

TIME INTERCONNECT TECHNOLOGY LIMITED

匯聚科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1729



SHARE OFFER

Sponsor

FRONTPAGE 富比

Joint Bookrunners and Joint Lead Managers

FRONTPAGE 富比



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

TIME INTERCONNECT TECHNOLOGY LIMITED

匯聚科技有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	: 460,000,000 Shares (comprising 322,000,000 new Shares and 138,000,000 Sale Shares)
Number of Public Offer Shares	: 46,000,000 new Shares (subject to reallocation)
Number of Placing Shares	: 414,000,000 Shares, comprising 276,000,000 new Shares and 138,000,000 Sale Shares (subject to reallocation)
Maximum Offer Price	: HK\$0.5 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollar and subject to refund)
Nominal Value	: HK\$0.01 per Share
Stock Code	: 1729

Sponsor

FRONTPAGE 富比

Frontpage Capital Limited

Joint Bookrunners and Joint Lead Managers

FRONTPAGE 富比



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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The SFC and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the Application Forms, including the risk factors set out in the section headed "Risk Factors" of this prospectus.

The Offer Price is expected to be determined by agreement between our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 6 February 2018. The Offer Price will be not more than HK\$0.5 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share, unless otherwise announced. If our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date (or such later date as may be agreed between our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters)), the Share Offer will not become unconditional and will lapse immediately. In such case, an announcement will be made immediately by our Company on the website of Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.time-interconnect.com. Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) may, with consent of our Company (for itself and on behalf of the Vendor), extend or reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the extension or reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.time-interconnect.com not later than the morning of the day which is the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreements to subscribe for, and to procure applicants for the subscription for, the Offer Shares are subject to termination by Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Grounds for termination" of this prospectus. It is important that you refer to that section for further details.

30 January 2018

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at www.time-interconnect.com and the website of the Stock Exchange at www.hkexnews.hk.

2018

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on Tuesday, 30 January

Application lists for Public Offer open⁽²⁾ 11:45 a.m. on Friday, 2 February

Latest time for (i) lodging **WHITE** and **YELLOW**

Application Forms and (ii) giving **electronic application instructions** to HKSCC⁽³⁾ 12:00 noon on Friday, 2 February

Application lists for Public Offer close⁽²⁾ 12:00 noon on Friday, 2 February

Expected Price Determination Date on or about⁽⁴⁾ Tuesday, 6 February

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of application in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the website of our Company at www.time-interconnect.com⁽⁵⁾ and on the website of the Stock Exchange at www.hkexnews.hk on or before Monday, 12 February

Announcement of results of allocations under the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares – 10. Publication of results" of this prospectus including the website of our Company at www.time-interconnect.com⁽⁵⁾ and the website of the Stock Exchange at www.hkexnews.hk from Monday, 12 February

Results of allocation in the Public Offer will be available at www.tricor.com.hk/lipo/result with a "search by ID Number/Business Registration Number" function from Monday, 12 February

Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before⁽⁶⁾⁽⁸⁾ Monday, 12 February

EXPECTED TIMETABLE⁽¹⁾

Despatch of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before⁽⁷⁾⁽⁸⁾ Monday, 12 February

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on Tuesday, 13 February

Notes:

1. All times and dates refer to Hong Kong local times and dates, unless otherwise stated.
2. If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 2 February 2018, the application lists will not open and close on that day. See “How to Apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists” of this prospectus.
3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for the Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS” of this prospectus.
4. The Price Determination Date is expected to be on or about Tuesday, 6 February 2018 and, in any event, not later than Friday, 9 February 2018. If, for any reason, the Offer Price is not agreed between Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) and our Company (for itself and on behalf of the Vendor) by Friday, 9 February 2018, the Share Offer will not proceed and will lapse.
5. None of the website or any of the information contained on the website forms part of this prospectus.
6. Share certificates will only become valid at 8:00 a.m. on Tuesday, 13 February 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting – Underwriting arrangements and expenses – Grounds for termination” of this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.
7. Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque, if any. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque, if any.
8. Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 February 2018 or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Company’s Hong Kong Branch Share Registrar at the time of collection.

EXPECTED TIMETABLE⁽¹⁾

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies – Personal collection – (iii) If you apply via electronic application instructions to HKSCC" of this prospectus for details.

Applicants who have applied for less than 1,000,000 Public Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in the sections headed "How to Apply for the Public Offer Shares – 12. Refund of application monies" and "How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies" of this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares" of this prospectus for details of the structure of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Public Offer Shares.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Sponsor has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.

	<i>Page</i>
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY	1
DEFINITIONS	11
GLOSSARY OF TECHNICAL TERMS	24
FORWARD-LOOKING STATEMENTS	27
RISK FACTORS	29
WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES	47
INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER	48
DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER	53
CORPORATE INFORMATION	57
INDUSTRY OVERVIEW	60
REGULATORY OVERVIEW	70

CONTENTS

	<i>Page</i>
HISTORY, DEVELOPMENT AND REORGANISATION	84
BUSINESS	105
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS	164
CONTINUING CONNECTED TRANSACTIONS	174
DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	188
SHARE CAPITAL	200
SUBSTANTIAL SHAREHOLDERS	203
FINANCIAL INFORMATION	205
FUTURE PLANS AND USE OF PROCEEDS	267
UNDERWRITING	272
STRUCTURE AND CONDITIONS OF THE SHARE OFFER	281
HOW TO APPLY FOR THE PUBLIC OFFER SHARES	288
APPENDIX I – ACCOUNTANTS’ REPORT	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III – SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW	III-1
APPENDIX IV – STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V – DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As it is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety, and should be read in conjunction with the full text of this prospectus. Information contained in our website, located at www.time-interconnect.com, does not form part of this prospectus. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this prospectus.

OVERVIEW

We are a well-established supplier of custom cable assemblies with around 20 years of experience in the cable assembly industry. We are headquartered in Hong Kong and have production facilities in Huizhou, Guangdong Province, the PRC. We primarily manufacture and supply cable assemblies on a CMS basis, which our products are produced in accordance with the specifications and designs of individual customers. Our cable assemblies are used by a number of established PRC and international customers in a variety of market sectors including telecommunication, data centre, industrial and medical equipment. We ranked second in China market of cable assemblies manufacture for communication equipment and data centre in 2016 in terms of sales revenue, and we accounted for about 0.2% market share in the PRC cable assembly market in 2016 in terms of sales revenue, according to the CRI Report.

We enjoy strong recognition among our customers worldwide for the quality and reliability that our products offer. We maintain long and stable relationship with our key customers, which include leading telecommunication equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer that have extensive international coverage. We are included in the approved vendors list of some of our key customers in the telecommunication and medical equipment sectors. We have achieved a stable track record of sustainable growth in profit. Our profit for the year amounted to approximately HK\$66,717,000, HK\$71,599,000, HK\$81,684,000 and HK\$47,425,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. If the effect of the imputed financial guarantee income, which was non-cash and non-operating in nature, were excluded for illustration purpose only, our net profit would be approximately HK\$54,894,000, HK\$55,360,000, HK\$64,385,000 and HK\$42,091,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

Our products are customised and made-to-order in accordance with the specifications and requirements, including any specified industry and technical standards of our customers. We offer a wide range of cable assembly products which can be broadly categorised into two types with respect to their transmission medium: (i) copper cable assemblies; and (ii) optical fibre cable assemblies. The table below sets forth our revenue and quantity of products sold by cable transmission medium during the Track Record Period:

SUMMARY

	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
Cable assembly products	(unaudited)														
Optical fibres	2,663	405,789	43.1	2,546	308,359	33.8	3,552	361,204	41.8	1,247	86,535	33.4	951	220,541	55.9
Copper	25,803	535,693	56.9	25,094	603,234	66.2	16,491	503,367	58.2	6,281	172,708	66.6	7,815	174,058	44.1
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,528	259,243	100.0	8,766	394,599	100.0

Note: Unit price of different optical fibre products or copper products may vary by a great extent, depending on specifications and requirements.

OUR CUSTOMERS AND END MARKETS

We sell our cable assemblies to customers in around 20 countries and regions including the PRC, the United States, Europe and Hong Kong. Our customers operate primarily in the telecommunication, data centre, industrial equipment and medical equipment sectors.

The table below sets forth our revenue based on sectors in which our products were applied to and their percentage of our total revenue during the Track Record Period:

Market sector	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
Telecommunication	18,052	547,105	58.1	21,234	630,649	69.2	15,697	486,240	56.3	5,719	177,875	68.6	7,338	172,338	43.7
Data centre	1,117	254,414	27.0	330	154,167	16.9	791	278,477	32.2	223	45,444	17.5	341	183,404	46.5
Industrial equipment	7,400	77,657	8.3	4,243	61,979	6.8	3,396	61,726	7.1	1,535	21,989	8.5	998	23,346	5.9
Medical equipment	1,897	62,306	6.6	1,833	64,798	7.1	159	38,128	4.4	50	13,935	5.4	89	15,511	3.9
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,527	259,243	100.0	8,766	394,599	100.0

The following table sets forth a breakdown of gross profit and gross profit margin by market sectors for the period indicated:

Market sector	Year ended 31 March						Four months ended 31 July					
	2015		2016		2017		2016		2017			
	Gross profit margin	%	Gross profit margin	%	Gross profit margin	%	Gross profit margin	%	Gross profit margin	%		
Telecommunication	37,773	6.9	34,707	5.5	24,016	4.9	12,598	7.1	8,734	5.1		
Data centre	97,922	38.5	66,431	43.1	106,900	38.4	17,971	39.5	72,285	39.4		
Industrial equipment	13,824	17.8	20,523	33.1	12,138	19.7	4,345	19.8	3,619	15.5		
Medical equipment	10,528	16.9	20,895	32.2	13,590	35.6	4,901	35.2	5,002	32.3		
Total	160,047	17.0	142,556	15.6	156,644	18.1	39,815	15.4	89,640	22.7		

For further details, please refer to the section headed “Business – Customers, marketing and sales” in this prospectus.

SUMMARY

The table below sets forth our revenue based on geographic locations of our customers and their percentage of our total revenue during the Track Record Period:

	2015		Year ended 31 March 2016		2017		Four months ended 31 July 2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	<i>(unaudited)</i>									
The PRC	603,266	64.1	706,338	77.5	543,937	62.9	197,721	76.3	196,549	49.8
The United States	196,238	20.8	105,429	11.6	202,626	23.5	31,946	12.3	140,714	35.7
Europe	70,439	7.5	65,845	7.2	73,790	8.6	17,196	6.6	43,600	11.0
Hong Kong	30,037	3.2	18,465	2.0	29,806	3.4	10,473	4.0	8,283	2.1
North America (except the United States)	14,122	1.5	11,231	1.2	273	-	236	0.1	-	-
Others	27,380	2.9	4,285	0.5	14,139	1.6	1,671	0.7	5,453	1.4
Total	941,482	100.0	911,593	100.0	864,571	100.0	259,243	100.0	394,599	100.0

According to the CRI Report, China is one of global major producers of cable assemblies for communication equipment and data centre with over 1,000 manufacturers and scattered production bases. As to China's industrial and medical cable assemblies industry, the number of manufacturers producing cables for industrial and medical cable assemblies exceeded 1,000 by the end of 2016 due to the massive application fields of the downstream markets. In 2016, the accumulated sales revenue of the top 5 industrial and medical equipment cable assembly manufacturers accounted for 12.2% of the respective market, all of which were subdivisions of multinational enterprises. For further details, please refer to the section headed "Industry Overview" in this prospectus.

CUSTOMER CONCENTRATION

For each of the three years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the percentage of our total revenue attributable to our top five customers in aggregate amounted to 82.1%, 83.7%, 85.8% and 88.4%, respectively. In particular, the percentage of our total revenue attributable to Customer A, our largest customer, amounted to 45.3%, 54.9%, 48.5% and 37.8%, respectively for the same periods.

Customer A is a multinational networking and telecommunications equipment and services provider headquartered in the PRC with offices internationally. It is one of the largest telecommunications equipment manufacturers in the world. We commenced our business with Customer A since 2005.

Our Directors consider that we would be able to continue our good business relationship with Customer A while expanding our customer base, and our business prospects and reduce our customer concentration without affecting our sustainability. For further information, please refer to the section headed "Business – Customers, marketing and sales – Customer concentration" in this prospectus.

PRODUCTION AND PRODUCTS

We work closely with customers since the early stage of a product's life cycle, including understanding products application, design, prototyping and production, enabling us to offer bespoke cable assembly products. Our products are all customised and made-to-order in accordance with the specific technical requirements of our customers. We focus on quality control and monitor our production process closely at every stage to optimise our product performance and to eliminate flaws and defects. We conduct performance and reliability testing to ensure our cable assemblies comply with our customers' requirements. For the year ended 31 March 2017, we offered more than 16,000 types of cable assembly products. The pricing of our cable assembly products is on a

SUMMARY

cost-plus basis and since cable assemblies are made-to-order, we formulate and adjust the prices of our cable assemblies based on product specifications, costs of raw materials, labour costs, competitive environment, demand and supply change and improvement in technical innovations.

The following table sets forth a breakdown of gross profit and gross profit margin by cable transmission medium for the periods indicated:

	2015		Year ended 31 March 2016		2017		Four months ended 31 July 2016		Four months ended 31 July 2017	
	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Cable assembly products										
Optical fibres	111,526	27.5	76,174	24.7	102,053	28.3	18,838	21.8	72,444	32.8
Copper	48,521	9.1	66,382	11.0	54,591	10.8	20,977	12.1	17,196	9.9
Total	160,047	17.0	142,556	15.6	156,644	18.1	39,815	15.4	89,640	22.7

Our Huizhou Factory comprises buildings with a total gross floor area of approximately 38,198 sq.m. which are primarily used for production, warehouse, offices, dormitory and ancillary purposes. The table below sets out our designed production capacity, actual production hours and utilisation rate of our production facilities for the periods indicated:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
Designed annual production hours ⁽¹⁾	236,880	236,880	236,880	78,960
Actual production hours	209,165	219,825	224,799	78,062
Utilisation rate ⁽²⁾	88.3%	92.8%	94.9%	98.9%

Notes:

- (1) Our designed production capacity for our production operation refers to all our 94 production lines operating at a maximum of 210 hours per month, assuming that each worker works at most 210 hours per month. The designed annual production hours for the three years ended 31 March 2017 and the four months ended 31 July 2017 are therefore calculated by multiplying 210 hours per month by 12 months or 4 months. The calculation of our designed production capacity does not include time required for, among other things, maintenance and public holidays.
- (2) The utilisation rate equals the actual production hours divided by the designed annual production hours.

Our utilisation rate may not be in line with our revenue or number of units produced as different products have different complexity and production volume varies significantly across different purchase orders. Our utilisation rate increased steadily during the Track Record Period, mainly attributed to the increasing level of product complexity. For details of our production, please refer to the section headed “Business – Production” in this prospectus.

OUR SUPPLIERS AND SUBCONTRACTORS

Our suppliers supply us with raw materials which primarily include soft glass optical fibres, copper cables, connectors and terminals, and packaging materials. During the Track Record Period, we sourced optical fibres and copper cables from more than 200 suppliers

SUMMARY

and connectors/terminals from more than 400 suppliers in Hong Kong, the PRC and the United States. On occasions, we purchase raw materials, particularly connectors/terminals, from suppliers specified by our customers. Our top five suppliers accounted for 21.5%, 25.2%, 23.8% and 32.9% of our total cost of goods sold for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively, while our largest supplier accounted for 6.6%, 8.1%, 8.7% and 18.4% of our total cost of goods sold, respectively. For details of our suppliers, please refer to the section headed “Business – Suppliers” in this prospectus.

We subcontract certain labour intensive parts of our production process for certain simple products, such as manual assembly works, to certain subcontractors from time to time, and particularly during peak season. For details of our subcontracting arrangement, please refer to the section headed “Business – Suppliers – Subcontracting” in this prospectus.

COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our business growth and will continue to drive our success:

- experienced management team with extensive knowledge of the manufacturing industry where we operate;
- customer driven cable assemblies provider highly adapted to the B2B model and capable of serving corporate customers;
- an effective customised and flexible production model to meet diverse customer demands;
- long term and stable relationship with major customers underpinned by quality products, in-depth industry understanding and responsive customer services; and
- effective production management and extensive quality control ensuring reliable products with stable performance.

BUSINESS STRATEGIES

Our Directors believe that the following strategies will help to solidify our market position and drive our future growth:

- pursue strategic industries which we believe to have high growth potential;
- enhance and increase our production capacity; and
- strengthen established customer relationships and continue to expand customer base.

RISK FACTORS

Our Directors believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Our Directors believe the most significant risks relating to our business are as follows:

- a significant portion of our revenue during the Track Record Period was derived from a limited number of major customers, especially Customer A, as such, we are exposed to the risk of customer concentration and our revenue may fluctuate significantly in the event our orders from major customers vary by a large extent;
- we may experience labour shortage or unrest or may incur high labour costs;

SUMMARY

- we are exposed to credit risk of our customers;
- fluctuations in the prices of our major raw materials or commodity prices could materially and adversely affect our business, financial conditions and results of operations;
- our revenue was decreasing for the three years ended 31 March 2017. If we fail to increase our revenue, our business, results of operations and financial condition may be negatively affected; and
- if we fail to attract or retain our key managerial and technical personnel, we may compromise our ability to maintain strong relationships with our customers and suppliers, develop new products and effectively carry on our R&D and other efforts.

A detailed discussion of the risk factors is set forth in the section headed “Risk Factors” in this prospectus, and investors should read the entire section before deciding to invest in the Offer Shares.

CONTINUING CONNECTED TRANSACTIONS

On 24 January 2018, we entered into a sales and purchase framework agreement (the “**Linkz Industries Framework Agreement**”), an administrative services agreement (the “**Linkz Administrative Services Agreement**”), and a property sharing agreement (the “**Linkz Property Sharing Agreement**”) with Linkz Industries. In addition, on 24 January 2018, we entered into a master supply agreement (the “**United Luminous Master Supply Agreement**”) with United Luminous. Each of the Linkz Industries Framework Agreement, Linkz Administrative Services Agreement, Linkz Property Sharing Agreement and United Luminous Master Supply Agreement (together, the “**Connected Transaction Agreements**”) shall be effective from the Listing Date up to 31 March 2020. The term of the Connected Transaction Agreements may be renewed as the parties thereto mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Please refer to the sections headed “Relationship with Controlling Shareholders” and “Continuing Connected Transactions” in this prospectus for further information.

