an 8.0% decrease from HK\$307.4 million in the previous year. Despite the revenue drop, the gross profit margin improved to 15.6% (1H FY23/24: 15.0%), reflecting effective cost control and operational efficiency improvements.

Selling, distribution and administrative expenses

Selling, distribution, and administrative expenses in 1H FY24/25 were HK\$237.0 million, a marginal increase from HK\$236.6 million in the previous year. This slight uptick can be attributed to investments in strategic new product launches and marketing expansion initiatives, which more than offset the impact of stringent expense control measures.

Profit after tax, EBITDA and EBITDA margin

Profit after tax decreased to HK\$27.5 million in 1H FY24/25 from HK\$37.7 million in 1H FY23/24 due to the drop in revenue. EBITDA decreased YoY by 11.5% to HK\$146.5 million from HK\$165.6 million, while maintaining a stable EBITDA margin of 8.1% due to our stringent cost control and improvements in operational efficiency.

Cash and bank balances and net cash

Cash and bank balances stood at HK\$217.1 million as at 30 September 2024, slightly down from HK\$226.7 million as at 31 March 2024, but still at a healthy level. Net cash decreased to HK\$70.1 million as at 30 September 2024 from HK\$90.3 million as at 31 March 2024, which is also considered steady.

Inventory balance

Inventory levels rose to HK\$940.2 million, up from HK\$824.0 million as at 31 March 2024. The rise is primarily attributable to a strategic buildup of stock in anticipation of new product launches, as well as adjustments made in order demand planning and disruptions in shipments through the Red Sea.

Trade receivables, trade and bills payable

As at 30 September 2024, the Group's trade receivables stood at HK\$517.9 million, up from HK\$509.4 million as at 31 March 2024. The Group's total trade and bills payable amounted to HK\$828.6 million as at 30 September 2024, compared to HK\$745.3 million as at 31 March 2024. This increase is attributed to seasonal patterns characteristic of our regular business cycle.

Gearing ratio

The gearing ratio was 10.8% as at 30 September 2024, up from 9.9% as at 31 March 2024, which is attributed to the regular business cycle.

The Group monitors capital on the basis of its gross gearing ratio (i.e., gross debt divided by capital) and net gearing ratio (i.e., net debt divided by capital). For this purpose, the Group defines gross debt as the total borrowings (excluding lease liabilities), net debt as gross debt less cash and cash equivalents, and capital as all components of equity attributable to shareholders of the Company.

GROUP OPERATIONAL REVIEW

Control Solutions

Impeded by HK\$133 million in shipment backlogs from previous year, revenue for the Control Solutions segment during the period declined to HK\$1,638.6 million, representing an 11.2% decrease from HK\$1,844.4 million in the first half of FY23/24. The HVAC sector within Control Solutions faced revenue challenges due to climatic influences and a reduction in demand for both new home construction and residential retrofit projects, which offset gains in the Appliances and Water and Air sectors. This downturn was anticipated, and it aligns with our projections.

Looking ahead, we remain cautious about the market, as the recovery of new home construction and residential retrofit projects in the EU and the US is expected to take time. However, as we enter the traditional sales season in the second half of 2024, we anticipate that our business will benefit from seasonal patterns, contributing to growth.

Branded Business

In the Branded Business segment, revenue for the period reached HK\$172.8 million, down 14.6% from HK\$202.4 million in 1H FY23/24. This decrease is due to warmer weather, which has slowed down sales, as well as new home construction and residential retrofit activities. Looking ahead, we plan to launch new smart and sustainable living appliances in the second half of the year, which are anticipated to capture significant market potential. Additionally, Salus has secured several projects and new customers that are expected to contribute positively to sales moving forward.

While we have faced challenges in both segments due to external market conditions and seasonal variations, strategic initiatives and new product launches are expected to bolster performance in the latter part of the year.

OUR APPROACH

Due to ongoing supply chain uncertainties, we have seen a shift in customer behavior, resulting in changes to ordering habits and order cycle times, as well as shifts in customer mix, presenting ongoing challenges to our operations. In response, we are continuously adapting our strategies to align with these evolving customer demands.

As we expand our global footprint, we have further enhanced our presence by establishing the manufacturing facility in Romania and preparing our site in Vietnam. To manage our global footprint, we leverage a “Glocalization” approach, allowing us to maintain proximity to our customers and gain valuable insights into local markets. Combining “globalization” and “localization”, this approach helps tailor global products to specific regional and local needs. This approach enables us to adapt to local contexts and more effectively fulfill the diverse needs of our customers.

