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 2023

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 2023 ("**1H FY23/24**", or the "**Period**"), together with the comparative figures for the six months ended 30 September 2022 ("**1H FY22/23**").

HIGHLIGHTS

	1H FY23/24	1H FY22/23	Year-on-year change
Revenue *(HK$ million)*	**2,046.8**	2,090.5	-2.1%
Gross profit *(HK$ million)*	**307.4**	267.5	14.9%
Gross profit margin *(%)*	**15.0**	12.8	17.2%
EBITDA *(HK$ million)*	**165.6**	138.7	19.4%
Profit after tax *(HK$ million)*	**37.7**	30.3	24.4%
Earnings per share attribute to owners of the company - Basic *(HK cents)*	**4.48**	3.58	25.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1974, Computime has transformed from a clock and timing device manufacturer into a technology and manufacturing company dedicated to promoting smart and sustainable living. The Group operates through two key segments: Control Solutions, which provides engineering and manufacturing solutions for internationally branded customers in energy management, smart homes, appliance controls, industrial controls, and medical devices. Branded Business, offers smart home and energy-efficient products to professional installers, property developers, and wholesalers under the Salus and Braeburn brands.

MARKET OVERVIEW

The global economic recovery has unfolded at a slower pace than initially anticipated in the aftermath of the challenging COVID-19 pandemic years. According to the International Monetary Fund ("**IMF**"), the projected global growth for 2023 stands at approximately 3%, falling short of the historical average of 3.8%[1].

This deceleration in economic recovery is accompanied by persistent inflationary pressures that pose significant risks to both businesses and economies. The need for central banks to consider tightening monetary policy further could lead to increased borrowing costs and, therefore, higher business operation costs.

Political turbulence on the global stage has emerged as a key factor impacting the world economy. The United States-China tensions, the Russo-Ukrainian conflict and the Israeli-Palestinian crisis have all contributed to the uncertainty that affects the global supply chain. This situation has increased the potential for disruptions in the supply chain, signaling urgency for businesses and manufacturers worldwide to find ways to mitigate the risks.

Inevitably affected by macroeconomic factors beyond our control, the Group will reduce the impact by strengthening our revenue base through further penetrating our existing smart and sustainable living markets and accelerating the on-shoring and nearshoring strategies. While the global economy is slowing down, smart and green product demand remains stable. At the same time, customers' desire to reduce logistic and geopolitical risks creates new business opportunities for on-shoring and nearshoring requirements as we expand our global footprints.

1 World Economic Outlook, International Monetary Fund, 2023 https://www.oecd.org/economic-outlook/september-2023/

Meanwhile, as the global cost of living continues to escalate, most consumers are reducing non-essential spending, with 15% completely cutting out such expenses, as indicated by the 2023 PwC Global Consumer Insights Survey, which interviewed participants across 25 regions[2]. Consumer spending on non-essential goods declined significantly, primarily because of high-interest rates and inflation, which in turn intensified market competition. Within the global smart-home device market, where the Group operates, a moderate growth of 4.6% is projected for the current year, mainly driven by emerging markets. Security and home monitoring products are poised for substantial growth within the smart-home market. There are also predictions of growth in diverse smart home sectors like video entertainment, lighting and thermostats. Ultimately, the market's expansion is expected to be propelled by consumer demand for increased security and convenience. [3]

The reduction of essential spending, stemming from the slower global economic recovery and inflationary pressures, has weakened consumer sentiments and overall demand. Consumers' fears about financial stability have led to cautious spending habits, resulting in slow demand for various products and services. This, in turn, has posed challenges for the Group's business operations as we navigate the economic headwinds. Adapting to this new normal, the Group remains committed to enhancing efficiency and innovation in its product offerings, ensuring it can meet evolving consumer preferences and needs while staying resilient in the changing economic landscape.

BUSINESS AND FINANCIAL REVIEW

Revenue

During the Period, the Group's total revenue reached approximately HK$2,046.8 million, reflecting a modest decrease of approximately 2.1% compared to the approximately HK$2,090.5 million from 1H FY22/23. This minor revenue decline can be attributed to two main factors: demand in the housing-related market remained soft under the pessimistic economic conditions and customer concerns over a possible recession in the European Union and North American markets. These factors pushed customers to reduce their stock level and new purchases, creating a challenging business environment for the Group during the Period.