SUMMARY OF FINANCIAL INFORMATION

Highlights of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>				
Revenue	941,482	911,593	864,571	259,243	394,599
Gross profit	160,047	142,556	156,644	39,815	89,640
Imputed financial guarantee income	11,823	16,239	17,299	5,187	5,334
Profit before taxation	72,211	83,119	97,344	19,039	59,644
Profit for the year/period	66,717	71,599	81,684	16,343	47,425
Total comprehensive income for the year/period	67,587	66,549	75,774	13,317	50,425
Profit for the year/period (excluding imputed financial guarantee income)	54,894	55,360	64,385	11,156	42,091
<i>(Note)</i>					

SUMMARY

Our revenue decreased from approximately HK\$941,482,000 for the year ended 31 March 2015 to approximately HK\$911,593,000 for the year ended 31 March 2016, primarily due to the decrease in sales volume in the data centre sector and the industrial equipment sector for the year ended 31 March 2016. Our revenue further decreased to approximately HK\$864,571,000 for the year ended 31 March 2017, due to (i) the decrease in sales volume in the telecommunication sector and the medical equipment sector and (ii) the translation of the depreciating RMB, the currency of the sales in the PRC, to Hong Kong dollars, our reporting currency. Please refer to the paragraph headed “Financial Information – Period to period comparison of results of operations” to this prospectus for details. During the Track Record Period, our Group provided guarantees to financial institutions in order to secure certain general banking facilities granted to Linkz Group and us. The fair value of providing the financial guarantees to Linkz Group in favour of the financial institutions for these banking facilities is at first recognised as financial liability. As Linkz Group had not defaulted on the banking facilities granted by the financial institutions, our Group did not make any payment arising from the guarantees, and therefore, our Group recognised imputed financial guarantee income, representing the reduction of the financial liability over the guarantee period. There was no cash impact arising from the guarantee provided by our Group.

Note: Profit for the year/period (excluding imputed financial guarantee income) is a non-HKFRS measure and is presented to evaluate our Group’s operating performance and our Directors believe that such non-HKFRS measure is more conservative.

Highlights of consolidated statements of financial position

	As at 31 March			As at 31 July 2017
	2015	2016	2017	2017
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Non-current assets	118,011	111,462	101,188	102,496
Current assets	541,183	434,482	400,859	524,471
Current liabilities	518,509	351,999	380,514	414,192
Net current assets	22,674	82,483	20,345	110,279
Non-current liabilities	234	262	271	305
Net assets	140,451	193,683	121,262	212,470

Highlights of consolidated statements of cash flows

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(unaudited)</i>				
Net cash from operating activities	79,711	70,177	11,515	4,822	71,410
Net cash (used in) from investing activities	(50,631)	41,934	17,503	(58,288)	(8,032)
Net cash (used in) from financing activities	(2,653)	(129,340)	(57,770)	17,686	(20,636)
Net increase/(decrease) in cash and cash equivalents	26,427	(17,229)	(28,752)	(35,780)	42,742

SUMMARY

Summary of key financial ratios

	As at or for the year ended 31 March			As at or for the four months ended 31 July
	2015	2016	2017	2017
Gross profit margin	17.0%	15.6%	18.1%	22.7%
Net profit margin ^(Note)	5.8%	6.1%	7.4%	10.7%
Current ratio	1.0	1.2	1.1	1.3
Quick ratio	0.8	0.9	0.7	1.0
Gearing ratio	141.3%	35.9%	118.6%	39.3%
Net debt to equity ratio	83.0%	0.8%	83.2%	N/A
Return on equity	47.5%	37.0%	67.4%	66.8%
Return on assets	10.1%	13.1%	16.3%	22.6%
Interest coverage	15.8 times	24.1 times	30.7 times	99.3 times

Note: Net profit margin is derived as net profit (excluding the imputed financial guarantee income) for the year/period divided by the revenue for the year/period.

For details on the formula of the key financial ratios, please refer to the section headed “Financial Information – Summary of key financial ratios” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of Capitalisation Issue and Share Offer (without taking into account any options that may be granted under the Share Option Scheme), our Company’s issued share capital will be owned as to 63.86% by Time Holdings, which is in turn wholly-owned by Linkz Industries.

As at the Latest Practicable Date, Linkz Industries was owned as to 39.68% by Mr. Paul Lo, 20.14% by Nickson Holdings (which is wholly-owned by Mr. Paul Lo), 38.13% by GP Industries (which is in turn 85.47% owned by Gold Peak), 1.18% by members of Time Management and 0.87% by members of Linkz Management, respectively. For the purpose of the Listing Rules, Mr. Paul Lo, Nickson Holdings, Gold Peak, GP Industries, Time Management and Linkz Management are a group of Controlling Shareholders by virtue of their holding interests through a common investment holding company, namely Linkz Industries. Please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus for further details.

PRE-IPO INVESTMENT

On 6 June 2017, Datatech Investment, as subscriber, and Time Investment entered into a subscription agreement, pursuant to which Datatech Investment agreed to subscribe for 1,350 shares in Time Investment, representing 13.5% of the enlarged issued share capital of Time Investment, at a consideration of HK\$40,500,000. Datatech Investment will hold 11.14% of the enlarged issued share capital of our Company upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued upon exercise of any options which may be granted under the Share Option Scheme). For further details of the Pre-IPO Investment, please refer to the section headed “History, Development and Reorganisation – Reorganisation – 3. Pre-IPO Investment” in this prospectus.

DIVIDEND

During the Track Record Period, member of our Group declared and settled dividends of approximately HK\$130,000,000. The dividend was settled through the current account with Linkz Industries and the settlement of dividend was a non-cash transaction. There is no expected or predetermined dividend payout ratio after Listing. The payment and the amount

SUMMARY

of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders' approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares.

Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees, including underwriting commission, in relation to the Listing. Assuming the Offer Price of HK\$0.375 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total listing expenses are estimated to be approximately HK\$42,991,000, which will be borne by the Vendor and our Group on 30:70 proportion, amounted to approximately HK\$12,897,000 and HK\$30,094,000, respectively. Of such amount to be borne by the Vendor in connection with the sale of Sale Shares, approximately HK\$6,154,000 will be set-off against the listing expenses of our Group and approximately HK\$6,743,000 will be reimbursed by the Vendor in its capacity of a Shareholder and be accounted for as capital contribution to our Group. Of the aggregate listing expenses of approximately HK\$42,991,000, approximately HK\$10,658,000 was charged to the consolidated statements of profit or loss and other comprehensive income for the four months ended 31 July 2017. For the remaining amount of approximately HK\$32,333,000, approximately HK\$6,154,000 will be borne by the Vendor as stated above, and our Group expects to further charge approximately HK\$11,820,000 to profit or loss, while approximately HK\$14,359,000 is expected to be directly attributable to the issue of new Shares and be accounted for a deduction from equity in accordance with the relevant accounting standards. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and according to the unaudited management accounts of our Group, our revenue for the five months ended 31 December 2017 increased as compared to the five months ended 31 December 2016. Sales from the telecommunication and data centre sectors are still dominant and sales from the data centre sector had been robust as compared to our total revenue for the five months ended 31 December 2016.

According to the CRI Report, the global market size of cable assembly is expected to reach approximately US\$220.3 billion in 2021, with the CAGR of 7.0% during 2017 to 2021. The major growth force came from the market of communication equipment and data centre, industrial and medical equipment, mobile phones, etc. Global cable assembly market expects a consistent growth during 2017 to 2021. Subsequent to the Track Record Period and up to the date of this prospectus, we had not experienced any significant changes in our pricing policy and there had been no material change in unit raw material costs. As far as we are aware, there had been no change in the general economic and market conditions in the cable assembly industry that had materially and adversely affected our business operations or trading prospect or financial condition.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, save as disclosed in the paragraph headed "Listing expenses" above, there has been no material adverse change in our financial or trading position since 31 July 2017, the end of period reported in

SUMMARY

the Accountants' Report set out in Appendix I to this prospectus, and there has been no event since 31 July 2017 which has materially affected the information shown in the Accountants' Report set out in Appendix I to this prospectus.

OFFER STATISTICS

Market capitalisation at Listing ^(Note 1)	:	HK\$460 million to HK\$920 million
Offer size	:	25% of the enlarged issued share capital of our Company
Offer Price per Offer Share	:	HK\$0.25 to HK\$0.5
Number of Offer Shares	:	460,000,000 Shares (comprising 322,000,000 new Shares and 138,000,000 Sale Shares)
Number of Public Offer Shares	:	46,000,000 new Shares (subject to reallocation)
Number of Placing Shares	:	414,000,000 Shares comprising 276,000,000 new shares and 138,000,000 Sale Shares (subject to reallocation)
Board lot	:	8,000 Shares
Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company per Share ^(Note 2)	:	HK\$0.15 based on an Offer Price of HK\$0.25 per Share; and HK\$0.19 based on an Offer Price of HK\$0.5 per Share

Notes:

1. The calculation of the market capitalisation of the Shares is based on 1,840,000,000 Shares in issue immediately after completion of the Share Offer.
2. The unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share has been arrived at after the adjustments referred to under the paragraph headed "Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group" in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of 1,840,000,000 Shares in issue at the respective Offer Prices of HK\$0.25 and HK\$0.5 per Share immediately following completion of the Share Offer.

USE OF PROCEEDS

We will not receive any of the proceeds from the sales of the Sale Shares by the Vendor in the Share Offer. We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and an Offer Price of HK\$0.375, being the mid-point of the Offer Price range, of approximately HK\$90.7 million as follows:

	Total <i>(HK\$ million)</i>	Approximate percentage <i>(%)</i>
Acquisition of production facility	55.0	60.6
Automation and enhancing information technology applications	15.9	17.5
Further strengthening our R&D capability	8.6	9.5
Purchase and upgrade of production equipment	7.5	8.3
Increase marketing effort	1.9	2.1
General working capital	1.8	2.0
	<u>90.7</u>	<u>100.0</u>

Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the following meanings.

“Accountants’ Report”	the accountant’s report on our Group for the Track Record Period set out in Appendix I to this prospectus
“affiliate”	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) or where the context so requires, any of them, relating to the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 24 January 2018 and which will become effective upon the Listing, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 1,517,990,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company refer to the paragraph headed “A. Further information about our Company – 3. Written resolutions of our Shareholders passed on 24 January 2018” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman”	chairman of our Board
“Chief Executive Officer”	chief executive officer of our Company
“Chief Financial Officer”	chief financial officer of our Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Code”	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules
“Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice”	the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	Time Interconnect Technology Limited (匯聚科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 June 2017, registered as a non-Hong Kong company under part 16 of the Companies Ordinance on 14 July 2017 and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company thereof, our Company’s present subsidiaries
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of this prospectus, refers to Time Holdings, Linkz Industries, Mr. Paul Lo, Nickson Holdings, GP Industries, Gold Peak, Time Management and Linkz Management
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CRI”	China Research and Intelligence Co., Ltd, a company established in China, being an Independent Third Party and a professional market research company
“CRI Report”	the market research report commissioned by us and prepared by CRI in relation on the industry development trends, market demand and competitive landscape of cable assembly industry in China, the content of which is disclosed in this prospectus
“Datatech Investment”	Datatech Investment Inc., a company incorporated in Seychelles on 19 May 2017 with limited liability and is wholly-owned by Mr. Kwong
“Deed of Indemnity”	a deed of indemnity dated 24 January 2018 entered into between the Controlling Shareholders and our Company (for itself and as trustee for and on behalf of its subsidiaries), under which the Controlling Shareholders have given certain indemnities in favour of our Company containing, among others, the indemnities referred to in the section headed “Statutory and General Information – F. Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus

DEFINITIONS

“Deed of Non-competition”	a non-competition deed entered into on 24 January 2018 between our Company (for itself and as trustee for and on behalf of its subsidiaries) and each of the Controlling Shareholders, particulars of which are set out in the section headed “Relationship with Controlling Shareholders – Non-competition undertakings” to this prospectus
“Director(s)”	the director(s) of our Company
“Gold Peak”	Gold Peak Industries (Holdings) Limited (金山工業(集團)有限公司) (formerly known as 金山實業(集團)有限公司 and GPI (Holdings) Limited), a public company incorporated in Hong Kong on 30 June 1977, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0040)
“Gold Peak Group”	Gold Peak and its subsidiaries
“GP Industries”	GP Industries Limited (formerly known as GPE Industries Limited), a public company incorporated in Singapore on 28 March 1995, whose shares are listed on the Singapore Exchange (stock code: G20) and is owned as to 85.47% by Gold Peak
“Group”, “our Group”, “we”, “us”, “Group Company”	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or some or any of them
“HKFRSs”	the Hong Kong Financial Reporting Standards, including the Hong Kong Accounting Standards and interpretation issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, our branch share registrar and transfer office of our Company in Hong Kong
“Hong Kong Legal Advisers”	CFN Lawyers in association with Broad & Bright
“Huizhou Cabletech”	Huizhou Cabletech Wire Products Limited (惠州寶達電線製品有限公司), a WFOE established in the PRC with limited liability on 27 November 2008, which was deregistered on 17 February 2015
“Huizhou College”	Huizhou College is a provincial undergraduate university located in Huizhou City, Guangdong Province of the PRC. It was established in 1946 and granted the status of provincial undergraduate university in March 2000
“Huizhou Desay”	Huizhou Desay Group Co. Ltd. (惠州市德賽集團有限公司), a state-owned enterprise established in the PRC with limited liability on 14 January 1993, which is an Independent Third Party and a former shareholder of Huizhou TIME
“Huizhou Factory”	our factory located in Huizhou, Guangdong Province, the PRC and is primarily used for production, warehouse, offices, dormitory and ancillary purpose
“Huizhou Light Engine”	Huizhou Light Engine Limited (惠州元暉光電股份有限公司), a WFOE established in the PRC with limited liability on 14 February 2007, which subsequently became a joint stock limited company on 27 March 2012 and is a connected person of our Company
“Huizhou TIME”	Huizhou TIME Wire Products Limited (惠州匯聚電線製品有限公司), a sino-foreign equity joint venture established in the PRC with limited liability on 25 April 2002, which subsequently became a WFOE on 12 December 2006 and shall be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation
“IC Consultant”	Sam K. M. Ng CPA Limited, an independent internal control consultant
“Independent Third Party(ies)”	an individual(s) or a company(ies) which is independent of any directors, chief executive, substantial shareholder(s) of our Company, its subsidiaries or any of their respective close associate(s), and not a connected person of our Company

DEFINITIONS

“Japan Legal Advisers”	Toranomon Chuo Law Firm
“Joint Bookrunners” or “Joint Lead Managers”	Frontpage Capital and Wealth Link
“Kunshan Time”	Kunshan Time Wire Products Limited (昆山匯聚工業有限公司), a WFOE established in the PRC with limited liability on 7 November 2007, which was deregistered on 5 January 2016
“Latest Practicable Date”	21 January 2018, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Linkz Group”	Linkz Industries and its subsidiaries but excluding our Group
“Linkz Industries”	Linkz Industries Limited (領先工業有限公司) (formerly known as LTK Industries Limited (樂庭實業有限公司)), a company incorporated in Hong Kong on 2 October 1981 with limited liability, which is a Controlling Shareholder
“Linkz Management”	consists of four senior management members of Linkz Industries, namely Mr. Sy Yuk Tsan, Mr. Li Ping Kuen, Ms. Lo Ching Yee and Mr. Wong Wai Hung, holding 0.72%, 0.09%, 0.04% and 0.02% (together representing 0.87%) of the issued ordinary share capital of Linkz Industries, respectively, since 28 December 2000
“Listing”	listing of the Shares on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Tuesday, 13 February 2018, on which the Shares are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the Main Board of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended from time to time

DEFINITIONS

“MIIT”	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
“MPF Scheme”	mandatory provident fund scheme
“Mr. Kwong”	Mr. Kwong Ping Man (鄺炳文), the sole shareholder and director of Datatech Investment
“Mr. Paul Lo”	Mr. Lo Chung Wai Paul (羅仲煒), our Chairman, non-executive Director and a Controlling Shareholder
“Nickson Holdings”	Nickson Holdings Limited (力生控股有限公司), a company incorporated in the BVI on 25 November 2009 with limited liability, which is a Controlling Shareholder and is wholly-owned by Mr. Paul Lo
“Offer Price”	the final offer price per Offer Share in Hong Kong Dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which Offer Shares are to be subscribed, to be determined in the manner further described in the section headed “Structure and Conditions of the Share Offer – Pricing and allocation” in this prospectus.
“Offer Shares”	the Public Offer Shares and the Placing Shares, collectively
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters, as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 276,000,000 new Shares and 138,000,000 Sale Shares initially offered by our Company and the Vendor, respectively, for subscription and/or purchase under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing that are expected to enter into the Placing Underwriting Agreement

DEFINITIONS

“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around Tuesday, 6 February 2018 by, among others, our Company, our executive Directors, our Controlling Shareholders, the Vendor, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Placing Underwriters in respect of the Placing, as further described in the section headed “Underwriting – Underwriting arrangements and expenses – The Placing” in this prospectus
“PRC” or “China”	the People’s Republic of China(中華人民共和國), except where the context requires otherwise, and for the purpose of this prospectus only geographical references in this prospectus to the PRC or China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Legal Advisers”	Shu Jin Law Firm, the legal advisers to our Company on PRC Laws
“Pre-IPO Investment”	the investment in our Company by Datatech Investment pursuant to a subscription agreement dated 6 June 2017, as further described in the section headed “History, Development and Reorganisation” in this prospectus
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Price Determination Agreement”	the agreement to be entered into by Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) and our Company (for itself and on behalf of the Vendor) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Tuesday, 6 February 2018, on which the Price Determination Agreement is entered into but in any event no later than Friday, 9 February 2018

DEFINITIONS

“Public Offer”	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus and the related Application Forms
“Public Offer Shares”	the 46,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the section headed “Underwriting – Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 29 January 2018 relating to the Public Offer and entered into by, among others, our Controlling Shareholders, the Vendor, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Public Offer Underwriters, our executive Directors and our Company, as further described in the section headed “Underwriting – Underwriting arrangements and expenses – Public Offer – Public Offer Underwriting Agreement” in this prospectus
“R&D”	research and development
“Regulation S”	the Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation arrangement undergone by our Group in preparation for the Listing as described in the section headed “History, Development and Reorganisation” in this prospectus
“Repurchase Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further details of which are contained in the paragraph headed “A. Further information about our Company – 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus
“Sale Shares”	the 138,000,000 Offer Shares offered by the Vendor of the Offer Price under the Placing

DEFINITIONS

“Seychelles”	the Republic of Seychelles
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme of our Company, conditionally approved and adopted by our Company, the principal terms of which are summarised in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Sponsor” or “Frontpage Capital”	Frontpage Capital Limited, a licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, acting as the sponsor, a joint bookrunner and a joint lead manager of the Share Offer and is an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontracting Factory”	Cabletech Wire Products Factory* (龍崗新生寶達電線製品廠), a processing factory located in Shenzhen, Guangdong Province of the PRC, which provided manufacturing support on cable assembly products
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, modified and supplemented from time to time

DEFINITIONS

“Time Holdings”	Time Interconnect Holdings Limited, a company incorporated in the BVI on 29 May 2017 with limited liability and is wholly-owned by Linkz Industries
“Time Interconnect HK”	Time Interconnect Limited (匯聚工業有限公司) (formerly known as LTK Wire Products Limited (樂庭電線製品有限公司)), a company incorporated in Hong Kong on 29 December 1992 with limited liability and shall be an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Time Investment”	Time Interconnect Investment Limited, a company incorporated in the BVI on 29 May 2017 with limited liability, which shall be a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Time Japan”	Time Interconnect Japan Inc., a company incorporated in Japan on 28 December 2000 with limited liability and subsequently dissolved on 27 July 2015
“Time Management”	consists of two senior management members of our Group, namely Mr. Cua Tin Yin Simon and Mr. Chan Ting Hei, holding 1.09% and 0.09% (together representing 1.17%) of the issued ordinary share capital of Linkz Industries, respectively, since 28 December 2000
“Track Record Period”	comprises the financial years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United Luminous”	United Luminous International (Holdings) Limited (為之光電(集團)有限公司) (formerly known as Twintex Trading Company Limited (偉煥貿易有限公司)), a company incorporated in Hong Kong on 16 April 1982 with limited liability, which is wholly owned by Mr. Paul Lo and a connected person of our Company
“United Luminous Group”	United Luminous and its subsidiaries
“U.S.” or “United States” or “US”	the United States of America

DEFINITIONS

“U.S. Securities Act”	the United States Securities Act of 1993 (as amended from time to time)
“Vendor”	Time Holdings, the existing Shareholder which is expected to offer to sell the Sale Shares under the Placing
“Wealth Link”	Wealth Link Securities Limited, a licensed corporation for carrying on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being a joint bookrunner and a joint lead manager of the Share Offer
“WHITE Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“WFOE”	Wholly Foreign Owned Enterprise in the PRC
“WTO”	World Trade Organisation
“YELLOW Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“EUR” or “Euro”	Euro, the lawful currency of the European Union
“HK\$” or “Hong Kong Dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“JPY” or “Japanese Yen”	Japanese Yen, the lawful currency of Japan
“m”	metre
“m ² ” or “sq. m.”	square metre
“mm”	millimetre
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“sq. ft.”	square feet
“US\$” or “U.S. Dollars”	United States Dollars, the lawful currency of the United States
“%”	per cent.