Strategies Under “Glocalization”

Our global footprint is guided by a “Region-to-Region” model, featuring strategically located manufacturing sites in Romania, Mexico, Vietnam and Malaysia. This strategy enables us to effectively address on-shoring and near-shoring demands, particularly in Europe and North America. By tailoring our market strategies to local requirements while leveraging global resources, we can expand our market reach and optimize costs. This approach enhances our agility in responding to evolving market dynamics and customer preferences, ensuring we remain competitive across regions. Ultimately, it strengthens our adaptability and resilience in an increasingly complex era of globalization.

The “Hub and Spoke” model is one of our key strategies, with our regional head offices serving as central hubs that support and guide our various regional offices. The structure ensures efficient resource utilization and comprehensive market coverage, enabling each region to effectively address local needs while benefiting from centralized support and oversight. This model also enables us to manage processes flexibly across regions, optimizing resources and fostering cross-regional synergies.

We also operate under a “Specialized and Flexible Hybrid” model, where each location within the Group emphasizes its specific strengths. This approach allows for specialization and resource sharing, fostering collaboration within a unified strategy. This flexibility enables us to respond effectively to local market demands while maintaining a cohesive operational framework that drives both local responsiveness and global cohesion.

Through these integrated strategies, we optimize our operations and strengthen our competitive advantage in the global marketplace, allowing us to deliver exceptional value to our customers.

OUR GROWTH STRATEGIES

The Group’s growth strategy is anchored in advancing smart and sustainable living solutions. We are enhancing our energy management platform through net-zero home implementation, positioning ourselves at the forefront of the smart home sector by adopting MATTER standards early, and expanding our water-conservation product line. By prioritizing these areas, Computime is well-positioned to capture a share of the fast-growing green and smart markets.

To bolster growth, the Group is seizing near-shoring opportunities, focusing on high-performing products under the 80/20 rule, and launching new product categories. We aim to strengthen our financial position through rigorous cash management, profit margin improvement, and productivity enhancements across our global material and order management systems. These efforts support our commitment to increasing shareholder value by securing leadership in the sustainability and smart home sectors.

Our commitment to Research and Development (“**R&D**”) is evident through our substantial investment in energy and water management platforms, leveraging Artificial Intelligence (“**AI**”) for products that reduce energy bills by up to 25%. By utilizing advanced sensors, connectivity, and our proprietary AI models, we can meet current market demands and set industry benchmarks, particularly in predictive diagnostics for equipment maintenance, which helps reduce equipment failures. As part of our “Glocalization” approach, we establish technology centers near key markets, allowing for the delivery of enhanced technological capabilities to customers and a more agile response to their requirements.

The Group plans to re-engineer internal processes in global materials, order, and inventory management to enhance turnover, lower operating costs, and boost productivity. We are committed to maintaining financial discipline through stringent cost control measures across all operations, particularly focusing on the operating expenses of our plants.

With a clear focus on expanding globally, we remain cautiously optimistic about our growth potential and are prepared to navigate economic challenges while capitalizing on emerging opportunities in the evolving landscape.

OUTLOOK

The macroeconomic landscape presents ongoing challenges that are expected to persist. Despite the underperformance of the newly built home property sector, residential retrofit activities have seen a notable increase in 2024, driven by new energy-efficient upgrade standards in the EU, the UK, and the US. This trend signals promising long-term opportunities for us.

We remain cautiously optimistic about the future. Growing concerns around global warming, particularly in the EU and the UK markets, have positioned us advantageously, as our commitment to sustainability aligns with rising consumer and regulatory demands for environmentally responsible solutions. This focus on sustainability meets current market needs, thereby supporting our long-term growth as more businesses and consumers prioritize eco-friendly practices.

Our implementation of the “Glocalization” approach has fostered robust, collaborative relationships with our customers. This approach has enabled us to secure order volumes and initiate new projects, despite prevailing market sluggishness. By blending local knowledge with centralized management, we can adapt swiftly to changing customer needs, enhancing resilience against economic fluctuations. As we continue to innovate and expand our portfolio of smart and sustainable solutions, we are well-positioned to navigate the complexities of the current economic environment and emerge as a leader in the sustainability sector. We also remain committed to investments in R&D, complemented by the establishment of a technology hub, to further reinforce the execution of our “Glocalization” approach.

While macroeconomic conditions may remain difficult, our strategic focus on sustainability and customer relationships will serve as key pillars for future success, enabling us to capitalize on emerging opportunities in the evolving market landscape. We remain cautiously optimistic about our growth potential and aim to continue expanding globally despite the sluggish economy.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2024, the Group maintained a balance of cash and bank balances of HK\$217.1 million, which included cash and bank balances of HK\$201.4 million and restricted bank deposits of HK\$15.7 million for issuance of bank acceptance notes. The Group held cash and bank balance of HK\$52.6 million denominated in Renminbi (“**RMB**”). The remaining balance was mainly denominated in United States dollars (“**US dollars**”), HK dollars or Euro (“**EUR**”). Overall, the Group maintained a robust current ratio of 1.4 times.