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2 PwC Consumer Insights Survey, 2023, https://www.pwc.com/gx/en/news-room/press-releases/2023/global-consumer-insights-pulse-survey-february-2023.html

3 Global smart home devices market to shrink 2.6% in 2022, https://economictimes.indiatimes.com/tech/technology/global-smart-home-devices-market-to-shrink-2-6-in-2022/articleshow/96509538.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Gross profit and gross profit margin

During the six months ended 30 September 2023, the Group achieved a gross profit of HK$307.4 million, demonstrating a notable year-on-year ("**YoY**") increase of 14.9% from the HK$267.5 million reported in 1H FY22/23. In parallel, the gross profit margin recorded a YoY growth of 17.2%, from 12.8% in 1H FY22/23 to 15.0% in 1H FY23/24. The increase in gross profit indicates improved profitability from the Group's core activities. Additionally, the significant year-over-year growth in gross profit margin reflects strong pricing power, better cost management and enhanced operational efficiency. This improvement is also partly due to a favorable exchange rate environment, characterised by a strong US dollar and weak Renminbi.

Selling, distribution and administrative expenses

In 1H FY23/24, the Group maintained relative stability in its selling, distributions, and administrative expenses, showing a 5.4% YoY increase, totaling HK$236.6 million compared to HK$224.5 million in 1H FY22/23. This increase primarily results from increased traveling expenses resulting from the release of travel restrictions, as well as investments in research and development ("**R&D**") activities. The inflationary climate also played a role in the expense increases. The Group's ability to manage the rising costs while making strategic investments reflects its commitment to operational efficiency and long-term growth.

Profit before tax, profit after tax, EBITDA

In 1H FY23/24, the Group reported a profit before tax of HK$48.3 million, marking a substantial growth of 19.8% from the HK$40.3 million recorded in 1H FY22/23. Furthermore, the profit after tax for 1H FY 23/24 has seen a significant increase of 24.4%, reaching HK$37.7 million, compared to the HK$30.3 million achieved in the corresponding period of the previous year. Additionally, the EBITDA for 1H FY23/24 stood at HK$165.6 million, reflecting a substantial growth of 19.4% compared to the HK$138.7 million recorded in 1H FY22/23. These results can be attributed to the Group's enhanced operational efficiency and the favorable exchange rate environment.

Cash and cash equivalents

As at 30 September 2023, the Group maintained a sufficient level of net cash at HK$72.4 million while it was HK$84.3 million as at 31 March 2023. The cash and cash equivalents decreased from HK$307.8 million to HK$268.3 million during the Period due to the designed reduction of bank borrowing balances from HK$223.5 million to HK$195.9 million during the Period under the high interest rates environment.

Inventory balance

The Group's inventory balance in 1H FY23/24 was HK$925.7 million, representing a 4.5% decrease from the HK$969.5 million recorded as at 31 March 2023. This reduction reflects the Group's successful implementation of improved order processing and its proactive efforts to minimise inventory levels.

Trade receivables, trade and bills payable

As at 30 September 2023, the Group's trade receivables amounted to HK$616.7 million comparing to HK$555.2 million as at 31 March 2023 as a result of reduction in use of factoring under high interest rates environment. The outstanding balances owed by our customers for products or services delivered within the agreed-upon credit terms.

As at 30 September 2023, the Group's total trade and bills payable amounts to HK$976.5 million which is comparable to HK$1,012.4 million as at 31 March 2023, demonstrating an overview of our short-term liabilities and their impact on our financial position during the reporting period.

Gearing ratio

As at 30 September 2023, the Group's gross gearing ratio was 15.0%, a year-over-year decrease from 17.0%. Despite the tough economic and market conditions, this decrease reflects our lower financial leverage. As at 30 September 2023, the Group is at net assets position.

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

Despite the challenging operating environment, the Group's pledge to deliver value for its shareholders has been upheld through competent management of its two key business segments – Control Solutions and Branded Business. A strong emphasis has been placed on enhancing operational and process efficiency and product quality, combined with rigorous cost control.

Control Solutions

Control Solutions' 1H FY23/24 revenue amounted to HK$1,844.4 million, marking a marginal YoY decrease of 1.0% (1H FY22/23: HK$1,863.6 million). Despite the slight decline in revenue, Control Solutions has maintained overall stability in revenue level, and the increase in gross profit can be attributed to improvements in the Group's operational efficiency.