In this prospectus, where otherwise specified:

DEFINITIONS

- All dates and times refer to Hong Kong dates and time.
- Amounts denominated in US\$ and RMB have been translated, for the purpose of illustration only, into HK\$, and vice versa, in this prospectus at the rates of US\$1.00 to HK\$7.80 and RMB1.00 to HK\$1.14, respectively. No representation is made that any amounts in HK\$, US\$ or RMB can be or could have been at the relevant date converted at the above rates or any other rates or at all.
- The English translation and/or transliteration of the names of PRC nationals, entities, enterprises, Government authorities, departments, facilities, certificates, titles, laws and regulations included in this prospectus is unofficial translations for identification purposes only. In the event of any inconsistency between the English translation and/or transliteration and the Chinese version, the Chinese version shall prevail.
- Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments.
- Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

* *For identification purpose only*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“4G”	fourth-generation mobile networks which support theoretical download rates of 1Gbps at fixed locations and 100Mbps in motion
“4K”	horizontal resolution of displays or contents reaching 4,000 pixels while the vertical resolution reaching 2,000 pixels
“5G”	fifth-generation mobile communications, the term is a general reference to the ensemble of post-4G broadband wireless communication technologies. The general view of the industry is that 5G is capable of providing faster data throughput and more connections, more efficient utilisation of energy and shorter end-to-end time delay
“AI”	artificial intelligence, the use of machine to aid or replace human in doing certain tasks by simulating the sight, hearing, senses and thinking of human
“big bandwidth”	higher bandwidth requirements for networks to facilitate ultra-high-definition video such that carriers are required to provide greater bandwidth to video users as compared to traditional video services
“big data”	a data set that is too large and complex to be processed by existing conventional database management technologies and tools, and that requires the use of new data processing and management technologies in order to create value from the set in a speedy and economic manner. It has revolutionary long-term implications for the development of informatisation, smart applications and business models of the society
“bit”	the basic unit of information in computing and digital communication
“B2B”	business-to-business, a business model where one business makes a commercial transaction with another, in contrast with retailing (business-to-consumer)
“cloud computing”	a form of internet-based computing in which large groups of remote servers are networked so as to allow sharing of data-processing tasks, centralised data storage, and online access to computer services or resources

GLOSSARY OF TECHNICAL TERMS

“CAGR”	compound annual growth rate
“CMS”	contract manufacturing service, a business model that is commonly used in the computer and medical industries where the contract manufacturer is approached by its hiring customer with a design
“connector”	an electro-mechanical device for joining electrical circuits as an interface using a mechanical assembly, allowing an optical or electrical signal to pass between two separate elements for electronic products
“data centre”	an internet-based infrastructure centre that operates and maintains equipment for centralised collection, storage, processing and dispatch of data, and provides related services
“EN/ISO13485” or “ISO13485”	the European regulatory standard on quality management systems on medical devices
“Ethernet”	a family of computer networking technologies commonly used in local area networks and wide area networks
“GB”	gigabyte, a measure of computer data storage capacity that is roughly equivalent to 1 billion bytes
“Gbps”	Gigabits per second, representing billions of bits per second and commonly used as a measure of bandwidth on a digital data transmission medium such as optical fibre
“hot-pluggable”	the ability to add or remove a component without stopping or shutting down the system
“IEEE”	Institute of Electrical and Electronic Engineers
“InfiniBand”	a computer-networking communication standard used in high performance computer featuring very high throughput and very low latency, and is used for data interconnect both among and within computers
“internet of things” or “IOT”	a massive network connecting all sorts of information sensory devices, such as radio frequency identification units, ultra-red sensors, global positioning systems and laser scanners, to the internet with the aim of connecting all things to the network for easy identification and management

GLOSSARY OF TECHNICAL TERMS

“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO9001”	quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing
“ISO14001”	an international standard that provides a framework for an environmental management system
“ISO/TS16949”	an international standard on quality management systems for automotive production and relevant service part organisation
“ISO Standards”	International standards on specifications for products, services and systems, to ensure quality, safety and efficiency
“ITU-T”	The ITU Telecommunication Standardization Sector, one of the three sectors (divisions or units) of the International Telecommunication Union (ITU) which coordinates standards for telecommunications
“LED”	light-emitting diode, a semi-conductor light source that is used for lighting and illumination
“LTE”	Long Term Evolution, refers to 4G mobile communication technologies with orthogonal frequency division multiplexing (OFDM) as its core technology
“mating cycle”	the number of connection/disconnection the device can withstand while still meeting the standards specified
“Mbps”	megabit per second, a data transfer rate
“MMF”	multi-mode fibre
“QDR”	quality deficiency report
“SATA”	serial advanced technology attachment

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “continue”, “going forward”, “intend”, “may”, “ought to”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to the following:

- our Group’s business prospects;
- our Group’s contracts on hand;
- future developments, trends and conditions in the industry and markets in which we operate;
- our Group’s business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which our Group operates;
- changes to the regulatory environment and general outlook in the industry and markets in which our Group operates;
- the effects of the global financial markets and economic crisis;
- our Group’s financial position;
- our Group’s ability to reduce costs;
- our Group’s dividend policy;
- the amount and nature of, and potential for, future development of our Group’s business;
- various business opportunities that our Group may pursue;
- capital market developments;
- our Group’s ability to source raw materials;

FORWARD-LOOKING STATEMENTS

- fluctuation in the prices of raw materials and our Group's ability to pass-through any increases in price to customers;
- our Group's ability to protect our Group's intellectual property rights;
- our Group's ability to hire and retain talented employees;
- the actions and developments of our competitors and our Group's ability to compete under these actions and developments;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our Group's control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Share Offer. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risk, and you may lose all or part of your investment.

Our Directors consider that there are certain risks and uncertainties involved in our Group's operations, some of which are beyond our control, that may materially and adversely affect our Group's business, financial conditions and results of operations. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business, (ii) risks relating to the industry, (iii) risks relating to conducting business in the countries where we operate, (iv) risks relating to the Share Offer and the Shares, and (v) risks relating to the statements made in this prospectus. These risks are summarised as follows:

RISKS RELATING TO OUR BUSINESS

A significant portion of our revenue during the Track Record Period was derived from a limited number of major customers, especially Customer A, as such, we are exposed to the risk of customer concentration and our revenue may fluctuate significantly in the event our orders from major customers vary by a large extent

During the Track Record Period, we derived a significant portion of our revenue from our major customers, especially Customer A, our largest customer. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our five largest customers accounted for 82.1%, 83.7%, 85.8% and 88.4%, while Customer A accounted for 45.3%, 54.9%, 48.5% and 37.8% of our revenue, respectively. The concentration of revenue from a few customers exposes us to some business risks including that (i) we have to spend considerable resources on managing customer relationship with these major customers and prioritise our production capacity to meet their needs and we may limit our ability to engage with new customers; (ii) we may be effectively subject to certain business risks of our major customers who incorporate our products to produce theirs or supply their services and the decrease in demand of their respective products or services may in turn decrease the demand of our products; and (iii) our major customers generally do not engage us on an exclusive basis and even they provide us with their demand projection, the actual order they finally placed with us can be significantly reduced without any or sufficient compensation, our business operations and results of operations may thus be materially and adversely affected. Besides, as at 31 July 2017, our trade receivables due from our five largest debtors in aggregate amounted to approximately HK\$229,174,000, representing 86.7% of our total trade

RISK FACTORS

and bills receivables, in case our major customers encounter any financial difficulties or opt to default our payments for whatever reasons, our liquidity position and cash flows may be materially and adversely affected as well.

We may experience labour shortage or unrest or may incur high labour costs

Some of our production processes, such as assembly of parts and components, are labour intensive. The availability of automation technology cannot fully replace labour. During recent years, labour shortages have frequently occurred in China. Although we did not experience material operational difficulty due to labour shortage during the Track Record Period, we cannot assure you that we will not face such problems in the future. In addition, as a result of changes in the labour market conditions or industry practices or otherwise, we may be required to increase the wages for our workers.

We expect the salary levels of our employees and contract workers will continue to be determined according to the prevailing market wage rates in relevant locations as well as their performances in the foreseeable future in order for us to remain competitive. However, we cannot assure you that we will not face labour unrest or we will not raise wages for our employees and contract workers whether due to labour unrest in our Group or as a result of the wage rise of other manufacturing companies in China. According to the CRI Report, the average wage of China's manufacturing labour rose from RMB17,966 per year in 2006 to RMB59,200 per year in 2016, at a CAGR of 12.7%. Labour unrest will disrupt our production and the higher wages will result in increased labour costs. If we cannot increase our product prices to offset the additional labour costs in a timely manner or in a sufficient amount or if we experience labour shortage or labour unrest, our business, financial conditions and results of operations may be materially and adversely affected.

We are exposed to credit risk of our customers

Our trade and bills receivables as at 31 March 2015, 2016, 2017 and 31 July 2017 amounted to approximately HK\$226,208,000, HK\$207,116,000, HK\$201,052,000 and HK\$264,296,000, respectively. Should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected.

For the years ended 31 March 2015, 2016, 2017 and the four months ended 31 July 2017, the average trade and bills receivables turnover days were approximately 81.3 days, 87.0 days, 86.2 days and 71.9 days, respectively. We grant different credit periods ranging from 30 days to 120 days to our customers. There may be a risk that our customers' financial condition deteriorates quickly within the granted credit period which we may become unaware of, or it may be possible that the customers dispute the amount payable to our Group, which in either case may also result in an impairment provision for our receivables.

RISK FACTORS

There is no assurance that we will be able to fully recover our trade and bills receivables from our customers or that they will settle our trade and bill receivables in a timely manner. In the event that the settlements from our customers are not made on a timely manner, the financial position, profitability and cash flow of our Group may be adversely affected.

Fluctuations in the prices of our major raw materials or commodity prices could materially and adversely affect our business, financial conditions and results of operations

Some of our raw materials are subject to price volatility as a result of changes in levels of global demand, supply disruptions and other factors. For example, soft glass optical cables, copper cables, connectors and terminals, which constitute a large portion of our raw materials. For the three years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our cost of raw materials amounted to approximately HK\$631,064,000, HK\$622,912,000, HK\$565,438,000 and HK\$253,360,000, respectively, representing 80.8%, 81.0%, 79.9% and 83.1% of our total cost of goods sold for the corresponding year. We cannot assure you that we will be able to effectively manage the risk of price fluctuations of the raw materials we use at all times. If there is an increase in the prices of soft glass optical cables, copper cables, connectors, terminals or other raw materials that we require for our production, and that if we are not able to shift such corresponding price increase to our customers in a timely manner, there may be material and adverse effect on our business, financial conditions and results of operations.

Our revenue was decreasing during the three years ended 31 March 2017. If we fail to increase our revenue, our business, results of operations and financial condition may be negatively affected

For the years ended 31 March 2015, 2016 and 2017, we recorded decreasing revenue of approximately HK\$941,482,000 and HK\$911,593,000, HK\$864,571,000, respectively. Our revenue decreased from approximately HK\$941,482,000 for the year ended 31 March 2015 to approximately HK\$911,593,000 for the year ended 31 March 2016, primarily due to the decrease in sales volume in the data centre sector and the opting out from Japan's market where we recognised revenue of approximately HK\$7,849,000 and nil for the year ended 31 March 2015 and 2016, respectively and primarily sold industrial equipment products to and revenue in the industrial equipment sector dropped for the year ended 31 March 2016. Our revenue further decreased to approximately HK\$864,571,000 for the year ended 31 March 2017, due to (i) the decrease in sales volume in the telecommunication sector by 26.1% leading revenue in this sector to drop from approximately HK\$630,649,000 for 31 March 2016 to approximately HK\$486,240,000 for the year ended 31 March 2017, and the decrease in sales volume by 91.3% in the medical equipment sector, leading revenue in this sector to drop from approximately HK\$64,798,000 for the year ended 31 March 2016 to approximately HK\$38,128,000 for the year ended 31 March 2017; and (ii) the translation of depreciating RMB, the currency of the sales in the PRC, to Hong Kong dollars, our reporting currency. For details of the fluctuation of our revenue, please refer to the paragraph headed "Financial Information – Period to period comparison of results of operations" to this prospectus.

RISK FACTORS

Our revenue is influenced by a number of factors, including the trend of and demand from the major cable assemblies end markets, our business relationship with our customers, the implementation of our business strategies, the competitive landscape of the cable assembly industry as well as the general economic conditions in the PRC, Hong Kong and elsewhere in the world. We cannot assure you that we will be able to maintain or increase our revenue. Further, our customers may decrease their purchase orders or even discontinue their purchase any time in the future because of, perhaps, evolving technology or change of business plans which are out of our control. If we fail to increase our revenue at our anticipated rates, our business, results of operations and financial condition may be negatively affected.

If we fail to attract or retain our key managerial and technical personnel, we may compromise our ability to maintain strong relationships with our customers and suppliers, develop new products and effectively carry on our R&D and other efforts

Our future success depends heavily upon the continued services of our executive Directors, senior management and other key employees. We rely on their expertise in developing business strategies, managing business operations and strengthening our relationships with our suppliers and customers. If one or more of our executive Directors, senior management or key employees were unable or unwilling to continue in their present positions, we may not be able to replace them in a timely manner or at all. If any dispute arises between our executive Directors, senior management and key employees and us, we cannot assure you of the extent to which any of the employment agreements that we have entered into with our key employees could be enforced. Consequently, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain personnel.

We face pricing pressure that could adversely affect our financial performance

Some of the products we offer may be easily replicated and we thus face pricing pressure for our products due to fierce competition. In the face of pricing pressure of a given product, cost reduction is one of the possible ways of maintaining profitability. Although we work consistently towards reducing our production costs, we may not be able to achieve the desirable level of reduced costs to sustain our normal operation. As such, whenever we consider it commercially infeasible to offer an existing product, we may either withdraw from offering the product or remain to offer it at reduced profit or even a loss, which may in turn adversely affect our scale of operation, our profitability and our future prospect. We anticipate that pricing pressure on our products will be inevitable throughout our operations.

An unanticipated or prolonged interruption of operations at production facilities would have a material and adverse effect on our business, financial conditions and results of operations

Our business is dependent on the continued and uninterrupted performance of our production facilities. However, these facilities are subject to operating risks, including equipment failures, failures to comply with applicable regulations, disruptions in power

RISK FACTORS

supply, industrial accidents, labour shortages, strike, fire, earthquake or other natural calamities, and acts of sabotage. If any unanticipated or prolonged interruption of operations at any of our production facilities occurs as a result of any of the foregoing or other risks or factors, we may not be able to deliver our products to our customers in a timely manner or at all. Consequently, our business reputation and customer relationship may be damaged, we may be subject to compensation claims from customers and our ability to attract new businesses may also be adversely affected.

We plan to expand our production capacity by acquiring a production factory with new equipment in the PRC, and such expansion may result in depreciation and other operational expenses which may adversely affect our operating results and financial position

Our Huizhou Factory has almost been fully utilised with utilisation rate reaching 98.9% for the four months ended 31 July 2017. We plan to expand our production capacity to dedicate sufficient resources to seize opportunities in the market. We intend to apply our net proceeds from the Share Offer of approximately HK\$55.0 million to acquire a production factory with a target cost of approximately HK\$88.6 million. In addition, we also plan to utilise our net proceeds from the Share Offer of approximately HK\$7.5 million for the purchase of production equipment and the upgrade of existing production and quality equipment. For details of our expansion plan, please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus. With the intended expansion plan, it is expected that there will be an increase in our depreciation expenses, which are estimated at approximately HK\$2.7 million per year, and other operational expenses, such as repair and maintenance costs, the amount of which will be proportional to actual usage, which may adversely affect our operating results and financial position.

Failure to maintain an effective quality control system could result in product returns, warranty claims or product liability claims against us

The success of our business to a large extent depends on our ability to maintain an effective quality control system, since our products and solutions involve complex and highly technological standards. In order to effectively control the performance and quality of our products and solutions, we need to manage a number of factors and aspects of our business, including our production procedures, quality testing programme, the design of our quality control system, our quality training system, and our ability to ensure that our employees adhere to the quality control policies. Some of these factors may be beyond our control and none of these measures can completely eliminate the possibility of delivering a defective product to our customers. For example, we cannot test our products for all possible scenarios, and our products may contain defects which cannot be discovered or corrected in a timely manner or become defective only after we carry out our inspections and tests. Although we did not experience any material product returns, warranty claims and product liability claims during the Track Record Period, product returns, warranty claims and product liability claims accumulated to a significant mass brought against us could cause damage to our reputation, breach of contract with our customers, decreased demand for our products, costly litigation and loss of revenue. This could have a material adverse effect on our results of operations and financial condition.