As at 30 September 2024, total interest-bearing bank borrowings were HK\$147.0 million comprising mainly bank loans repayable within one year. The majority of these borrowings were denominated in US dollars and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2024, total equity attributable to owners of the Company amounted to HK\$1,357.5 million. The Group had a net balance of cash and bank balances less total interest-bearing bank borrowings of HK\$70.1 million.

Treasury Policies

The Group is exposed to foreign exchange risk through sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies involved are primarily US dollars, RMB, EUR and Great British Pound (“GBP”). The Group closely monitors its overall foreign exchange exposure from time to time and will adopt a proactive but prudent approach to minimise the relevant exposures.

Capital Expenditure and Commitments

During the Period, the Group incurred total capital expenditures of approximately HK\$55.1 million for additions to property, plant and equipment, software as well as for deferred expenditure associated with the development of new products.

As at 30 September 2024, the Group had capital commitments contracted but not provided for of HK\$10.4 million, mainly for the acquisition of property, plant and equipment and software.

Contingent Liabilities

As at 30 September 2024, the Group did not have any significant contingent liabilities.

Charges on Assets

As at 30 September 2024, no bank deposits and other assets have been pledged to secure the Group’s banking facilities.

Significant Investment, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no significant investments held, no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

Employee Information

As at 30 September 2024, the Group had a total of approximately 4,006 full-time employees. Total staff costs for the Period amounted to HK\$326.6 million. 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.

SHARE SCHEMES

2023 Share Award Plan

A new share award plan (“**2023 Share Award Plan**”) has been adopted by the Company in the annual general meeting on 7 September 2023 (the “**2023 AGM**”). Details of the 2023 Share Award Plan are set out in the circular of the Company dated 25 July 2023 (the “**Circular**”). The purposes of the 2023 Share Award Plan are to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The 2023 Share Award Plan shall be valid and effective for a term of 10 years from 7 September 2023 unless terminated earlier by the Board and is administered by the Board or its delegates and the trustee of the 2023 Share Award Plan. The total number of shares to be awarded under the 2023 Share Award Plan shall not exceed 10% of the total number of issued shares of the Company (the “**Shares**”), being 84,254,000 shares, as at the adoption date of the 2023 Share Award Plan from time to time. The maximum number of Shares which may be awarded to a selected participant under the 2023 Share Award Plan shall not exceed 1% of the total number of issued Shares from time to time.

As all awarded shares (“**Awards**”) granted during the year ended 31 March 2024 and the Period will be satisfied by existing Shares, no new Shares may be issued in respect of all awards granted during the respective periods to eligible participants pursuant to the 2023 Share Award Plan and the 2023 Share Option Scheme (as defined below). The selected participants are not required to pay any amount for the acceptance of the Awards. The awarded shares were bought by the Tricor Trust (Hong Kong) Limited (the trustee) through the market under the terms of the 2023 Share Award Plan by utilizing the funds of the Company.

On 26 April 2024, the Board resolved to grant 5,100,000 Awards to Mr. AU YANG Pak Hong Bernard, the chairman of the Board, executive Director (the “**Executive Director**”) and chief executive officer of the Company, and 3,200,000 Awards to Mr. WONG Wah Shun, the Executive Director respectively. The aforesaid conditional grant (the “**Conditional Grant**”) was approved by the independent shareholders at the annual general meeting on 5 September 2024 (the “**2024 AGM**”). Details of the Conditional Grant were set out in the announcements of the Company dated 26 April 2024 and 5 September 2024 respectively.

As at 30 September 2024, the Company has granted accumulated 14,300,000 Awards under the 2023 Share Award Plan, of which 1,600,000 Awards were vested, 1,200,000 Awards were lapsed, 11,500,000 Awards were unvested. The number of Awards available for grant under the 2023 Share Award Plan and other schemes of the Company under the scheme mandate limit at (i) the beginning of the Period was 78,254,000, and (ii) the end of the Period was 71,154,000, representing approximately 8.45% of the issued share capital of the Company.