In addition, the acquisition of new customers and the introduction of new projects has offset the weaker demand for existing products. Control Solutions has retained its existing customer base and successfully secured new customers and projects, leading to a strong pipeline of opportunities. As this business unit operates in the industrial electronics market, it has proven to be more resilient against economic challenges compared to the consumer electronics market. This strategic positioning has contributed to the Group's capacity to adapt and thrive in evolving market conditions.

Branded Business

As a result of soft market demand, Branded Business experienced a YoY revenue decline of 10.8%, with the revenue level dropping to HK$202.4 million in 1H FY23/24 from the HK$226.9 million recorded in 1H FY22/23.

The soft demand is a consequence of both market conditions and customers' overstocking, which was prompted by the challenging supply-chain conditions. This overstocking led to a period of de-stocking during the review period. Typically, customer restocking coincides with the heating season. The Branded Business traditionally experiences weakness in the first half of the year due to seasonal factors, with customers often deferring their purchases until they have exhausted their existing inventory. The Group anticipates improved performance as customers restock during the current heating period.

R&D

The dedicated investment in research and development initiatives highlights the Group's commitment to advancing cutting-edge technologies and transforming itself into a global technology leader in smart and sustainable living markets.

In terms of Core Technologies, the Group is dedicated to pioneering key technological domains, including Artificial Intelligence ("**AI**"), Machine Learning ("**ML**"), Human-Machine Interface ("**HMI**"), Internet of Things ("**IoT**"), Connectivity, and Cloud/Platform-as-a-Service ("**PaaS**"), robotic and automation. These foundational technologies ensure our products maintain a leading edge in technological innovation.

In addition to core technologies, the Group's R&D endeavors extend to product platforms, encompassing Energy Management platforms featuring climate control solutions, Electric Vehicle ("**EV**") chargers, power control systems, and battery storage products. These advancements significantly contribute to more efficient and sustainable energy management. The Water Management platform includes state-of-the-art solutions such as irrigation controls and sensor technologies, robotic lawnmowers for efficient lawn maintenance, and long-range LoRa ("**Low-Rank Adaptation of Large Language Models**") protocol irrigation system controls. These innovations play a crucial role in resource-efficient and intelligent water management.

This dedicated investment in R&D positions the Group as a leader in technological innovation and leads to the development of products and solutions that enhance the environmental sustainability and quality of life for its customers.

Global footprint

During this Period, the Group made significant strides in broadening its global presence, particularly in Southeast Asia and North America, by establishing new manufacturing facilities in Vietnam and Mexico. Along with our existing facilities in China and Malaysia, the strategic expansion has further strengthened our ability to cater to diverse customer needs.

This expansion has been strategically driven by the growing on-shoring and near-shoring demand. By transitioning from a single-country focus to a region-to-region approach, which we initiated three years ago, we have successfully secured new business opportunities in response to evolving market dynamics. This approach has facilitated proximity to key markets and aligned us more closely with customer requirements. It reinforces our commitment to providing tailored solutions and exceptional service to our global clientele.

OUTLOOK

Looking ahead, the global economy is expected to remain volatile. Geopolitical instability, fueled by tensions between the United States and China as well as the regional conflicts in Russia and Ukraine, Israel and Palestine, is likely to persist. The unstable market conditions and sluggish economic growth will dampen consumers' sentiments, causing them to be more conservative and price-sensitive in their spending.

The global call for climate change mitigation is putting pressure on a growing number of organisations and companies to adopt sustainability practices, augmenting investments to reduce their carbon footprint and impact, in response to regulatory changes. The operational expenses for them are expected to rise significantly.

On the innovation front, rapid advancements in AI, automation and robotic technologies are continuing to revolutionise industries and the marketplace. While such developments may appear disruptive, they offer opportunities for higher efficiency, reduced labor costs and improved product and service quality. Businesses that strategically incorporate these innovations into their operations can secure a competitive edge and drive growth in both the short term and beyond.

Given these macro-level changes, the Group has been actively capitalising on the opportunities they present in the green technology and smart home markets, where its innovations and region-to-region strategy align with the evolving landscape of on-shoring possibilities. This strategic focus is driven by the ongoing trend of deglobalisation and de-risking prompted by geopolitical shifts.