RISK FACTORS

In the event that any of our products is found defective, our customers may request sales return. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we have incurred sales return of approximately HK\$5,872,000, HK\$2,224,000, HK\$3,094,000 and HK\$1,669,000, respectively, representing 0.6%, 0.2%, 0.4% and 0.4% as a percentage of revenue of the respective year. For more details regarding sales return, please refer to the paragraph headed “Business – After-sales services” in this prospectus. Any future product returns may result in substantial and unexpected losses and could materially reduce our operating profit and cash flows.

We may not be able to adapt to the continuous technological changes and develop new products or upgrade our existing products to meet our customers’ fast changing standards and specifications

Our products are generally used in industries that are facing fast changing technologies where new generation products keep replacing the older ones. Our major customers, some of which are influential in their respective industry, demand highly on the ability to adapt to ongoing technological changes and may order our products only if they can comply with the latest industry standards or meet the constantly changing product specifications. Therefore, we are subject to intense pressure and increased competition in maintaining our technical capability, improving our product innovation and upgrading our knowledge on products and applications in various industries. Despite the considerable investments we made for keeping us abreast of the latest technology and developing our products, there is no guarantee that we can successfully and continually develop and upgrade our products according to the up-to-date technology advancement, our products will continue to be accepted by the customer’s standards and specifications or our position will not be challenged by our existing competitors or new market players. By failing to do so, our customers may eventually switch to other competent suppliers, we may not be able to expand our customer base or we cannot gain acceptance by the market. As a result, our business, prospect, financial condition and results of operations may be materially and adversely affected.

We generate a significant amount of overseas sales. Conducting business in overseas markets involves risks and uncertainties such as foreign exchange rate exposure and political and economic instability that could lead to reduced overseas sales and reduced profitability associated with such sales

We generated a significant amount of overseas sales apart from the PRC and Hong Kong, principally from customers in the United States and Europe. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our revenue generated from customers outside of the PRC and Hong Kong was approximately HK\$308,179,000, HK\$186,790,000, HK\$290,828,000 and HK\$189,767,000, respectively, representing 32.7%, 20.5%, 33.6% and 48.1% of our total revenue, respectively. We are exposed to various risks such as foreign exchange rate exposure and political and economic instability and we believe that these overseas risks and uncertainties could lead to reduced overseas sales and reduced profitability associated with such sales, which would reduce our overall sales and profits.

RISK FACTORS

In addition, our reporting currency is in Hong Kong dollars, while the transactions conducted in the PRC are settled with RMB, when preparing our consolidated financial statements, income and expenses in RMB are translated to Hong Kong dollars using reasonable exchange rate. As such, our results of operation are likely to be significantly affected by the movement in exchange rates of RMB against Hong Kong dollars.

If we fail to effectively implement our production plan or our inventories become obsolete, our future performance and operating results will be adversely affected

We plan our production and determine raw materials, components and finished products based on the amount of the actual or projected purchase orders and our procurement cycle for raw materials and components. Our major customers sometimes enter into vendor-managed inventory arrangements with our Group whereby our customers would provide production forecasts to us. These production forecasts are not binding, but we usually allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts. Please refer to paragraph headed “Business – Inventory management” in this prospectus for details of our inventory management. If the actual demand for our cable assembly products lags significantly behind our internal projections or those of our customers, we may result in underutilising our production capacities or producing more cable assembly products than we can sell, which may have a material adverse effect as to our financial performance and cash flow and could increase write-offs of obsolete inventory.

Our financial statements during the Track Record Period have the impact of imputed financial guarantee income which will be discontinued after Listing and the year ending 31 March 2018

During the Track Record Period, we had banking facilities jointly used and guaranteed by certain members of Linkz Group and our Group. For each reporting period during the Track Record Period, we recognised imputed financial guarantee income pursuant to the HKFRSs. In particular, our Group provided guarantees to financial institutions in order to secure certain general banking facilities granted to Linkz Group and us during the Track Record Period. The fair value of providing the financial guarantee to Linkz Group in favour of the financial institutions for these banking facilities is at first recognised as financial liability. As Linkz Group had not defaulted on the banking facilities granted by the financial institutions, our Group did not make any payment arising from the guarantees, and therefore, our Group recognised imputed financial guarantee income, representing the reversal of the financial liability over the guarantee period. There was no cash impact arising from the guarantee provided by our Group. In addition, such imputed financial guarantee income is only a hypothetical income under HKFRSs and had no cash inflow during the Track Record Period. The value of the imputed financial guarantee is affected by the initial recognition of the financial guarantee contract at fair value and amortisation of the financial guarantee liabilities subsequently. For the year ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we recognised imputed financial guarantee income of approximately HK\$11,823,000, HK\$16,239,000, HK\$17,299,000 and HK\$5,334,000, respectively and our financial guarantee liabilities were approximately HK\$8,955,000, HK\$7,816,000, HK\$8,712,000 and HK\$3,095,000 as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively. Subsequent to the Track Record Period and upon Listing, the

RISK FACTORS

banking facilities that require guarantee from Linkz Group in favour of our Group or vice versa have been or will be replaced by independent new facilities or the guarantee requirements of Linkz Group and our Group independently. Accordingly, based on our Directors' current best estimate and subject to audit, we expect to recognise imputed financial guarantee income of approximately HK\$8.4 million for the year ending 31 March 2018 but will not recognise further such income for the abovementioned cross guarantees in subsequent financial years. Please refer to the section headed "Financial Information – Selected line items in the consolidated statements of profit or loss and other comprehensive income – Imputed financial guarantee income" in this prospectus for further details. As a result, investors should note the impact of the imputed financial guarantee income in our consolidated financial statements during the Track Record Period and until the financial year ending 31 March 2018.

Our R&D efforts may not yield the benefits that we expect and we may not be able to successfully introduce new cable assembly products to maintain our competitiveness

We have a team of R&D personnel for the continuous technological development and product innovation for our existing and potential customers. We consider it crucial for our business to have a productive and effective R&D team for maintaining our competitive position and business growth. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our expenses on R&D amounted to approximately HK\$24,263,000, HK\$24,542,000, HK\$28,223,000 and HK\$12,349,000, respectively. However, the expenses we spent on R&D may not necessarily bring successful outcome which could help us to upgrade our existing products or innovate new ones. We may also fail to develop the products that our customers require. Further, we may not be able to anticipate correctly or be aware of the technological development trends and such inability in turn may have a material and adverse impact on our business, financial position and results of operations.

Our efforts to enhance production capacities are subject to risks and uncertainties and we cannot assure you that we will be successful in implementing our future expansion plans or in managing our growth

To cope with our existing business needs and as part of our business plans to utilise the net proceeds from the Share Offer, we intend to expand our existing production capacities, details of such are depicted in the sections headed "Business – Business strategies" and "Future Plans and Use of Proceeds" in this prospectus. Our business expansion plan will require substantial capital and our management time and efforts. However, there will be considerable time lapse after we committed the capital for identifying the suitable site area, constructing the facilities and acquiring the plant and machinery, during such time there may be:

- drastic and adverse change in market demand of our products;
- new standards and technologies such that more efficient and cost effective ways of producing our products arise;

RISK FACTORS

- interruptions caused by fire, terrorist attacks, natural disasters or other unforeseen events; and/or

- diversion of management attention and resources,

such that our efforts to enhance production capacities will be subject to significant risks and uncertainties.

In addition, due to the changes of circumstances including but not limited to the ones above, the enhancement of our production capacities may not yield the original expected benefits. There may even be cost overrun in completing our new production facilities due to unexpected inflation or other market factors such that we may need to put in extra and substantial resources in order not to abandon the expansion plan. Accordingly, the extra financial resources incurred may adversely affect our results of operation and liquidity.

Moreover, our future growth will be affected by various factors, including but not limited to, our ability to manage our operation and expansion, obtain any required financing, achieve operational efficiencies, and secure sufficient access to raw materials. Furthermore, we will need to maintain and expand our relationships with customers, suppliers and other third parties. If we are unable to manage these aspects of our business effectively, our ability to conduct or expand our business would be impaired, and we may fail to attract and retain qualified management staff and employees to accommodate our future growth, which may in turn materially and adversely affect our business, financial condition, results of operations and prospect.

We generally do not enter into long-term contracts with our customers

We generally do not have long-term purchase commitments from our customers and our sales are made on the basis of individual purchase orders without fixed timing each year. Although our customers may cancel, defer or reduce their purchase orders without paying any penalties and compensation under the purchase agreements we entered into with them, we did not experience any material cancellation of purchase orders from our customers during the Track Record Period. Therefore, we have not adopted any measures to mitigate possible losses to us in this regard. We cannot assure you that any of our customers will place purchase orders with us in the future at the same level as in prior periods, or that the volume of our customers' purchase orders will be consistent with our expectation when we plan our expenditures. As a result, our results of operations may vary from period to period and may fluctuate significantly in the future.

We may not be able to prevent others from unauthorised use of our intellectual property, which could harm our business and reputation

We rely on a combination of trademark and copyright laws as well as non-disclosure agreements and other methods to protect our intellectual property rights. It could be difficult and expensive to police unauthorised use of intellectual property. As at the Latest Practicable Date, we had 26 patents active in the PRC. The steps we have taken may be inadequate in preventing misappropriation of our technologies, trademarks, trade names or other intellectual property. The possession of the above patents does not eliminate the possibility that others will infringe our intellectual property rights. Our inability to prevent

RISK FACTORS

others from unauthorised use of our intellectual property could harm our business, reputation and competitive positions. Further, we may have to enforce our intellectual property rights through litigation. Such potential litigation may result in substantial costs and diversion of resources and management attention.

We may be subject to civil and criminal liabilities for our defective products and any significant product liability claim could have a material and adverse effect on our financial condition

We may be liable for loss and injury caused by defective products we manufacture and sell. We have taken up and maintained all necessary insurance such as product liability insurance for our products and public liabilities insurance. While there were no complaints or claims against us for losses or injuries due to defective products during the Track Record Period, there is no assurance that we will not receive any complaints or claims against us pursuant to, including but not limited to, any of the above-mentioned laws in the future, which may adversely affect our reputation and the operation of our Group. We may also be liable for loss and injury due to defective products sold in other jurisdictions where we operate and the above insurance coverage may not be sufficient. As such, it may have a material and adverse effect on our business, financial conditions and results of operations.

We have limited insurance coverage in China

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products and do not, to the best of our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. The occurrence of certain incidents including severe weather conditions, earthquake, fire, war, power outages, flooding and the consequences resulting from them may not be covered by our insurance policies adequately, or at all. If we were subject to substantial liabilities that were not covered by our insurance, we could incur costs and losses that could materially and adversely affect our results of operations.

We have utilised and expected to continue to utilise subcontractors for manufacturing of a portion of our products. If any of our subcontractors fail or are unwilling to meet our production criteria, quality or delivery requirements, our production plan may be adversely affected

We have outsourced certain labour intensive parts of our production process to selected subcontractors in the PRC from time to time, particularly during peak season. Subcontracting costs for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 amounted to approximately HK\$15,122,000, HK\$9,996,000, HK\$14,087,000 and HK\$6,160,000, respectively, representing 1.9%, 1.3%, 2.0% and 2.0% of our total cost of goods sold, respectively. As a result, we are subject to risks associated with the utilisation of subcontractors, including their failure or unwillingness to meet our production criteria and quality or delivery requirements. If any of our subcontractors fail or are unwilling to meet our production criteria, quality or delivery requirements, our production plan may be adversely affected.

RISK FACTORS

Any change in our tax treatment could reduce our profitability

Our income tax filing positions and consolidated income tax provisions and accruals are based on interpretations of applicable tax law, including income tax treaties between the various countries and regions in which we operate. Significant judgment and the use of estimates are required in determining our provisions for income taxes. Although we believe our tax estimates are reasonable, the final determination of the relevant tax authorities could be materially different from our historical income tax provision and accruals and we may face adverse tax consequences. This could have a material effect on our financial statements in the period or periods for which that determination is made.

RISKS RELATING TO THE INDUSTRY

We may not be able to develop, manufacture and introduce new and technologically enhanced products that meet our customers' requirements consistently

The markets for our products are characterised by rapid changes caused by the frequent emergence of new technologies and industry standards. This requires us to anticipate and respond rapidly to changes in industry standards and customer needs and to develop, manufacture and introduce new and enhanced products on a timely and cost effective basis. Failure to anticipate and respond to customers' changing needs and emerging technological trends timely and accurately, to develop, manufacture and introduce products that meet the evolving needs of our customers could adversely affect our relationships with our customers, thus resulting in our loss of market share. If this occurs, it may have a material and adverse effect on our business, financial conditions and results of operations.

Our products are required to meet industry technical standards and client's specifications and our customers and our Group place significant emphasis on product quality and reliability, any quality or reliability issue can affect our customer's decision in selecting suppliers. As a result, if our products experience quality deficiency issues, our business, financial conditions and results of operations could be materially and adversely affected.

Our business depends on delivering products of consistently high quality. Many of our products are subject to industry technical and performance standards set by various authorities and organisations, such as the IEEE, as well as the specifications required by our customers.

To ensure high quality standards, our products are inspected and tested for quality by our quality control personnel in accordance with our internal procedures. There is no assurance that our quality inspection and testing procedures may be effectively complied with at all times. Failure to comply with such quality inspection and testing procedures by our employees could result in faulty or defective products being delivered to our customers. In addition, our quality testing procedures may not always be sufficient. Any changes in the relevant industry technical standards or governmental safety requirements will affect our sales if our products do not meet such new standards or requirements.

RISK FACTORS

We face significant competition in our business and our inability to compete effectively would be detrimental to our business and prospects for future growth

We operate in a highly competitive industry where the entry barrier is not high. As such, we face significant competition and pricing pressure in our business. The industry and markets for our products are characterised by factors such as rapid technological change and new product development, rapid product obsolescence, evolving industry standards and significant price erosion over the life of a product. We primarily compete on the following bases:

- product functionality, quality and reliability;
- design, technical and manufacturing capabilities;
- ability to meet customers' delivery schedules;
- customer relationships and services; and
- product price.

There can be no assurance that we will maintain our competitiveness in any of these areas with respect to any of our products. Many of our existing and potential competitors may have significantly greater financial, manufacturing, sales, marketing and other resources than us. If we fail to compete effectively in the future, our business and prospects for future growth would be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE COUNTRIES WHERE WE OPERATE

Changes in the PRC's political, economic and social conditions, laws, regulations and policies may have an adverse effect on us

The economy of the PRC differs from the economies of most developed countries in many respects, including:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

RISK FACTORS

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing utilisation of market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Despite the implementation of such reforms, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial conditions and results of operations.

The PRC's legal system embodies uncertainties that could adversely affect our business, financial conditions and results of operations

Our operations in the PRC are generally affected by, and subject to, the PRC legal system and PRC laws and regulations. Since 1979, many new laws and regulations covering general economic matters have been promulgated in the PRC. Despite these legal developments, the PRC's legal system is not yet complete. Even where adequate law exists in the PRC, the enforcement of existing laws or contracts based on existing law may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. The PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited for reference but only have limited weight as precedents. The relative inexperience of China's judiciary in many cases creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes.

Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner

Our Company is a Cayman Islands holding company and our operations are conducted through our subsidiaries in Hong Kong and the PRC. Please refer to the section headed "History, Development and Reorganisation" in this prospectus. The ability of our PRC operating subsidiary to make dividend and other payments to us may be restricted by factors that include changes in applicable foreign exchange policies and other laws and regulations. In particular, under PRC law, each of our PRC operating subsidiary may only pay dividends after 10% of its net profit has been set aside as reserve funds, unless such reserves have reached at least 50% of its registered capital. In addition, the profits available for distribution from our PRC operating subsidiary are determined in accordance with generally accepted accounting principles in the PRC. This calculation may differ if it were performed in accordance with different accounting principles and financial regulations applicable to companies established in the PRC. As a result, we may not have sufficient distributions from our PRC operating subsidiary to enable necessary profit distributions to our shareholders in the future, which would be based upon our financial statements prepared under relevant accounting principles and financial regulations applicable to companies established in the PRC.

RISK FACTORS

Distributions by our PRC operating subsidiary to us except used as dividends may be subject to governmental approval and taxation. Any transfer of funds from our Company to our PRC operating subsidiary, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approving authorities. These limitations on the free flow of funds between us and our PRC operating subsidiary could restrict our ability to act in response to changing market conditions in a timely manner.

Gain on the sales of our Shares and dividends on our Shares may be subject to PRC income taxes

Under the previous PRC tax laws and regulations, dividends paid by us to our overseas investors were not subject to PRC withholding tax or income tax. If we are deemed to be a PRC “resident enterprise” under the “de facto management body” test of the Enterprise Income Tax Law (《企業所得稅法》) and its implementation rules, dividends on our Shares may be regarded as income from “sources within China,” and therefore, become subject to a 10.0% withholding tax. However, it is unclear whether the dividends we pay would be treated as income derived from sources within China and be subject to the PRC tax. If we are required under the Enterprise Income Tax Law (《企業所得稅法》) and its implementation rules to withhold PRC income tax on any dividends we pay to our foreign shareholders, the value of your investment in our Shares may be materially and adversely affected.

It may be difficult to effect service of process upon us or to enforce against us in the PRC judgments obtained from non-PRC courts

Our company is a holding company incorporated in the Cayman Islands, while all of the assets of our operating subsidiary are located within China. Therefore, it may not be possible for investors to effect service of process upon us or to enforce against us in China any judgments obtained from non-PRC courts.

Although we will be subject to the Listing Rules, the Takeovers Code and other related rules and regulations upon the listing of our Shares on the Stock Exchange, the holders of our Shares will not be able to bring actions on the basis of any violations of the Listing Rules and must rely on the Stock Exchange or other relevant authorities to enforce such rules. The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs do not have the force of law and only provide standards of acceptable commercial conduct for takeover and merger transactions and share repurchases in Hong Kong.

On 14 July 2006, the Supreme People’s Court of the PRC and the Hong Kong government signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between the Parties Concerned. Under such arrangement, where any designated People’s Court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People’s Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. The arrangement

RISK FACTORS

has been promulgated by the Supreme People's Court of the PRC on 3 July 2008 and came into effect on 1 August 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain.

China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States or most other Western countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. Accordingly, it may be difficult to secure recognition and enforcement in China for court judgments obtained in other jurisdictions and to access our assets or assets of our directors in China in order to enforce judgment awards against us or our directors outside of China. Therefore, it may be difficult for you to enforce against us, or our directors in China, any judgments obtained from non-PRC courts.

RISKS RELATING TO THE SHARE OFFER AND THE SHARES

As there has been no prior public market for the Shares before the Listing, the liquidity and market price of the Shares following the Listing may be volatile

Before the Listing, there has been no public market for the Shares. The Offer Price for the Shares will be the result of negotiations between Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriter(s)) and us, which may differ from the market prices of the Shares after the Listing. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for the Shares following the Listing or in the future or, if it does develop, that it will be sustained after the Listing or that the market price of the Shares will not decline below the Offer Price. The market price, liquidity and trading volume of the Shares may be volatile and may result in substantial losses for investors purchasing the Offer Shares in the Share Offer.