Details of the movement of the Awards under the 2023 Share Award Plan during the Period were as follows:

Name of Director/ Category of participant	Number of the Awards		Movement during the Period						Weighted average closing price of the Share immediately before the date of vesting during the Period (in HK\$)	
	Date of grant	Vesting period	Number of granted Shares	Unvested as at 1 April 2024	Granted during the Period	Vested during the Period	Lapsed/ cancelled during the Period	Unvested as at 30 September 2024		Purchase Price (in HK\$)
- Director										
Mr. AUYANG Pak Hong Bernard	26 April 2024	26 April 2024 to 25 April 2025	1,700,000	-	1,700,000	-	-	1,700,000	N/A	N/A
	26 April 2024	26 April 2024 to 25 April 2026	1,700,000	-	1,700,000	-	-	1,700,000	N/A	N/A
	26 April 2024	26 April 2024 to 25 April 2027	1,700,000	-	1,700,000	-	-	1,700,000	N/A	N/A
Mr. Wong Wah Shun	26 April 2024	26 April 2024 to 25 April 2025	1,100,000	-	1,100,000	-	-	1,100,000	N/A	N/A
	26 April 2024	26 April 2024 to 25 April 2026	1,100,000	-	1,100,000	-	-	1,100,000	N/A	N/A
	26 April 2024	26 April 2024 to 25 April 2027	1,000,000	-	1,000,000	-	-	1,000,000	N/A	N/A
Subtotal			8,300,000	-	8,300,000	-	-	8,300,000		
Other grantees:										
- Employee participants:	26 September 2023	26 September 2023 to 25 September 2024	2,000,000	2,000,000	-	1,600,000	400,000	-	N/A	0.42
	26 September 2023	26 September 2023 to 25 September 2025	2,000,000	2,000,000	-	-	400,000	1,600,000	N/A	N/A
	26 September 2023	26 September 2023 to 25 September 2026	2,000,000	2,000,000	-	-	400,000	1,600,000	N/A	N/A
- Related entity participants	-	-	-	-	-	-	-	-	-	-
Total			14,300,000	6,000,000	8,300,000	1,600,000	1,200,000	11,500,000		

The vesting of the above Awards is subject to the fulfilment of certain performance targets and other requirements as set out in the grant notice entered into between the Company and each grantee. The performance targets shall include: financial targets such as net profit after tax for the year of the Group and management targets (such as stakeholder engagement, productivity, client satisfaction etc.) which shall be determined based on the (i) individual performance; (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the selected Grantees. The basis of determining the purchase price of Awards is not applicable as there is no purchase price under the rules of the 2023 Share Award Plan.

2023 Share Option Scheme

The Company had a share option scheme which was adopted on 14 September 2016 (“**2016 Share Option Scheme**”) following the expiry of the old share option scheme on 14 September 2016 (“**2006 Share Option Scheme**”). The 2016 Share Option Scheme was terminated in the 2023 AGM. A new share option scheme of the Company was adopted in the 2023 AGM (the “**2023 Share Option Scheme**”) under which the Company can grant options to, inter alia, employees of the Group to subscribe for shares of the Company with a view to rewarding those who have contributed to the Group and encouraging employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders of the Company (the “**Shareholders**”) as a whole. Details of the 2023 Share Option Scheme are set out in the Circular.

As at 30 September 2024, there is no outstanding share options and no share options were granted, exercised and cancelled under the 2023 Share Option Scheme. The number of options available for grant under the 2023 Share Option Scheme and other schemes of the Company under the share scheme mandate limit at (i) the beginning of the Period was 78,254,000, and (ii) the end of the Period was 71,154,000, representing approximately 8.45% of issued share capital of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (1H FY23/24: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance 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 (the “**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the Period, except for the deviation from Code Provision C.2.1 of the CG Code as described below:

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

CODE OF CONDUCT FOR DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished inside information relating to the Company or its securities) (the “**Own Code**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of the Company’s directors, all the directors confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the Period.

In addition, no incident of non-compliance of the Own Code by the employees of the Group was noted by the Company throughout the Period.

EVENTS AFTER THE REPORTING DATE

There are no important events affecting the Group which have occurred after the end of the Period and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive directors of the Company, namely, Ms. MAY Man Yee Mariana (chairperson of the Audit Committee), Mr. HO Pak Chuen Patrick and Ms. LEE Shang Yuee Christabel and one non-executive director of the Company, namely, Mr. KAM Chi Chiu, Anthony, has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

PUBLICATION OF FURTHER INFORMATION

The interim report of the Company for the Period, containing the information required by the Listing Rules, will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange (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 Period.

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

Hong Kong, 28 November 2024

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

Executive Directors

Mr. AUYANG Pak Hong Bernard (*Chairman and Chief Executive Officer*)

Mr. WONG Wah Shun

Non-executive Directors

Mr. KAM Chi Chiu, Anthony

Mr. WONG Chun Kong

Independent Non-executive Directors

Mr. HO Pak Chuen Patrick

Ms. LEE Shang Yuee Christabel

Ms. MAY Man Yee Mariana

* *For identification purposes only*