Concurrently, the Group is constantly practising financial prudence, emphasising stringent cost control measures across all aspects of its business, including the operating expenses of our plants. Our level-loading strategy enhances our margins, allowing us to mitigate potential risks while optimising our operations. By adopting this dual approach, we are well-prepared to navigate risks and excel in the changing business environment.

GROWTH PLANS

Beyond the current opportunities and risks, the Group has successfully transformed itself from a traditional engineering and manufacturing company to a technology, manufacturing and brand company. We have formulated growth themes to fuel our expansion in the Group's ambition to become a leader in smart and sustainable living. Our strategic direction and operating framework have been reorganised to align with the pivotal objectives we aim to attain.

The Group's strategic goals encompass various facets of its growth direction, innovations and operations, focusing on enhancing the shareholder's value. Led by our technological innovations, the Group is dedicated to expanding its energy management platform through net-zero Home Implementation, positioning itself as a leader in the smart home sector through early adaptation of MATTER standards, and enhancing its water-conservation product portfolio. Regarding business objectives, the Group aims to capture the growing smart and sustainable living markets, seize near-shoring opportunities, implement the 80/20 rule emphasizing high-performing products, introduce new product categories, and nurture organic growth in the existing markets and customers.

Financially, there is a focus on bolstering cash reserves, increasing profitability, and boosting sales through comprehensive measures to improve profit margins and cash position. In addition, the Group plans to re-engineer its internal processes, particularly in the global material hub, order management, and material management areas, to enhance inventory turnover, reduce operating costs, and improve overall productivity. These initiatives collectively aim to secure leadership in the fast-growing sustainability and smart home sectors while improving our quality, efficiency and margins.

Targeted growth

Green and smart markets are rapidly expanding, and the Group is strategically positioned to capture these opportunities by introducing innovative product platforms. Our R&D investment in energy and water management platforms utilizing AI underscores our commitment to developing the world's leading sustainable solutions. By adhering to the new MATTER standards, we ensure that our products align with the latest benchmarks in the smart home and IoT sectors. MATTER, an open-source connectivity standard, empowers us to develop devices that integrate with other smart technologies to enhance user experience and convenience. These initiatives emphasise our dedication to leading the industry, addressing evolving consumer needs, and fueling our growth in these thriving markets.

Globalisation rewired

In the wake of the COVID-19 pandemic, the significance of on-shoring and near-shoring opportunities has surged for many of our customers in Europe and North America. Recognising the urgency of these shifts, our region-to-region strategy guides us to tap into these opportunities effectively. We have established cutting-edge manufacturing facilities in key locations, including Mexico, Vietnam, Malaysia, and Romania, attuned to our obligation to offer proximity and efficiency to our clients. These strategic investments not only enhance our ability to meet the changing demands of our global customer base but also bolster our resilience in a rapidly transforming world, emphasising our determination to adapt and thrive in a rewired era of globalisation.

1 to N technologies

Computime has invested heavily in transforming itself into an innovator of green and sustainable technologies. We have over 500 engineers in the group and own over 200 patents in technologies focusing on these strategic markets. The Group focuses its R&D resources on developing platforms and products on energy management, water management, and cutting-edge MATTER standards, solidifying our leadership position in the dynamic green and smart living markets. We utilise the latest sensor and connectivity technologies in our platforms. In addition, by utilizing our collected data from users globally, we have successfully built our Artificial Intelligence model in energy management, which shows energy bill savings of up to 25%. We are now incorporating the algorithm into our latest product and service offerings. Our next step will be to utilise AI in the predictive diagnostic of equipment maintenance, which will greatly reduce the frequency of equipment failures. By embracing a 1 to N approach, we address current market demands and proactively anticipate and reshape future technological landscapes. Our dedication to pioneering energy and water management solutions showcases the best industry and sustainable practices.

Operation remastered

Since its establishment in 1974, the Group has expanded significantly, with approximately 4,000 employees across 16 global locations. To continue our operation excellence and growth, we plan to implement three strategic methods: the "Region-to-Region" model, the "Hub and Spoke" infrastructure, and "Flexible Hybrid Operations" processes. The "Region-to-Region" model addresses our fast-growing customers' on-shoring and nearshoring demands. Under our "Hub and Spoke" infrastructure, the Group's headquarters in Hong Kong will coordinate and support various satellite operations through our four regional hubs in Greater China, Southeast Asia, Europe and North America. The "Flexible Hybrid Operations" processes will promote resource efficiency, streamline communication, and foster cross-regional synergies within our increasingly global organisation. This agile approach will allow parts of our overall processes to be executed in different regions to optimise resource allocation, know-how, and efficiency.