Factors that may affect the volume and price at which the Shares will be traded include, among other things:

- variations in our revenue, earnings and cash flows;
- changes in our pricing policies as a result of the presence of competitors;
- changes in our senior management personnel;
- our new investments;
- investors' perception of us and our future business plans;
- changes in laws, regulations and rules in Hong Kong;
- actual or potential litigation or regulatory investigations; and
- general economic and market conditions or other developments and factors affecting us and our industry in Hong Kong.

We can give no assurance that these developments will not occur in the future.

RISK FACTORS

Investors of the Offer Shares in the Share Offer will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible asset value per Share immediately prior to the Share Offer. Therefore, the purchasers of the Offer Shares will experience an immediate dilution in unaudited pro forma net tangible asset value to approximately HK\$0.15 per Share and approximately HK\$0.19 per Share based on the Offer Price of HK\$0.25 per Offer Share and HK\$0.5 per Offer Share respectively. Also, additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders in our Company may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

Any actual or perceived sales of Shares in the future by the existing Shareholders may have a material adverse effect on the Share price

Future sales by the existing Shareholders of a substantial number of the Shares in the public markets after the Listing may materially and adversely affect the market price of the Shares prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sales immediately after the Listing due to contractual and regulatory restrictions on re-sale. Please refer to the paragraphs headed “Underwriting – Lock-up undertakings to the Public Offer Underwriters” and “Underwriting – Lock-up undertakings to the Stock Exchange” in this prospectus for a description of some of the contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of the Shares, or the perception that these sales may occur, may materially and adversely affect the market prices of the Shares and our ability to raise equity capital in the future.

You may face difficulties in protecting your interests because we are incorporated under the Cayman Islands laws, and the laws of the Cayman Islands relating to the protection of minority shareholders may be different in certain respects from those under the laws of Hong Kong or other jurisdictions

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands may differ in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by, among other things, our Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and our Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may differ in some

RISK FACTORS

respects from those under statutes or judicial precedents in Hong Kong, or other jurisdictions where investors may be located. The remedies available to the minority Shareholders may be limited comparing to the laws of other jurisdictions.

Please refer to the paragraph headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 3. Cayman Islands Company Law” in Appendix III to this prospectus for further information.

Historical dividends are not indicative of our Group’s future dividends

Member of our Group declared and settled dividends of approximately HK\$130,000,000 to the shareholders during the year ended 31 March 2017. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The amount of any dividends to be declared in the future will be subject to, among other factors, our Directors’ discretion, having taken into account the substantial capital requirements of our Group in the foreseeable future, the availability of distributable profits, our Group’s earnings, working capital, financial position, capital and funding requirements, the applicable laws and other relevant factors.

In any event, there is no assurance that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to the Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by us in the past, or by other listed companies in the same industry as our Group.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, which may not be consistent with information contained in this prospectus

We wish to emphasise to potential investors that we do not accept any responsibility for the accuracy or completeness of any press articles or other media that were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the media. To the extent that any such statements are inconsistent with, or in conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

RISK FACTORS

You may not place undue reliance on information derived from the third party report set out in this prospectus

Our Directors believe that the source of information derived from the third party report set out in this prospectus, particularly the section headed “Industry Overview”, is an appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Vendor, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriter(s), nor any of their or our Directors, affiliates, advisers or any other parties involved in the Share Offer and no representation is given as to its accuracy.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Certain members of our Group have business transactions with connected persons that are expected to continue after Listing, which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing and in preparation for the Listing, we have applied to the Stock Exchange for waiver from strict compliance with the relevant provisions of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into the Linkz Industries Framework Agreement, the Linkz Administrative Services Agreement and the Linkz Property Sharing Agreement with Linkz Industries. In addition, we have entered into the United Luminous Master Supply Agreement with United Luminous. As both Linkz Industries and United Luminous are connected persons under Chapter 14A of the Listing Rules, transactions contemplated under these agreements will constitute continuing connected transactions for our Company under the Listing Rules after Listing. Details of these agreements and the transactions contemplated therein are set out in the section headed “Continuing Connected Transactions” in this prospectus. As the business transactions under the Linkz Industries Framework Agreement will constitute non-exempt continuing connected transactions for our Company under the Listing Rules after Listing, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules. Further details of the waiver we sought are set out in the section headed “Continuing Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this prospectus misleading, and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Share Offer comprises the Public Offer of 46,000,000 new Shares and the Placing of 414,000,000 Shares (comprising 276,000,000 new Shares and 138,000,000 Sale Shares initially offered by our Company and the Vendor, respectively) (subject, in each case, to reallocation on the basis under the section headed "Structure and Conditions of the Share Offer" in this prospectus).

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein.

No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

UNDERWRITING

This prospectus is published solely in connection with the Share Offer which is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters on a conditional basis, under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to any agreement on pricing of the Offer Shares between Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) and our Company (for itself and on behalf of the Vendor). The Share Offer is managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed between our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) by the Price Determination Date, the Share Offer will not proceed. Further information relating to the Underwriters and Underwriting Arrangements are contained in the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it circulated to invite to solicit offers, in any jurisdiction other than Hong Kong or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons who possess this prospectus are deemed to have confirmed with our Company, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that such restrictions have been observed.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the related Application Forms. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, staff or advisers or any other person involved in the Share Offer.

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his/her acquisition of the Offer Shares to have confirmed that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered and sold any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of and permission to deal in, the Shares in issue, the Shares to be issued as mentioned in this prospectus, and any Shares which may fall to be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

REGISTER OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on the Hong Kong Branch Share Register of members to be maintained by Tricor Investor Services Limited. Dealings in the Offer Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Dealings in the Shares registered on the principal register of members of our Company maintained by Estera Trust (Cayman) Limited in the Cayman Islands will not be subject to the Cayman Islands stamp duty.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m on Tuesday, 13 February 2018. Except for our pending application to the Stock Exchange for listing of and permission to deal in the Offer Shares, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list on any other stock exchange is being or proposed to be sought in the near future.

The Shares will be traded in board lots of 8,000 Shares each. The stock code of the Shares is 1729. Our Company will not issue any temporary documents of title.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice from their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

All necessary arrangements have been made to enable for the Shares into be admitted to CCASS.

PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set out in the section headed “How to Apply for the Public Offer Shares” in this prospectus and the relevant Application Forms.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights thereunder. It is emphasised that none of our Group, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, advisers, representatives or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, the Shares or exercising any rights thereunder.

VENDOR

The Share Offer consists of 460,000,000 Offer Shares, of which 138,000,000 Sale Shares shall be offered for sale by the Vendor. We estimate that the net proceeds to the Vendor from the sale of the Sale Shares (after deduction of expenses in connection with the Listing borne by them of approximately HK\$12,897,000, which is the proportional underwriting commission payable to the Underwriters for such sale of the Sale Shares and

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

assuming an Offer Price of HK\$0.375 being the mid-point of the Offer Price range) will be approximately HK\$38.9 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

Details of the Vendor are set out in the section headed “Statutory and General Information – F. Other information – 12. Particulars of the Vendor” in Appendix IV to this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

ROUNDING

Certain amount and percentage figures included in this prospectus have been subject to rounding adjustments or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere in this prospectus between totals and sums of individual amounts listed therein are due to rounding.

WEBSITE

The contents of any website mentioned in this prospectus do not form part of this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
------	---------------------	-------------

Executive Directors

Mr. Cua Tin Yin Simon (柯天然)	Duplex 9, 8/F & 9/F Dynasty Villa 12 Dynasty Heights 2 Yin Ping Road Kowloon Hong Kong	Chinese
--------------------------------	---	---------

Mr. Wong Chi Kuen (黃志權)	Flat D, 20/F Tower 3 La Grove 83 Shap Pat Heung Road Yuen Long New Territories Hong Kong	Chinese
----------------------------	--	---------

Non-executive Director

Mr. Lo Chung Wai Paul (羅仲煒)	19 Kent Road Kowloon Tong Kowloon Hong Kong	Chinese
--------------------------------	--	---------

Independent Non-executive Directors

Mr. Ho Hin Shun (何顯信)	3/F, Wing Ying Mansion 11 Emma Avenue Ho Man Tin Kowloon Hong Kong	Chinese
--------------------------	--	---------

Mr. Luk Wai Shing (陸偉成)	Flat D, 43/F Block 3 Tierra Verde Tsing Yi New Territories Hong Kong	Chinese
----------------------------	---	---------

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Residential address	Nationality
Mr. Chan Chung Shun Eric (陳忠信)	Room 5, 5/F On Wah Building Man Tai Street Hung Hom Kowloon Hong Kong	Chinese

Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further details.

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor	Frontpage Capital Limited 26/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong <i>(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i>
Joint Bookrunners and Joint Lead Managers	Frontpage Capital Limited 26/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong <i>(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i> Wealth Link Securities Limited Unit B1, 5/F Guangdong Investment Tower 148 Connaught Road Central Hong Kong <i>(A licensed corporation for carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO)</i>
Legal advisers to our Company	<i>As to Hong Kong law:</i> CFN Lawyers in association with Broad & Bright Units 4101-04, 41/F Sun Hung Kai Centre 30 Harbour Road Wan Chai Hong Kong <i>(Solicitors of Hong Kong SAR)</i>

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to PRC law:

Shu Jin Law Firm

12/F, Taiping Finance Tower
Yitian Road 6001
Futian District
Shenzhen, the PRC, 518017
(PRC attorneys-at-law)

As to Cayman Islands law:

Appleby

2206-19 Jardine House
1 Connaught Place
Central
Hong Kong
(Legal advisers as to Cayman Islands law)

As to Japan law:

Toranomon Chuo Law Firm

Hulic Toranomom Building
1-1-18 Toranomom, Minoto-Ku
Tokyo 105-0001
Japan
(Japan attorneys-at-law)

**Legal advisers to the Sponsor
and the Underwriters**

As to Hong Kong law:

Ma Tang & Co.

3/F, Chinese Club Building
21-22 Connaught Road Central
Hong Kong
(Solicitors of Hong Kong SAR)

As to PRC law:

Yingke Law Firm

3/F, Office Tower B
Rong Chao Center
No. 6003, Yitian Road
Futian District
Shenzhen, the PRC, 518026
(PRC attorneys-at-law)

Reporting accountants

Deloitte Touche Tohmatsu

35/F, One Pacific Place
88 Queensway
Hong Kong
(Certified Public Accountants)

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Market research consultant	China Research and Intelligence Co., Ltd 7K, West Building No. 668, Beijing East Road, Huangpu, Shanghai 200001, China
Internal control consultant	Sam K. M. Ng CPA Limited Unit 1202, 12/F Tung Chiu Commercial Centre 193 Lockhart Road Wan Chai Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
Vendor	Time Interconnect Holdings Limited 3rd Floor, J & C Building P.O. Box 933 Road Town Tortola British Virgin Islands

CORPORATE INFORMATION

Registered office in the Cayman Islands	P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal office of business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit 601, Photonics Centre 2 Science Park East Avenue Hong Kong Science Park Shatin Hong Kong
Company's website	<u>www.time-interconnect.com</u> <i>(information on this website does not form part of this prospectus)</i>
Company secretary	Ms. Tam Kwai Heung (譚桂香) (HKICPA) Flat 1106, Block E Galaxia Diamond Hill Kowloon Hong Kong
Authorised representatives	Mr. Wong Chi Kuen (黃志權) Flat D, 20/F Tower 3 La Grove 83 Shap Pat Heung Road Yuen Long New Territories Hong Kong Ms. Tam Kwai Heung (譚桂香) (HKICPA) Flat 1106, Block E Galaxia Diamond Hill Kowloon Hong Kong
Audit Committee	Mr. Chan Chung Shun Eric (陳忠信) (Chairman) Mr. Ho Hin Shun (何顯信) Mr. Luk Wai Shing (陸偉成)
Remuneration Committee	Mr. Ho Hin Shun (何顯信) (Chairman) Mr. Wong Chi Kuen (黃志權) Mr. Luk Wai Shing (陸偉成) Mr. Chan Chung Shun Eric (陳忠信)

CORPORATE INFORMATION

Nomination Committee	Mr. Luk Wai Shing (陸偉成) (<i>Chairman</i>) Mr. Chan Chung Shun Eric (陳忠信) Mr. Ho Hin Shun (何顯信) Mr. Wong Chi Kuen (黃志權)
Compliance Adviser	Frontpage Capital Limited 26/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong <i>(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i>
Cayman Islands principal share registrar and transfer office	Estera Trust (Cayman) Limited P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Hang Seng Bank 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited Level 10, HSBC Main Building 1 Queen's Road Central Hong Kong Australia and New Zealand Banking Group Limited Hong Kong Branch 22/F, Three Exchange Square 8 Connaught Place Central, Hong Kong

CORPORATE INFORMATION

China Citic Bank International Limited

61-65 Des Voeux Road Central
Hong Kong

Fubon Bank (Hong Kong) Limited

Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

Bank of China (Huizhou Branch)

No. 22, Maidi Road
Huizhou, Guangdong
516001, China

HSBC Bank (China) Company Limited

Huizhou sub-branch

Shop No. 101, G/F & Room 401, 4/F
Kande International Hotel
No. 18 Huan Cheng
No. 1 West Road
Huizhou, Guangdong
516001, China

INDUSTRY OVERVIEW

The information set forth in this section has been derived from the CRI Report. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is materially false or misleading, and no fact has been omitted that would render such information materially false or misleading. However, the information has not been independently verified by us, the Sponsor, the Vendor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of the respective directors, officers, employees, advisers, agents or representatives or any other party involved in the Share Offer and no representation is given as to its accuracy. Except as otherwise stated, all the data and forecast in this section are derived from the CRI Report.

The information extracted from the CRI Report reflects estimates of market conditions based on sampling, and is prepared primarily as a market research tool. References to CRI should not be considered as the opinion of CRI as to the potential investment of the Shares or in our Group. Our Directors believe that the sources of information extracted from the CRI Report are appropriate sources for such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the CRI Report.

SOURCE OF INFORMATION

We commissioned CRI to assess the industry development trends, market demand and competitive landscape of cable assembly industry in China, at a fee of RMB350,000 and our Directors consider that such fee reflects market rates. Founded in 2007, CRI is a research and consulting company focusing on various industries and markets. CRI provides customised industry research services and produces a variety of market research reports, industry analytical reports and publications covering different industries.

The information contained in the CRI Report is derived by means of data and intelligence gathering through: (i) primary research, including face-to-face interviews with industrial insiders and experts and phone interviews with key stakeholders in China, such as relative manufacturers, distributors and customers; and (ii) secondary research, involved analysing data from various publicly available data sources. To ensure the reliability, the market specialists at CRI assessed and recalculated, if necessary, relevant data from different institutions according to actual conditions. Nevertheless, we cannot assure you the accuracy or completeness of the factors, forecasts and statistics in this prospectus obtained from sources such as government publications, market data providers and the CRI Report.

Except as otherwise noted, all the data and forecast in this section are derived from the CRI Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the market information since the date of the CRI Report which may qualify, contradict or have an impact on the information in this section.

ASSUMPTIONS AND PARAMETERS

The following assumptions and parameters are adopted in the preparation of the CRI Report:

- the economy of the globe and China will remain an annual growth rate of over 6% from 2017 to 2021;
- global and China's telecommunication industry is expected to maintain steady growth, benefit from 5G and growing demand from emerging markets during 2017 to 2021;

INDUSTRY OVERVIEW

- investment in data centre will remain its rapid growth in global and China's market;
- the China medical imaging diagnostic equipment market will grow fast as expected in future years with the rising demand and supply; and
- global and China's market of automobiles, home appliances and medical equipment will continue to growth during 2017 to 2021, which will drive the market of industrial and medical cables.

MAJOR CABLE ASSEMBLIES END MARKETS OVERVIEW

Cable assembly products are applied to a diverse range of market sectors, including but not limited to communication equipment, data centre, industrial and medical equipment.

Global cable assembly market

In 2016, global market size of cable assembly was approximately US\$156.9 billion, with the CAGR of 5.4% during 2012 to 2016. The main growth force came from the market of communication equipment and data centre segment, industrial and medical equipment segment, mobile phone segment, etc. Global cable assembly market expects a consistent growth during 2017 to 2021.

By segment	2012		2016		2021F		2012-2016 CAGR	Forecast 2017-2021 CAGR
	US\$ billion	% of total	US\$ billion	% of total	US\$ billion	% of total		
Communication equipment and data centre	12.2	9.6%	18.4	11.7%	39.0	17.7%	10.7%	16.2%
Industrial and medical equipment	77.4	60.8%	94.7	60.4%	125.6	57.0%	5.2%	5.8%
Computer and consumer electronics	17.2	13.5%	18.2	11.6%	20.9	9.5%	1.4%	2.9%
Mobile phone	8.5	6.7%	11.0	7.0%	15.6	7.1%	6.5%	7.2%
Others	12.0	9.4%	14.6	9.3%	19.2	8.7%	5.0%	5.6%
Total	127.3	100.0%	156.9	100.0%	220.3	100.0%	5.4%	7.0%

According to the CRI report, the market size of industrial and medical equipment segment reached US\$94.7 billion in 2016, accounting for 60.4% of the global cable assembly market. Major applications of industrial and medical equipment market include automobiles, household appliances, industrial equipment and medical equipment, etc. During the period from 2012 to 2016, automobile and household appliance market in emerging economies like China and India experienced rapid growth and drove the demand for industrial cable assembly. The development of auto technologies such as the increasing use of built in services and cameras also promotes the demand for cable assembly in a single vehicle. The potential of global household appliance and medical equipment market remains positive, and the global market size of industrial and medical cables segment is expected to have a moderate growth during 2016 to 2021.

In 2016, market size of communication equipment and data centre segment as the second largest market reached US\$18.4 billion, accounting for 11.7% of the global cable assembly market. During 2012 to 2016, e-commerce, online video and mobile apps developed fast as global 3G and 4G network extended and internet subscribers grew largely, which promoted the demand for communication equipment and data centre as well as cable assembly. The CAGR of communication equipment and data centre segment reached 10.7% during 2012 to 2016, which took the first place in the sub-industries of cable assembly. With the rise of 5G mobile communication network and 4K videos, and increasing demand in data

INDUSTRY OVERVIEW

centre due to higher and popular application of cloud computing, internet games and big data analysis, global market of cables for communication equipment and data centre segment will speed up significantly.

In 2016, market size of computer and consumer electronics segment as the third largest market reached US\$18.2 billion, accounting for 11.6% of the global cable assembly market. The growth rate of production volume of computer and consumer electronics declined quickly during the period from 2012 to 2016. Therefore, the CAGR of market size of computer and consumer electronics segment was only 1.4% during 2012 to 2016, which was the lowest in the sub-industries globally.

In 2016, market size of mobile phone segment as the fourth largest market reached US\$11.0 billion, accounting for 7.0% of the global cable assembly market. The major growth force of cables for mobile phone segment was the fast development of global smart phone market during 2012 to 2016. Constant development of global smart phone market and the emergence of USB Type-C to replace other older USB connectors will promote the market of cables for mobile phone segment during 2017 to 2021.

China cable assembly market

In 2016, market size of cable assembly was approximately RMB402.9 billion in China, with the CAGR of 8.5% from 2012 to 2016. The main growth force came from the market of communication equipment and data centre segment, industrial and medical equipment segment, mobile phone segment, etc. China cable assembly market expects a consistent growth during the period from 2017 to 2021.

By segment	2012		2016		2021F		2012-2016 CAGR	Forecast 2017-2021 CAGR
	RMB billion	% of total	RMB billion	% of total	RMB billion	% of total		
Communication equipment and data centre	17.1	5.9%	28.6	7.1%	64.5	10.5%	13.7%	17.7%
Industrial and medical equipment	181.0	62.2%	255.0	63.3%	381.8	62.1%	8.9%	8.4%
Computer and consumer electronics	48.1	16.5%	57.2	14.2%	72.2	11.8%	4.5%	4.8%
Mobile phone	28.1	9.7%	40.7	10.1%	65.3	10.6%	9.7%	9.9%
Others	16.9	5.7%	21.4	5.3%	30.5	5.0%	6.1%	7.3%
Total	291.2	100.0%	402.9	100.0%	614.3	100.0%	8.5%	8.8%

According to the CRI Report, industrial and medical equipment segment takes the major place in the China cable assembly market in 2016. The market size of industrial and medical equipment segment reached RMB255.0 billion, accounting for 63.3% of the China's cable assembly market. Major applications of global industrial and medical equipment market is consistent with China's market structure, including automobiles, household appliances, industrial equipment and medical equipment, etc. Demand for industrial cables was driven by the constant development of China's manufacturing industry during 2012 to 2016. During 2012 to 2016, the production volume of automobiles grew from 19.3 million units to 28.1 million units in China, with the CAGR of 9.9%. The production volumes of televisions and air conditioners were also growing in the same period. The market size of industrial and medical equipment segment is forecast to grow continuously during 2017 to 2021 with the growth of automobiles, home appliances and medical equipment.

In 2016, computer and consumer electronics segment represented the second largest market, reached RMB57.2 billion, accounting for 14.2% of China cable assembly market. The depression of global computer and consumer electronics market influenced the demand for cables for computer and consumer electronics in China. Therefore, the CAGR of market size of computer and consumer electronics segment was only 4.5% during 2012 to 2016, which was the lowest in the sub-industries in China.

INDUSTRY OVERVIEW

In 2016, market size of mobile phone segment, the third largest market, reached RMB40.7 billion, accounting for 10.1% of China's cable assembly market. During 2012 to 2016, the fast growth of smart phone market in China promoted the growth of cables for mobile phones. Constant development of China's smart phone market and prevalence of USB Type-C will promote the market of cables for mobile phones during 2017 to 2021.

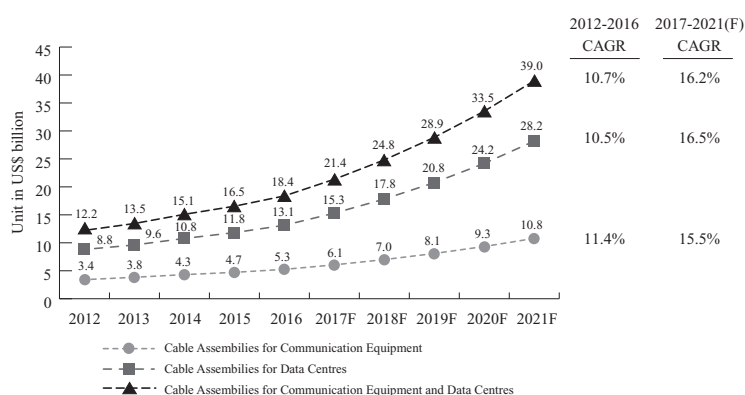
In 2016, market size of communication equipment and data centre segment reached RMB28.6 billion, accounting for 7.1% of China's cable assembly market. During 2012 to 2016, mobile communication networks, e-commerce, online video and mobile apps developed fast, which promoted the demand for communication equipment and data centre as well as cable assembly. The CAGR of communication equipment and data centre segment reached 13.7% during 2012 to 2016, which took the first place in the sub-industries of cable assembly in China. With the construction of 5G mobile communication network, 4K videos and mobile apps, and increasing demand in data centre due to more application of cloud computing, internet games and big data analysis, China's market of communication equipment and data centre segment will maintain its growth from 2017 to 2021.

Communication equipment and data centre cable assemblies industry

Global

The development status of data cable assemblies industry is closely related to global telecommunication and internet industry. During 2012 to 2016, the subscribers of broadband and mobile communication maintained a constant growth globally, the accounts of fixed broadband and subscribers of mobile telecommunications in global were raised from 635.0 million in 2012 to 884.0 million in 2016 and from 6,232.0 million in 2012 to 7,377.0 million in 2016, respectively.

The market size of global cable assemblies for communication equipment and data centre experienced a growth from US\$12.2 billion in 2012 to US\$18.4 billion in 2016, representing a CAGR of 10.7%. The ever faster networking speed and hence the larger amount of data generated, as well as the more processing power to process the big data, and the use of cloud computing will drive the demand for more data centre. The estimated market size will reach a CAGR of 16.2% during the forecast period from 2017 to 2021. The chart below sets out the market size of global cable assemblies for communication equipment and data centre from 2012 to 2021:



China

China's position in global market is daily rising as the telecommunications and internet as well as communication equipment and data centre develop. China is the country that owns the largest subscribers of internet and mobile communications and has become the major manufacturers of data cable assemblies in the world. The number of subscribers of 4G in China reached 770.0 million in 2016. In 2016, the consumption of mobile internet flow

INDUSTRY OVERVIEW

reached 9.4 billion GB, up by 123.7% year-on-year due to the largely increased subscribers of 4G mobile phone business and fast spread of the mobile internet applications and internet games.

Mobile communications and broadband subscribers in China numbered to 1,321.9 million and 297.2 million in 2016, respectively. Over 80.0% of telecommunication business is running in optical fibre communication networks in the world. As the mobile applications and broadband traffic explodes, demand for data cable assemblies will maintain its growth as backbone network upgrades and expands.

The construction scale of China's data centre industry is daily enlarging after over 20 years' development. The Chinese government energetically supports strategic emerging industries. The internet giants in China invest a large amount in large-scale data centre to promote cloud service strategies. Against this background, the demand for bandwidth is increasing at fast pace. According to the CRI Report, the area of China's data centre rooms reached 410,000 m² in 2016, with the investment of the year reaching RMB81.0 billion.

The market size of cable assemblies for communication equipment and data centre reached RMB28.6 billion in 2016 from RMB17.1 billion in 2012, at a CAGR of 13.7%, the market size is expected to reach RMB64.5 billion, at a CAGR of 17.7% during forecast period from 2017 to 2021.

Industrial and medical equipment cable assemblies industry

Global and China

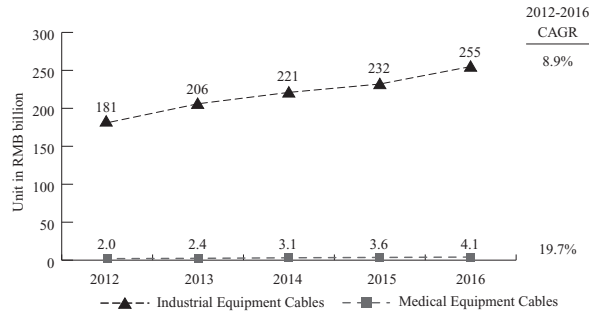
Industrial cables are important components of machines and equipment, the industrial equipment cable assemblies industry develops with the economic development, such as the rapid development of China's economy and manufacturing industry since the accession to the WTO.

According to the CRI Report, the annual production capacity of industrial cable assemblies reached over 300 billion units globally, including that of medical cable assemblies. Demand of industrial cable assemblies is growing as global industries develop. The production volume of industrial cable assemblies is estimated to be around 195.0 billion units globally in 2016. Annual production volume of medical cable assemblies is climbing up as global medical device industry develops, which was over 2 billion units in 2016. In 2016, the added value of industries was RMB24,786.0 billion in China, increased by 6.0% year-on-year. The growth of industrial value drives the demand for industrial cables overall. CRI estimates the production capacity of industrial cable assemblies in China exceeded 100 billion units by the end of 2016 while the production volume reached 69.8 billion units, at a CAGR of 8.2% from 2012 to 2016.

The number, gross output value and sales revenue of medical equipment enterprises all increased year by year during 2012 to 2016. From the product structure of medical devices on China market in the recent 3 years, imaging diagnostic equipment took up the largest market share, which was over one-third in recent years and kept growing; all types of supplies followed as the second largest, accounting for about 20.0% market share; the share of orthopaedics and implantable medical devices was declining; the rest was taken by dentistry and other appliances. Demand for medical cable assemblies will keep increasing as China's medical equipment industry develops.

According to the CRI Report, the market size of China's industrial cable assemblies was about RMB255.0 billion in 2016, at the CAGR of 8.9% from 2012 to 2016; the market size of China's cable assemblies for medical equipment was about RMB4.1 billion, with the CAGR reaching 19.7% during 2012 to 2016.

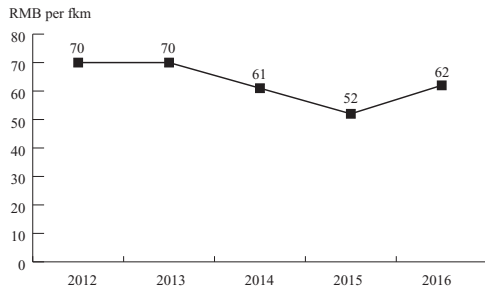
INDUSTRY OVERVIEW



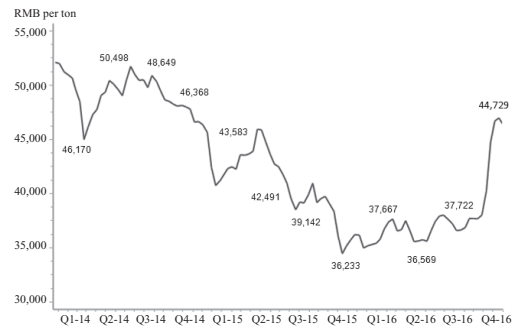
MAJOR COST COMPONENTS FOR CABLE ASSEMBLIES INDUSTRY

Direct upstream raw materials of cable assemblies for communication equipment and data centre are optical cables, copper cables and connectors, which are customised products but not standard products. Therefore, CRI conducted alternative research on major raw materials. For optical cables, major raw materials are optical fibres and other materials such as PE, PVC, steel and aluminium. Major raw materials for copper cables are copper wires and other materials such as PE and PVC. CRI analyses the price trend of up level raw material for optical fibres, copper, PE and PVC for reference. The following charts illustrates the price of optical fibres, #1 electrolytic copper, PE and PVC in China during the years indicated.

Reference Price of Optical Fibres in China, 2012-2016



Price Trend of #1 Electrolytic Copper on China Market, 2014-2016



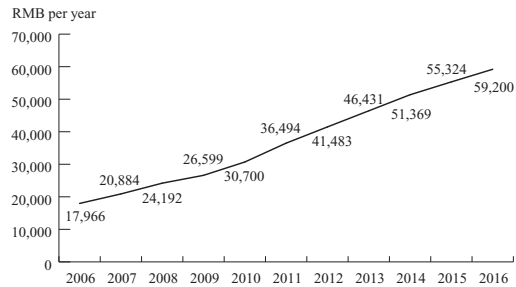
Note: As at each quarter end date

Price Trend of PE and PVC on China Market, 2014-2016



Note: As at each quarter end date

Annual Average Wage of Employees in China's Manufacturing Labour, 2006-2016



INDUSTRY OVERVIEW

Optical fibre

China's optical fibre market is generally in line with the telecommunications industry, which is susceptible to the macro-economy environment, growing internet usage and prevalence of mobile phones, capitals, government measures, new technologies, laws and regulations.

During 2014 to 2016, the output volume of optical fibres increased significantly as the production capacity of optical fibres has expanded in China. Meanwhile, major telecommunications operators adopt centralised procurement system of public bidding, which leads to a fierce price competition in the optical fibre suppliers. The price of optical fibres declined in China during 2012 to 2015 and rebounded in 2016 through the increased demand for optical fibres resulting from the development of 4G and 100G backbone network construction in recent years.

Copper

Cost of copper accounts for over a half of the total cost of copper cables. The price of #1 electrolytic copper on China market fluctuated during 2014 to 2016. Overall, the price declined during 2014 to 2015 and rebounded on China market from the second half of 2016.

PE and PVC

Polyethylene (PE) and polyvinyl chloride (PVC) are the major materials for producing cable jackets and connectors. Major raw material of PE is petroleum; major raw materials of PVC are petroleum or petroleum products. Price of raw materials of both PE and PVC are influenced by the international crude oil price. The prices of the two products fluctuated during 2014 to 2016.

Average wage of employees

The average wage of China's manufacturing labour rose from RMB17,966 per year in 2006 to RMB59,200 per year in 2016, at a CAGR of 12.7%. The advantage of China's manufacturing is weakening due to the growing labour cost.

It is estimated that the labour cost will continue to rise in China from 2017 to 2021. The price of optical fibre, copper, PE and PVC is influenced by fluctuating demand and supply at home and abroad. Overall, the production cost of cable assemblies for communication equipment and data centre will rise continuously in China.

COMPETITIVE LANDSCAPE ANALYSIS

China is one of the global major producers of cable assemblies for communication equipment and data centre, with over 1,000 manufacturers with scattered production bases. According to the unique production needs, the manufacturers may deploy different scales of plant and machinery or adopt either capital intensive or labour intensive models. However, for manufacturers in the cable assembly industry where "small batches of a wide variety" such as that adopted by our Group, labour intensive and asset-light model is commonly found as the manufacturing procedure cannot easily be customised by machinery. According to the CRI Report, our Group accounted for about 0.2% market share in the PRC cable assembly market in 2016 in terms of sales revenue. Key factors to success in the market include supply chain advantages, cost controlling, technological advantages and stable major clients. Our Group ranked second among the communication equipment and data centre manufacturers, with a market share of 2.3% in terms of revenue generated from the sales of cable assemblies for communication equipment and data centre use in China in 2016. The following chart sets forth the top 5 manufacturers producing cable assemblies for communication equipment and data centre in China in 2016.

INDUSTRY OVERVIEW

China's market of cable assemblies for communication equipment and data centre segment in 2016

Ranking	Company name	Year of establishment	Headquarters	Sales revenue (RMB, million) 2016	Market share in China 2016	Company background
1	Company A	1932	The United States	1,239.2	4.3%	A leading manufacturer of circular connectors listed on New York Stock Exchange
2	Our Group	1992	Hong Kong	660.8	2.3%	A supplier of custom cable assemblies in the cable assembly industry
3	Company B	2004	China	630.0	2.2%	A company which researches, develops, manufactures, and sells cables and connectors worldwide listed on Shenzhen Stock Exchange
4	Company C	2002	China	530.0	1.9%	A private company which designs, develops, manufactures, and markets cable assemblies
5	Company D	1997	China	360.0	1.3%	A private company which manufactures cables for aerospace, new energy, network data communications, etc

Downstream market of industrial and medical cable assembly in China is very large in terms of the application fields. By the end of 2016, the number of manufacturers producing cables for industrial and medical cable assembly exceeded 1,000. Automobile wiring harness accounted for the largest part of industrial cable assembly, therefore, the top 5 manufacturers of cables for industrial and medical equipment cable assemblies in China are all auto wiring harness manufacturers. Specifically, the 5 manufacturers are all subdivisions of multinational enterprises. In 2016, the accumulated sales revenue of the top 5 manufacturers accounted for 12.2% of the whole market given its large market size.

The following chart sets forth the top 5 manufacturers producing cable assemblies for industrial and medical equipment in China in 2016.

China's market of cable assemblies for industrial and medical equipment segment in 2016

Ranking	Company name	Year of establishment	Headquarters	Sales revenue (RMB, billion) 2016	Market share in China 2016	Company background
1	Company E	1897	Japan	13.2	5.2%	A company which manufactures and sells electric wire and optical fibre cables for automotive, electronics and industrial materials which listed on the Tokyo Stock Exchange
2	Company F	1941	Japan	6.0	2.3%	A private Japanese-based manufacturing company which engages in producing wire harnesses, instruments and components such as connectors and terminals.
3	Company G	1994	The United Kingdom	4.6	1.8%	A global supplier of technologies for the automotive listed on the New York Stock Exchange
4	Company H	1917	Germany	4.1	1.6%	A global supplier of wires, optical fibres, cables and cable systems listed on Frankfurt Stock Exchange
5	Company I	1986	Japan	3.3	1.3%	A company which produces electric and electronics equipment listed on the Tokyo Stock Exchange

Manufactures that are listed are more likely to have better access to capital and hence are able to invest in plant and machinery as compared to private manufacturers which are likely to adopt asset-light business model.

KEY FACTORS OF COMPETITION

- Manufacturers of raw materials are large in number so the competition is fierce. The bargaining ability of suppliers is generally weak.

INDUSTRY OVERVIEW

- Consumers include communication equipment manufacturers, telecommunication and data centre operators. Procurement from these enterprises is usually large so the bargaining ability of consumers is relatively stronger.
- Barriers to entry include fund barrier, technical barrier, client barrier but these entrants are not high overall.
- Overall, there is no substitute in a short term. However, optical cables may substitute copper cables in a certain degree. There are always new standards and technologies which keep replacing the existing ones, and cable assembly products are vulnerable to new standards and technology. The ability to keep pace with the advancement is crucial to compete.

MAJOR THREATS

- The labour cost is rising in recent years which has been reducing the profit margin and weakening the cost advantage.
- The number of mobile communication and internet subscribers is saturating, which will influence the investment of telecommunications industry and data centre industry.
- Enterprises in the industry should adapt to the trend of technology and client requirements timely or may face recessionary risks of technology and product development.
- The exchange rate of RMB to US\$ went down since 2015, which causes risks to enterprises with import and export business.

ENTRY BARRIERS

Fund barriers

Purchase of data cable assembly manufacturing equipment and research and development of new product require constant and massive funds because the downstream clients' requirements on quality, performance and specification of cable assemblies for communication equipment and data centre are constantly levelling up, which creates a fund barrier to enterprises.