CONCLUSION

As we stand on the brink of our 50th anniversary next year, we take a moment to reflect on the rarity of companies achieving this milestone. The Group takes pride in having sustained and thrived over five decades, and we eagerly anticipate the exciting journey and transformation ahead for the next 50 years. We have successfully evolved from a humble clock manufacturer to a leading technology, manufacturing and brand leader in smart and sustainable living. Furthermore, we have set forth highly ambitious objectives, supported by an incentive system to inspire and motivate our loyal employees. Lastly, the Group has charted a comprehensive long-term development roadmap for the next five years to deliver consistent performance and enhance our shareholder's value. With these milestones and strategies in place, we are poised for continued success and growth in these fast-growing markets.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2023, the Group maintained a balance of cash and bank balances of HK$268,254,000, which included cash and bank balances of HK$184,802,000 and restricted bank deposits of HK$83,452,000 for issuance of bank acceptance notes. The Group held cash and bank balance of HK$147,391,000 denominated in Renminbi ("**RMB**"). The remaining balance was mainly denominated in United States dollars ("**US dollars**"), HK dollars or Euro ("**EUR**"). Overall, the Group maintained a robust current ratio of 1.3 times.

As at 30 September 2023, total interest-bearing bank borrowings were HK$195,896,000 comprising mainly bank loans repayable within one year. The majority of these borrowings were denominated in US dollars and the interest rates applied were primarily subject to floating rate terms.

As at 30 September 2023, total equity attributable to owners of the Company amounted to HK$1,305,379,000. The Group had a net balance of cash and bank balances less total interest-bearing bank borrowings of HK$72,358,000.

Treasury Policies

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

Capital Expenditure and Commitments

During the Period, the Group incurred total capital expenditures of approximately HK$83,322,000 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 2023, the Group had capital commitments contracted but not provided for of HK$19,159,000, mainly for the acquisition of property, plant and equipment and software.

Contingent Liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities.

Charges on Assets

As at 30 September 2023, no bank deposits and other assets have been pledged to secure the Group's banking facilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Employee Information

As at 30 September 2023, the Group had a total of approximately 4,000 full-time employees. Total staff costs for the Period amounted to HK$325,913,000. 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.

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.

On 26 September 2023 (the "**Grant Date**"), the Company granted a total of 6,000,000 award shares (the "**Awards**") to five senior management of the Group (the "**Grantees**") pursuant to the 2023 Share Award Plan, which all the Grantees have duly accepted. Each of the Awards represents a conditional right to receive one awarded share subject to certain terms and conditions of the grant of such Awards. Details of the grant of Awards are set out in the announcement of the Company dated 26 September 2023.

As at 30 September 2023, the Company has granted accumulated 6,000,000 Awards under the 2023 Share Award Plan. 6,000,000 Awards were unvested and no Awards were vested, expired, lapsed or cancelled. The number of Awards available for grant under the 2023 Share Award Plan and other share schemes of the Company under the scheme mandate limit at (i) the beginning of the Period was Nil and (ii) the end of the Period was 78,254,000, representing approximately 9.29% of the issued share capital of the Company.