Technical barriers

Varieties and specifications of cable assemblies for communication equipment and data centre are numerous and complicated, which requires high-level design and techniques. Manufacturers should have fast research and development ability to respond to the speedy upgrading of downstream products in short terms, which constitutes a technical barrier to new entrants.

Barriers of clients

The quality of cable assemblies for communication equipment and data centre as well as industrial and medical equipment directly relates to the stability of the whole machine. Qualified data cable assembly suppliers should not only comply to the industry standards but also to the qualification requirements set out by the clients. Once the supplier is authorised by the clients, the partnership will stay long. In the B2B model, corporates may set high bar in authorising suppliers and the cost of switching suppliers may be significant. Such authorisation mechanism and industry phenomenon of long-term partnerships forms a solid barrier to new entrants.

INDUSTRY OVERVIEW

KEY TRENDS AND DRIVERS OF COMMUNICATION EQUIPMENT AND DATA CENTRES SEGMENT IN CHINA

Supporting policies from government

Our growth in the communication and data centre sectors are favoured by the Chinese government's energetical support of emerging industries such as cloud computing, IOT and broadband. It is expected that the promotion of wide application of cloud computing, IOT and broadband will increase the data traffic and the demand for faster computing and transferring speed, which in turn drives the demand for cable assemblies for the communication equipment and data centres to construct more data centres capacity.

China's transmission network entering 400G era

Global mainstream operators accelerate entering 400G era as the data flow explodes. Manufacturers energetically research and produce optical fibres and cables adapting 400G or even future ultra-broadband transmission demand as well as the system producers actively participate in the upgrading.

Increasing quantity of internet users arising from internet of things

By the end of December 2016, the size of China's internet users reached 731.0 million, increased by 43.0 million compared to December 2015. China has space for growth in the number of internet users while the trend of IOT and smart devices may also drive the growth of internet usage.

Sustainable investment of China's telecommunication operators and the coming of 5G

According to the release on the first global 5G conference by MIIT in May 2016, China will step up efforts to reach the goal of commercialising 5G services before 2020 while the demand of 4G implementation is expected to remain strong, which will promote the demand for data cable assemblies during 2018 to 2020.

Constant development of data centre market

Data centre tend to be widely applied in different industries and customer groups. While traditional large-scale data centre are to store and process massive data to extract data value and cloud computing, the demand of small scale and self-used data centre rooms are expected to rise. As such demand for cable assemblies is believed to benefit from the broaden market of data centre.

Prevalence of 4K resolution

4K resolution is gradually becoming a more popular image standard in online video games and portable devices for video recording. According to CRI report, consumers must subscribe Internet service with sufficient bandwidth to use 4K video streaming, which in turn promote the demand for big bandwidth. Demand of 4K for bandwidth will promote the investment of China's telecommunication operators to expand bandwidth during 2017 to 2021.

KEY TRENDS AND DRIVERS OF INDUSTRIAL AND MEDICAL EQUIPMENT SEGMENT IN CHINA

Affordability of Chinese residents to medical care is rising as the economy develops. Demand for medical equipment, especially medical imaging equipment, is rising in China market, which drives the demand for medical cable assemblies.

Cheap export of industrial and medical cable assemblies from China is attractive to foreign manufacturers, which is the driver for the cable assembly industry.

REGULATORY OVERVIEW

This section summarises the principal laws and regulations of the PRC and Hong Kong which are relevant to our Group's business.

THE LAWS AND REGULATIONS OF PRC

The following sets forth a summary of the most related aspects of PRC laws and regulations relating to our business operations to the cable assembly industry in the PRC:

Provisions on foreign investment

The establishment, operation and management of WFOE in the PRC are governed by (i) Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄(2017年修訂)》) (the “**Catalogue**”), which was amended and promulgated by the Ministry of Commerce (國家商務部) (the “**MOC**”) and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)(the “**NDRC**”) on 28 June 2017 and was effective on 28 July 2017 to regulate the investment in the PRC conducted by foreign investors and foreign-owned enterprise; (ii) the Company Law of the PRC (中華人民共和國公司法) (the “**Company Law**”), which was adopted by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the “**NPCSC**”) on 29 December 1993 and was last amended on 28 December 2013; (iii) the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法) (the “**Wholly Foreign-owned Enterprises Law**”), which was promulgated by the National People's Congress (全國人民代表大會) (the “**NPC**”) on 12 April 1986 and amended by the NPCSC on 3 September 2016; (iv) the Detailed Implementing Rules for the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) (the “**Detailed Implementing Rules for the Wholly Foreign-owned Enterprise Law**”), which was last amended on 19 February 2014; and (v) the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated by the MOC on 8 October 2016 and was amended on 30 July 2017 and applied to the establishment and change of foreign investment enterprises which are not subject to special administrative measures stipulated by the PRC since 8 October 2016.

According to those laws and regulations aforesaid, before 8 October 2016, to establish a WFOE engaging in cable assembly which is an industry permitted to foreign investment according to the Catalogue, the investor shall make an application to the department in charge of foreign investment under the State Council or the organs authorised by the State Council. To establish the aforesaid WFOE after 8 October 2016, the investor shall conduct the procedures of registration via the integrated administration information system of the department in charge of foreign investment under the State Council and the foreign investor may remit abroad profits lawfully earned from the enterprise and other income and funds lawfully obtained following the liquidation of the enterprise.

REGULATORY OVERVIEW

Provisions on product quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by NPCSC on 22 February 1993 and amended on 8 July 2000 and 27 August 2009, applies to all production and marketing activities within the territory of the PRC. Producers and sellers are responsible for the product quality according to the provisions of this law.

Responsibilities and obligations of producers for the products include: (i) be responsible for the quality of the products they produce; (ii) marks on the products or on the packages thereof shall be true to the fact; (iii) not to produce products expressly phased out by state laws or decrees; (iv) not to forge the place of origin, or forge or illegally use the name and address of another producer; (v) not to forge or illegally use product quality marks, such as authentication marks; (vi) not to mix impurities or imitations into the products, or substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the production; and (vii) to ensure that, for products that are fragile, inflammable, explosive, toxic, corrosive or radioactive, products that should be kept upright during storage and transportation, or other products with special requirements, the packaging thereof must meet the corresponding requirements, and carry warning marks or warning notes to highlight the way of handling that calls for attention.

A producer in breach of the above responsibilities and obligations shall be liable for civil compensation. The authorities shall order the suspension of production, confiscate the products illegally produced, impose a fine and confiscate the unlawful proceeds (if any) therefrom. Where the case is serious, business licences shall be revoked. Where a criminal offence is constituted, the offenders will be pursued for criminal liabilities.

Our Huizhou Factory is located in Huizhou, Guangdong Province, the PRC. Any products we produced must comply with the provisions in the PRC in relation to product quality.

Provisions on intellectual property

The products in the PRC shall be subject to intellectual property laws, which mainly include the Copyright Law of the PRC (《中華人民共和國著作權法》), the Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”) and the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”). The PRC is also a signatory to all major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, Madrid Agreement on the International Registration of Marks and Madrid Protocol, Patent Cooperation Treaty, Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure and the Agreement on Trade-Related Aspects of Intellectual Property Rights.

According to the Patent Law promulgated on 12 March 1984, effective on 1 April 1985 and amended on 4 September 1992, 25 August 2000 and 27 December 2008 and effective on 1 October 2009, there are three types of patents, including invention patents, design patents and utility model patents. Invention patents are valid for 20 years, while design patents and

REGULATORY OVERVIEW

utility model patents are valid for ten years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

The patent prosecution system in the PRC is different in many ways from that in other countries. The patent system in the PRC uses the “first to file” principal, which means when more than one person files a patent application for the same invention, the patent will be granted to the person who files the application first. In addition, China requires absolute novelty for an invention to be patentable. Therefore, in general, a patent will be denied if it is publicly known in or outside of the PRC.

Furthermore, patents issued in the PRC are not enforceable in Hong Kong, Taiwan or Macau, each of which has independent patent system. Although patent rights are national rights, the Patent Cooperation Treaty to which the PRC is a signatory, allows applicants in one country to seek patent protection for an invention that may simultaneously exist in a number of other member countries by filing a single international patent application. The fact that a patent application pending is no guarantee that a patent will be granted, and even if granted, the scope of a patent may not be as broad as the subject of the initial application.

Provisions on taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**Enterprise Income Tax Law**”) came into effect on 1 January 2008 and amended on 24 February 2017, imposes a uniform enterprise income tax at the rate of 25% on all domestic enterprises, including foreign-invested enterprises, unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under previous tax laws and regulations. Under the Enterprise Income Tax Law and the Circular of the State Council on the Implementation of Transitional Preferential Policies with Regard to Enterprise Income Tax (《國務院關於實施企業所得稅過渡優惠政策的通知》) issued by the State Council on 26 December 2007: (i) enterprises that were established before 16 March 2007 and were formerly entitled to preferential policies of lower taxation shall undergo a gradual transition to statutory tax rates within five years; and (ii) enterprises that were established before 16 March 2007 and formerly entitled to preferential income tax reduction policies, such as “two-years exempt and three-years halved” and “five-years exempt and five-years halved”, shall continue to enjoy such preferential policies as stipulated in the former taxation laws, administrative regulations and relevant documents until the end of the terms of these policies, provided however that for enterprises which have no profit to enjoy the aforementioned tax preferences, the preference time limits shall commence from 2008.

REGULATORY OVERVIEW

Value-added tax

Pursuant to the Provisional Regulations on the Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council of the PRC on 13 December 1993, latest amended and effective on 19 November 2017 and its implementing rules (《中華人民共和國增值稅暫行條例實施細則》) promulgated by Ministry of Finance (the “MOF”) on 25 December 1993 and amended by the MOF and the State Administrative of Taxation (the “SAT”) on 15 December 2008 and 28 October 2011 respectively, taxpayers engaging in sale of goods, provision of processing services, repairs and replacement services, leasing service of tangible movable property or importation of goods within the territory of the PRC shall pay value-added tax (the “VAT”) generally at the tax rate of 17%. Unless otherwise provided by the State Council, the tax rate of VAT shall be zero on goods exported by taxpayers.

Since 1 January 1994, business tax and value-added tax are implemented together. From 1 January 2012, State Administration of Tax and Ministry of Finance (國家稅務總局及財政部) had promulgated several notices on more industries switching from paying business tax to value-added tax.

On 23 March 2016, State Administration of Tax and Ministry of Finance promulgated Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), according to which, the pilot program of replacing business tax with VAT shall be implemented nationwide starting from 1 May 2016 and all business taxpayers in the industries of construction, real estate, financial and consumer service shall be included in the scope of the pilot program and pay VAT instead of business tax. The tax rate of general tax activities (excluding the provision of services in transportation, postal services, basic telecommunications, construction or real property lease, the sale of real property or the transfer or land use right, the provision of tangible personal property lease services, the cross-border taxable activities, etc.) applied to general taxpayers will be 6%. On 19 November 2017, the State Council promulgated the Decision on Abolition of the Provisional Regulations on Business Tax of the PRC and Revision of the VAT Provisional Regulations (《國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》), the Provisional Regulations on Business Tax of the PRC have been abolished since 19 November 2017.

Provisions relating to foreign exchange

The Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administrative Regulations**”) which was promulgated on 29 January 1996 and became effective on 1 April 1996, and amended on 14 January 1997 and 5 August 2008, stipulates that conversion of RMB and remittance of foreign currency outside the PRC for capital account items, such as direct equity investment, loads and repatriation of investment, are subjected to prior approval from the State Administration of Foreign Exchange (國家外匯管理局) and/or one of its branches.

REGULATORY OVERVIEW

Provisions for Import and Export Goods

We sell our cable assemblies to customers in around 20 countries and regions including the PRC, the United States, Europe and Hong Kong. Any goods imported to or exported from the PRC are subject to the Customs Law of the PRC.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the NPCSC on 22 January 1987 and amended on 8 July 2000, 29 June 2013, 28 December 2013, 7 November 2016 and 4 November 2017 and related regulations, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted Customs brokers that have registered with the Customs. The consignees and consignors for import or export goods and the Customs brokers engaged in Customs declaration shall register with the Customs in accordance with the law. Principal regulations on the inspection of import and export commodities are set out in the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated by the NPCSC on 21 February 1989 and amended on 28 April 2002 and 29 June 2013 and its implementation rules. According to the aforesaid relevant laws and regulations, the import and export commodities that are subject to compulsory inspection listed in the catalogue compiled by the State administration shall be inspected by the commodity inspection authorities, and the import and export commodities that are not subject to statutory inspection shall be subject to random inspection. Consignees and consignors themselves or its entrusted agent may apply for inspection to the commodity inspection authorities.

Provisions on environmental protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”) implemented on 26 December 1989 and amended on 24 April 2014 stipulates that installations for the prevention and control of pollution in construction projects must be designed, built and commenced operation together with the main body of the project. Installations for the prevention and control of pollution should comply with the requirements of the approved environmental impact report and may not be dismantled or left idle without authorisation. Enterprises and other production operators engaged in pollutant discharge licensing management should discharge pollutants according to the pollutant discharge license. Those which have not yet obtained the pollutant discharge license may not discharge pollutants. If business units or other production operators violate the relevant regulations of the Environmental Protection Law, they may be liable to legal responsibilities including administrative penalties such as fines, corrective actions, suspension of production for improvement, suspension of business or being shut down. Direct management and direct persons in charge may be subject to detainment, and liable to criminal responsibility if their violations constitute a criminal offense.

The Measures for the Administration of Pollutant Discharge Licenses of Guangdong Province (《廣東省排污許可證管理辦法》) promulgated on 27 January 2014 and effective on 1 April 2014 stipulates that enterprises in the administrative area of Guangdong Province should obtain the pollutant discharge license if they: (i) discharge air pollutant; (ii) discharge industrial waste water, medical waste water and other waste water containing poisonous and harmful material; (iii) operate sewage treatment facilities at town, industry zone or

REGULATORY OVERVIEW

development zone; (iv) operate large-scale livestock and poultry farms; and (v) engage in other performance. The Notice Regarding Relevant Regulations of Discharging Pollutant Licensing (Interim) (《關於排污許可事項有關規定的通知(暫行)》) promulgated by Zhongkai Hi-Tech Industrial Development Zone Branch of Environmental Protection Bureau in Huizhou on 30 May 2014 stipulates that enterprises only discharge noise and domestic sewage do not need to obtain a pollutant discharge license. If such license is obtained, it will be cancelled after the date of expiry.

As at the Latest Practicable Date, Huizhou TIME has complied with the above laws and regulations. It has obtained the pollutant discharge license in relation to the discharge of domestic noise and domestic sewage.

Provisions on fire prevention

The Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) was implemented on 1 September 1998 and amended on 28 October 2008. According to the Fire Prevention Law, upon completion of large venues with a high population density or other particular construction projects as prescribed by the Ministry of Public Security, such projects must go through fire prevention inspection by the fire prevention authority of the public security department. Such projects will be prohibited from commencement of operation without inspection or fail to pass the inspection. Prior to the commencement of use or operation of public gathering venues, the construction unit or user unit is required to make an application to the fire prevention authority of the public security department at the county level or above at the place where the venue is situated for a fire prevention inspection. When a construction project has been delivered for use without passing the inspection, or where public gathering spots which commenced for use or operation without being inspected for fire prevention or had been inspected but failed to satisfy the fire prevention safety requirements, an order to cease its use or production or operation may be made and a fine may be levied by the relevant authority.

Provisions on labour relationship

According to the Labour Law of the PRC (《中華人民共和國勞動法》) (the “**Labour Law**”) promulgated on 5 July 1994, becoming effective on 1 January 1995 and amended on 27 August 2009, workers are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. The employer may extend working hours due to the requirements of its production or business after consultation with the trade union, and the extended hours shall generally not exceed one hour per day. If such extension is called for due to special reasons and the employees' health is under protection, the extended hours cannot be exceeding three hours per day. However, the total overtime working hours in one month shall in no event exceed 36 hours. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

REGULATORY OVERVIEW

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labour Contract Law**”) was promulgated on 29 June 2007 and amended on 28 December 2012 and its implementation regulations were implemented on 18 September 2008. According to the Labour Contract Law, labour contracts must be executed in writing to establish labour relationships between employers and employees. Employees who fulfil certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a permanent labour contract. Wages paid by employers may not be lower than the local minimum wage. Both employers and employees must perform their respective obligations stipulated in the labour contracts. Where workers are provided by a dispatching service company, the dispatching service company is the employer and performs the legal obligations of an employer towards the dispatched workers, including, among others, entering into a labour contract with a fixed term of more than two years with the workers and paying remuneration for their labour. The dispatching service company must conclude a labour dispatch agreement with the entities that receive labour services. In the event of a violation of any legal provisions of the Labour Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labour administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties. An entity receiving workers from a dispatching service company may be held jointly and severally liable together with the dispatching service company in case harm is done to workers during the dispatch period.

The Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) promulgated on 24 January 2014 and became effective on 1 March 2014 stipulate that the employer shall strictly control the number of dispatched workers which should not exceed 10% of the total number of its workers. In addition, employers shall employ dispatched workers in temporary, auxiliary or substitutable positions only.

Provisions on social insurance and housing provident funds

The Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) implemented on 1 July 2011 stipulates that employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contribution must be paid by both employers and employees, while work related injury insurance and maternity insurance contribution must be paid solely by employers. An employer must declare and make social insurance contribution in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specific time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to

REGULATORY OVERVIEW

0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer must be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administrative of Housing Provident Funds (《住房公積金管理條例》) effective on 3 April 1999 and amended on 24 March 2002, a unit (including a foreign investment enterprise) shall undertake the registration with the administrative centre of housing provident funds and pay the funds for their staff. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative centre of housing provident funds will impose an order for completion within prescribed time limit, if such employer further fails to process within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. On the other hand, if a unit, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative centre of housing provident funds will impose an order for payment within a prescribed time limit if such unit further fails to make payment within the aforesaid time limit, the centre shall have the right to apply for compulsory enforcement in court.

Provisions on work health and safety

The Law of the PRC on the Prevention and Control of Occupation Diseases (《中華人民共和國職業病防治法》) promulgated on 27 October 2001, which became effective on 1 May 2002 and was amended on 31 December 2011, 2 July 2016 and 4 November 2017, respectively, stipulates that employers shall create a work environment with conditions meeting the national occupational health standards and requirements and take measures to ensure that employees receive occupational health protection. When the employer fails to provide occupational disease protective facilities and occupational disease protective items for personal use which do not meet the national occupational health standards and requirements, the work safety administrative department shall issue a warning and order. The enterprise must comply within a prescribed time limit. If no adjustment is made within the time limit, a fine shall be imposed upon the enterprise. For serious circumstances, the enterprise will be ordered to shut down or cease all operation which causes occupational disease hazards.