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 1 April 2023, there is no outstanding share options under the 2006 Share Option Scheme and the 2016 Share Option Scheme and the number of options available for grant under the 2016 Share Option Scheme was 83,642,000, representing approximately 9.93% of the issued share capital of the Company. Since the 2006 Share Option Scheme and the 2016 Share Option Scheme expired on 14 September 2016 and terminated on 7 September 2023 respectively, no further options could be issued under the 2006 Share Option Scheme and the 2016 Share Option Scheme thereafter. During the period from 1 April 2023 up to the date of this announcement, no share options were granted, exercised and cancelled under the 2006 Share Option Scheme, the 2016 Share Option Scheme and the 2023 Share Option Scheme. As at 30 September 2023, 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 was 78,254,000, representing approximately 9.29% of issued share capital of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September 2023 (Unaudited) *HK$'000*	2022 (Unaudited) *HK$'000*
REVENUE	*3, 4*	**2,046,848**	2,090,500
Cost of sales		**(1,739,428)**	(1,823,041)
Gross profit		**307,420**	267,459
Other income		**11,372**	15,672
Selling and distribution expenses		**(51,648)**	(56,018)
Administrative expenses		**(184,931)**	(168,522)
Other operating income, net		**437**	758
Finance costs	*5*	**(33,983)**	(19,018)
Share of (losses)/profits of associates		**(414)**	3
Share of profit of a joint venture		**77**	–
PROFIT BEFORE TAX	*6*	**48,330**	40,334
Income tax expense	*7*	**(10,633)**	(10,083)
PROFIT FOR THE PERIOD		**37,697**	30,251
ATTRIBUTABLE TO:			
Owners of the Company		**37,709**	30,179
Non-controlling interests		**(12)**	72
		37,697	30,251
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**4.48 HK cents**	3.58 HK cents
Diluted		**4.48 HK cents**	3.58 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**37,697**	30,251
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(32,913)**	(62,835)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	**(32,913)**	(62,835)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**4,784**	(32,584)
ATTRIBUTABLE TO:		
Owners of the Company	**4,832**	(32,677)
Non-controlling interests	**(48)**	93
	4,784	(32,584)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2023 (Unaudited)** *HK$'000*	31 March 2023 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**333,394**	362,524
Right-of-use assets		**110,572**	139,167
Goodwill		**111,529**	111,773
Club debenture		**705**	705
Intangible assets		**300,864**	262,224
Interest in associates		**1,071**	1,485
Interest in a joint venture		**10,975**	–
Financial asset at fair value through other comprehensive income		**–**	–
Financial assets at fair value through profit or loss		**11,598**	9,493
Prepayments and deposits		**64,062**	47,450
Deferred tax assets		**23,301**	23,411
Total non-current assets		**968,071**	958,232
CURRENT ASSETS			
Inventories		**925,684**	969,470
Trade receivables	*10*	**616,745**	555,236
Prepayments, deposits and other receivables		**133,907**	139,766
Tax recoverable		**–**	10,257
Cash and bank balances	*11*	**268,254**	307,770
Total current assets		**1,944,590**	1,982,499
CURRENT LIABILITIES			
Trade and bills payables	*12*	**976,516**	1,012,386
Other payables and accrued liabilities		**223,834**	175,377
Contract liabilities		**42,605**	36,162
Derivative financial instruments		**305**	–
Interest-bearing bank borrowings		**195,896**	223,510
Lease liabilities		**60,752**	48,125
Tax payable		**992**	–
Dividend payable		**17,693**	–
Total current liabilities		**1,518,593**	1,495,560
NET CURRENT ASSETS		**425,997**	486,939
TOTAL ASSETS LESS CURRENT LIABILITIES *(to be continued)*		**1,394,068**	1,445,171

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	30 September 2023 (Unaudited) *HK$'000*	31 March 2023 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES *(continued)*	**1,394,068**	1,445,171
NON-CURRENT LIABILITIES		
Lease liabilities	**40,005**	78,098
Deferred tax liabilities	**44,157**	44,258
Total non-current liabilities	**84,162**	122,356
Net assets	**1,309,906**	1,322,815
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**84,254**	84,254
Reserves	**1,221,125**	1,233,986
	1,305,379	1,318,240
Non-controlling interests	**4,527**	4,575
Total equity	**1,309,906**	1,322,815

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 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 2023 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Save for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include HKASs, during the Period as set out in note 2.2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2023.

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 2023, except for the adoption of the following new and revised HKFRSs for the first time for the current period's financial information.

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have significant impact on the Group.

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

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: *(Continued)*

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. The amendments did not have significant impact to 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 30 September		**For the six months ended 30 September**		**For the six months ended 30 September**	
	2023	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,844,431**	1,863,583	**202,417**	226,917	**2,046,848**	2,090,500
Segment results	**161,801**	122,642	**(17,383)**	(17,790)	**144,418**	104,852
Bank interest income					**1,038**	958
Other income (excluding bank interest income)					**10,334**	14,714
Corporate and other unallocated expenses					**(73,140)**	(61,175)
Finance costs					**(33,983)**	(19,018)
Share of (losses)/profits of associates	**–**	–	**(414)**	3	**(414)**	3
Share of profit of a joint venture	**77**	–	–	–	**77**	–
Profit before tax					**48,330**	40,334
Income tax expense					**(10,633)**	(10,083)
Profit for the period					**37,697**	30,251

	Control Solutions		**Branded Business**		**Total**	
	30 September 2023	31 March 2023	**30 September 2023**	31 March 2023	**30 September 2023**	31 March 2023
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,335,534**	1,351,838	**408,769**	405,861	**1,744,303**	1,757,699
Interest in associates	**–**	–	**1,071**	1,485	**1,071**	1,485
Interest in a joint venture	**10,975**	–	**–**	–	**10,975**	–
Corporate and other unallocated assets					**1,156,312**	1,181,547
Total assets					**2,912,661**	2,940,731

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, a financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, right-of-use assets, deferred tax assets, cash and bank balances, and certain balances of prepayments, deposits and other receivables, tax recoverable, 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**31,788**	17,536
Interest on lease liabilities	**2,195**	1,482
	33,983	19,018

6. **PROFIT BEFORE TAX**

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

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**1,726,262**	1,823,121
Depreciation of property, plant and equipment	**35,552**	34,962
Depreciation of right-of-use assets	**24,173**	25,028
Amortisation of intangible assets[#]	**24,633**	19,539
Write-down/(reversal of write-down) of inventories to net realisable value[##]	**11,165**	(80)
Interest income	**(1,038)**	(958)
Foreign exchange differences, net[###]	**(4,035)**	(799)
Impairment/(reversal of impairment) of trade receivables[###]	**3,383**	(354)
Write-off of deferred expenditure[#]	**–**	798

[#] 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.

6. PROFIT BEFORE TAX *(Continued)*

Write-down/(reversal of write-down) of inventories to net realisable value is included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

Foreign exchange differences, net and impairment/(reversal of impairment) of trade receivables are included in "Other operating income, 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 FY22/23: 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**4,239**	1,167
Current – Mainland China and other countries	**6,394**	8,916
Total tax charge for the period	**10,633**	10,083

The share of taxes attributable to associates and a joint venture amounting to Nil (1H FY22/23: Nil) are included in "Share of (losses)/profits of associates" and "Share of profit of a joint venture" in the condensed consolidated statement of profit or loss.

8. DIVIDENDS

No payment of interim dividend for the six months ended 30 September 2023 is recommended (1H FY22/23: 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$37,709,000 (six months ended 30 September 2022: HK$30,179,000) and the weighted average number of ordinary shares of 842,540,000 (six months ended 30 September 2022: 842,540,000) in issue during the Period.

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 2023: 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, 18.7% (31 March 2023: 12.0%) and 44.2% (31 March 2023: 59.2%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2023	31 March 2023
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**341,123**	316,229
1 to 2 months	**195,163**	168,266
2 to 3 months	**29,531**	22,131
Over 3 months	**50,928**	48,610
	616,745	555,236

10. TRADE RECEIVABLES *(Continued)*

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 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Current and due within 1 month	**562,780**	517,407
1 to 2 months	**31,072**	18,826
2 to 3 months	**9,865**	5,678
Over 3 months	**13,028**	13,325
	616,745	555,236

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 2023 amounted to HK$1,031,685,000 (31 March 2023: HK$946,473,000).

11. CASH AND BANK BALANCES

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Cash and bank balances	**184,802**	253,733
Restricted bank deposits	**83,452**	54,037
	268,254	307,770

As at 30 September 2023 and 31 March 2023, 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 2023	31 March 2023
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**509,368**	241,141
1 to 2 months	**71,340**	190,921
2 to 3 months	**213,502**	151,216
Over 3 months	**182,306**	429,108
	976,516	1,012,386

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 2023	31 March 2023
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current and due within 1 month	**883,453**	677,916
1 to 2 months	**62,430**	89,975
2 to 3 months	**23,646**	58,175
Over 3 months	**6,987**	186,320
	976,516	1,012,386

The trade payables are non-interest-bearing and generally have payment terms ranging from one to six months (31 March 2023: one to six months).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (1H FY22/23: 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 14 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 10 to the Listing Rules. Having made specific enquiry of the Company's directors, all the directors confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the Period.

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), which comprises three independent non-executive directors of the Company, namely, Mr. Roy KUAN (chairman 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, 23 November 2023

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
Mr. Roy KUAN
Ms. LEE Shang Yuee Christabel

* *For identification purposes only*