The PRC Production Safety Law (《中華人民共和國安全生產法》) (the “**PRC Production Safety Law**”), which became effective on 1 November 2002 and was amended on 27 August 2009 and 31 August 2014. The PRC Production Safety Law requires us to maintain safe production conditions as provided in it and other relevant laws, administrative regulations, national standards and industrial standards. Enterprises shall provide their employees with work safety education and training to ensure that their employees (i) have necessary work safety knowledge; (ii) are familiar with the relevant work safety policies and rules and safe operating procedures; (iii) possess the safe operating skills for their respective posts; (iv) know the emergency response measures for accidents; and (v) are informed of their rights and obligations in terms of work safety. In order to comply with applicable national or industrial standards, the design, manufacture, installation, use, checking and maintenance of our safety equipment is required. In addition, enterprises are required to provide employees with labour protection equipment that meet the national or industrial standards and to supervise and educate them to wear or use such equipment according to the prescribed rules.

REGULATORY OVERVIEW

Violation of the PRC Production Safety Law will cause various penalties, including being ordered to take corrective actions within a specified time, suspension of business, confiscation of illegal proceeds and payment of fine in accordance with the circumstances. In serious circumstances, business licenses will be revoked or criminal offences will be charged. Enterprises and persons directly responsible for the offences may be subject to criminal liability.

THE LAWS AND REGULATIONS OF HONG KONG

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance provides for, amongst other things, the protection of the wages of employees, to regulate general conditions of employment, and for matters connected therewith. Under section 25 of the Employment Ordinance, where a contract of employment is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the Employment Ordinance commits an offence and is liable to a maximum fine of \$350,000 and to imprisonment for a maximum of three years. Further, under section 25A of the Employment Ordinance, if any wages or any sum referred to in section 25(2)(a) are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Any employer who wilfully and without reasonable excuse contravenes section 25A of the Employment Ordinance commits an offence and is liable on conviction to a maximum fine of \$10,000.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK\$100,000 and imprisonment for two years. Our Company confirms that as at the Latest Practicable Date, employee compensation insurance has been obtained for all of our employees.

REGULATORY OVERVIEW

According to section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

The MPF Scheme is defined contribution retirement scheme managed by authorised independent trustees. The Mandatory Provident Fund Schemes Ordinance provides that an employer shall participate in an MPF Scheme and make contributions for its employees aged between 18 and 65. Under the MPF Scheme, an employer and its employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purposes is currently HK\$30,000 per month or HK\$360,000 per year.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premise to take reasonable care of the premise in all circumstances so as to ensure that his visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- (i) providing and maintaining plant and work systems that are safe and without risks to health;
- (ii) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (iv) providing and maintaining safe access to and egress from the workplaces; and

REGULATORY OVERVIEW

- (v) providing and maintaining a working environment that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue improvement notices against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively and imprisonment of up to one year.

Transfer pricing adjustments in Hong Kong and the PRC

Hong Kong

Regulations concerning transfer pricing between associated enterprises can be found in the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**IRO**”) and the comprehensive double taxation agreements (the “**DTAs**”) between Hong Kong and other countries or territories, including the PRC.

Pursuant to Section 20(2) of the IRO, a non-resident person shall be liable to Hong Kong profits tax where it carries on business with a closely connected resident person and such business is so arranged that it produces to the resident person either no profits which arise in or derive from Hong Kong or less than the ordinary profits which might be expected to arise in or derive from Hong Kong.

Under section 60 of the IRO, where it appears to an assessor that for any year of assessment any person chargeable with tax has not been assessed or has been assessed at less than the proper amount, the assessor may, within the year of assessment or within 6 years after the expiration thereof, assess such person at the amount or additional amount which according to his judgment such person ought to have been assessed, and, provided that where the non-assessment or under-assessment of any person for any year of assessment is due to fraud or willful evasion, such assessment or additional assessment may be made at any time within 10 years after the expiration of that year of assessment.

Section 61A of the IRO stipulates that where it would be concluded that person(s) entered into or carried out transactions for the sole or dominant purpose to obtain a tax benefit (which means the avoidance or postponement of the liability to pay tax or the reduction in the amount thereof), liability to tax of the relevant person(s) will be assessed (a) as if the transaction or any part thereof had not been entered into or carried out; or (b) in such other manner as the supervising authority considers appropriate to counteract the tax benefit which would otherwise be obtained.

REGULATORY OVERVIEW

The DTAs contain provisions mandating the adoption of arm's length principle for pricing transactions between associated enterprises. The arm's length principle uses the transactions of independent enterprises as a benchmark to determine how profits and expenses should be allocated for the transactions between associated enterprises. The basic rule for DTA purposes is that profits tax charged or payable should be adjusted, where necessary, to reflect the position which would have existed if the arm's length principle had been applied instead of the actual price transacted between the enterprises.

The Departmental Interpretation and Practice Notes No. 45 – Relief from Double Taxation due to Transfer Pricing or Profit Reallocation Adjustments issued by the Inland Revenue Department in April 2009 makes it available that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another country, a Hong Kong taxpayer may potentially claim relief under the tax treaty between Hong Kong and that country (countries entered into tax arrangements with Hong Kong includes the PRC).

The Inland Revenue Department also issued a Departmental Interpretation and Practice Notes No. 46 in December 2009 which provides a comprehensive guideline on transfer pricing and further issued a Departmental Interpretation and Practice Notes No. 48 in March 2012 which provides a mechanism for taxpayers to pre-agree their transfer pricing arrangements with the Inland Revenue Department.

The PRC

Pursuant to the Enterprise Income Tax Law and its Implementation Regulations (《企業所得稅法實施條例》) and the Implementation Regulations for Special Tax Adjustments (Trial) (《特別納稅調整實施辦法(試行)》) (the “**STA Rules**”), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are defined as related party transactions, which should comply with the arm's length principle (獨立交易原則). If the related party transactions fail to comply with arm's length principle results in the reduction of the enterprise's taxable income, the tax authority has the power to make an adjustment (特別納稅調整) following certain procedures within ten years from the tax paying year that the non-compliant related party transaction had occurred.

Pursuant to the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) promulgated on 4 September 1992, latest amended on 24 April 2015 and its implementing rules (《中華人民共和國稅收徵收管理法實施細則》) promulgated on 7 September 2002, latest amended on 6 February 2016, taxpayers have an obligation to provide the local tax authorities with information on prices, expenditure standard and others concerning business transactions with the related party. The taxpayer may propose to the competent tax authorities a pricing principle and calculation method for business transactions with the related party. The competent tax authorities may, after examination and approval, agree upon the items of pricing with the taxpayer in advance and supervise over the implementation.

Pursuant to the Announcement of the State Administration of Taxation on Relevant Matters relating to Improvement of the Filing of Related Party Transactions and the Management of Contemporaneous Documentation (《國家稅務總局關於完善關聯申報和同期資料

REGULATORY OVERVIEW

管理有關事項的公告》) (the “**Circular 42**”) promulgated by the SAT and became effective on 29 June 2016, any resident enterprise subject to audit collection and any non-resident enterprise which has establishments or offices in China and honestly reports and pays enterprise income tax shall, in filing a tax return for the annual enterprise income tax with a tax authority, make related filings with regard to its business transactions with any related party and attach thereto the Annual Report on the Related Party Transactions (年度關聯業務往來報告). Enterprises shall prepare contemporaneous documentation (同期資料) based on a tax year, and submit contemporaneous documentation for the related party transactions to the tax authority if required by the same. Contemporaneous documentation includes the master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔), each of which is applied to different circumstances in relation to the related party transactions of the PRC enterprises.

The SAT has published an announcement on issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Consultation Procedures (《特別納稅調查調整及相互協商程序管理辦法》) (the “**Circular 6**”) which came into effect from 1 May 2017. According to the Circular 6, the tax authorities exercise special tax adjustment monitoring and management of enterprises via review of the reporting of related party transactions, management of contemporaneous documentation, profit level monitoring and other means. If an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions. Besides, pursuant to the tax treaties signed by China, the SAT may activate mutual consultation procedures either upon application by an enterprise or upon request by the competent tax authority of the contracting counter-party of a tax treaty to consult and negotiate with the latter, so as to avoid or eliminate international double taxation triggered by special tax adjustment.

As confirmed by our Directors, Huizhou TIME’s transfer pricing arrangements have not been challenged, investigated or penalised by any relevant tax authority in the PRC, nor has it received any special tax adjustment risk warning from tax authorities in the PRC during the Track Report Period and up the Latest Practicable Date. Also, pursuant to the documentation issued by competent tax departments, Huizhou TIME has no violation on tax during the Track Record Period.

Based on the foregoing, our PRC Legal Advisers are of the view that Huizhou TIME has performed its material obligations and complied with the material aspects requested in the applicable transfer pricing laws and regulations in the PRC during the Track Record Period.

Our Group has taken various measures to ensure compliance with relevant transfer pricing laws and regulations in jurisdictions where we operate, including (i) monitoring the implementation of internal control policy on tax-related matters; (ii) identification of updates on transfer pricing laws and regulations and assessment of related risks on our Group; (iii) regular review on transfer pricing policy and exposure; and (iv) monitor our pricing policy of intra-group transactions regularly to ensure intra-group transactions can satisfy the arm’s length principle.

REGULATORY OVERVIEW

In order to ensure our Group's cross-border transfer pricing arrangement has complied with relevant laws and regulations, our Group ensures related parties transactions conducted satisfy the arm's length principle and our relevant group company prepared contemporaneous transfer pricing documentation reports in accordance with applicable regulations during the Track Record Period. Based on the documents provided by Huizhou TIME, during the Track Record Period, Huizhou TIME has submitted relevant documents concerning related party transaction to the competent tax authority each tax year. Please refer to the section headed "Business – Transfer pricing arrangement" in this prospectus for further details.

HISTORY, DEVELOPMENT AND REORGANISATION

THE CORPORATE HISTORY

Our business began in December 1992 when Linkz Industries, one of the Controlling Shareholders, established Time Interconnect HK under its former name LTK Wire Products Limited in Hong Kong to specialise in the manufacture and sales of cable assembly products. In October 1993, Time Interconnect HK arranged with the Subcontracting Factory to provide manufacturing support to our Group's consumer electronic cable assembly products.

With an aim to expand our product offering and capture opportunities from the potential domestic telecommunication cable assemblies market in the PRC, in April 2002, Time Interconnect HK and Huizhou Desay, an Independent Third Party, established Huizhou TIME as a sino-foreign equity joint venture in the PRC. Huizhou TIME subsequently became wholly-owned by Time Interconnect HK in December 2006. The principal business of Huizhou TIME was manufacturing of telecommunication cable assemblies at the relevant time.

In November 2008, with a view to formalising the operations of our business and expanding our PRC domestic cable assemblies business, Time Interconnect HK established Huizhou Cabletech as a WFOE in the PRC. Huizhou Cabletech conducted a business of manufacturing consumer electronic cable assembly products and gradually took over the manufacturing functions of the Subcontracting Factory. As part of our continuing efforts to streamline and optimise our business operations, in September 2013, Huizhou TIME initiated the merger and absorption of Huizhou Cabletech's assets and liabilities into Huizhou TIME, which was subsequently completed in March 2015.

Since then, our Group has mainly conducted its business operations through its operating subsidiaries, namely Time Interconnect HK and Huizhou TIME.

IMPORTANT BUSINESS MILESTONES

The following illustrates certain key milestones and achievements in the business development of our Group:

Year	Event
December 1992	Time Interconnect HK was established under its former name LTK Wire Products Limited
October 1993	We commenced the manufacture and sales of consumer electronic cable assembly products through the manufacturing support of the Subcontracting Factory
April 2002	Huizhou TIME and its production facilities in Gutangao (古塘坳), Huizhou, the PRC was established to expand our product offering to include telecommunication cable assemblies
November 2008	Huizhou Cabletech was established

HISTORY, DEVELOPMENT AND REORGANISATION

Year	Event
November 2012	Huizhou TIME moved its production facilities to Zhongkai Hi-Tech District, Huizhou, Guangdong Province, the PRC
November 2014	We were accredited with ISO14001:2004 environmental management system standard and ISO9001:2008 quality management systems model for quality assurance
March 2015	The merger and absorption of Huizhou Cabletech's assets and liabilities into Huizhou TIME was completed

THE SHAREHOLDERS

As at the Latest Practicable Date, Datatech Investment and Time Holdings owned 13.5% and 86.5% of the Shares of our Company, respectively. Time Holdings is an investment holding company with no substantive business operations and is directly and wholly-owned by Linkz Industries. Linkz Industries, with its group of subsidiaries, conducted a business in the manufacture and sales of a range of products including networking cables, LED video display screens as well as leasing of LED video display screens.

Mr. Paul Lo, one of the Controlling Shareholders, together with two individuals who were Independent Third Parties co-founded Linkz Industries.

Linkz Industries was incorporated in Hong Kong on 2 October 1981 with limited liability, under its former name LTK Industries Limited with an issued share capital of HK\$30 divided three (3) shares of HK\$10 each. On 2 October 1981, one (1), one (1) and one (1) share was allotted and issued to Mr. Kwok Cham Lok, Mr. Law Ching Ting, each an Independent Third Party, and Ms. Ho Hsiu Lan (spouse of Mr. Paul Lo), respectively, at nominal value.

On 7 October 1981, Linkz Industries increased its share capital to HK\$210,000. On the same date, 6,999, 6,999 and 6,999 shares were allotted to Mr. Kwok Cham Lok, Mr. Law Ching Ting and Ms. Ho Hsiu Lan, respectively, at nominal value. Upon the aforesaid increase in share capital and allotment of shares, Linkz Industries was owned as to 33.33% by Mr. Kwok Cham Lok, Mr. Law Ching Ting and Ms. Ho Hsiu Lan, respectively.

On 6 September 1982, Mr. Law Ching Ting transferred his 7,000 shares in Linkz Industries to Ms. Liang Kit Wan, an Independent Third Party. Upon the share transfer, Linkz Industries was owned as to 33.33% by Mr. Kwok Cham Lok, Ms. Ho Hsiu Lan and Ms. Liang Kit Wan, respectively.

On 31 May 1983, Linkz Industries increased its share capital to HK\$400,000. On the same date, 9,500 and 9,500 shares were allotted to Mr. Kwok Cham Lok and Ms. Ho Hsiu Lan, respectively. Upon the aforesaid increase in share capital and allotment of shares, Linkz Industries was owned as to 41.25% by Mr. Kwok Cham Lok, 41.25% by Ms. Ho Hsiu Lan and 17.5% by Ms. Liang Kit Wan, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

In or around March 1984 and at the material time of preparing the listing of Gold Peak, Mr. Paul Lo reviewed the shareholdings and directorship of his and his spouse's companies. Mr. Paul Lo considered that he should concentrate his time and efforts in Gold Peak as (i) Gold Peak's scale of operation was substantial; and (ii) Linkz Industries' profit was insignificant compared to Gold Peak's. Therefore, on 29 March 1984, Ms. Ho Hsiu Lan (Mr. Paul Lo's spouse) transferred her 16,500 shares in Linkz Industries to JCL Company Limited ("JCL"), an Independent Third Party which was owned as to 99% by Mr. Anthony Leung (a colleague of Mr. Paul Lo and director of Gold Peak at the relevant time) and his spouse at the relevant time, at a consideration of approximately HK\$165,000. Mr. Anthony Leung and his spouse were also the directors of JCL at the relevant time. Upon the aforesaid share transfer, Linkz Industries was owned as to 41.25% by Mr. Kwok Cham Lok, 41.25% by JCL and 17.5% by Ms. Liang Kit Wan, respectively.

On 10 December 1984, Ms. Liang Kit Wan transferred her 7,000 shares in Linkz Industries to Ms. Kwok Shuk Han, an Independent Third Party. Upon the aforesaid share transfer, Linkz Industries was owned as to 41.25% by Mr. Kwok Cham Lok, 41.25% by JCL and 17.5% by Ms. Kwok Shuk Han, respectively.

On 28 March 1985, Linkz Industries increased its share capital to HK\$1,000,000. On the same date, 30,000 shares and 30,000 shares were allotted to Mr. Kwok Cham Lok and JCL, respectively. Upon the aforesaid increase in share capital and allotment of shares, Linkz Industries was owned as to 46.5% by Mr. Kwok Cham Lok, 46.5% by JCL and 7% by Ms. Kwok Shuk Han, respectively.

In early 1986, Mr. Paul Lo learned of Mr. Anthony Leung's preliminary plan to emigrate from Hong Kong and intention to divest his interest in Linkz Industries. Mr. Paul Lo was of the view that Linkz Industries' business was growing well and would be willing to acquire at least half the interest in Linkz Industries and requested JCL to first increase its shareholding in Linkz Industries.

On 14 May 1986, Ms. Kwok Shuk Han transferred 3,500 and 3,500 shares (collectively her entire shareholdings in Linkz Industries) to Mr. Kwok Cham Lok and JCL, respectively. Upon the aforesaid share transfer, Linkz Industries was owned as to 50% by Mr. Kwok Cham Lok and 50% by JCL, respectively.

On 29 May 1986, Mr. Paul Lo acquired JCL's interest in Linkz Industries at a stamped consideration of approximately HK\$566,000 by way of a declaration of trust, pursuant to which JCL held 50,000 shares of Linkz Industries for and on behalf of Mr. Paul Lo. Upon the aforesaid arrangement, Linkz Industries was owned as to 50% by Mr. Kwok Cham Lok and 50% by Mr. Paul Lo (held through JCL), respectively.

As Linkz Industries continued to grow and needed capital, on 26 May 1987, Linkz Industries increased its share capital to HK\$3,000,000 and 100,000 and 100,000 shares were allotted and issued to Mr. Kwok Cham Lok and JCL, respectively, on a pro-rata basis to support its development, and Mr. Paul Lo had paid for the subscription of the portion of JCL. Therefore, on 18 June 1987, JCL and Mr. Paul Lo entered into another declaration of trust, pursuant to which JCL held 100,000 shares of Linkz Industries for and on behalf of

HISTORY, DEVELOPMENT AND REORGANISATION

Mr. Paul Lo at nil consideration. Upon the aforementioned arrangements, Linkz Industries remained owned as to 50% by Mr. Kwok Cham Lok and 50% by Mr. Paul Lo (held through JCL), respectively.

On 27 July 1988, Linkz Industries increased its share capital to HK\$10,000,000 and 350,000 and 350,000 shares were allotted and issued to Mr. Kwok Cham Lok and directly to Mr. Paul Lo, respectively. Upon the aforesaid allotment of shares, Linkz Industries was owned as to 50% by Mr. Kwok Cham Lok and 50% by Mr. Paul Lo (15% of which were held through JCL), respectively.

Subsequently, on 19 September 1988, JCL transferred the 150,000 shares of Linkz Industries held for and on behalf of Mr. Paul Lo to Mr. Paul Lo at nil consideration. Upon the aforesaid share transfer, Linkz Industries was owned as to 50% by Mr. Kwok Cham Lok and 50% by Mr. Paul Lo, respectively.

Set out below are the actual changes in the beneficial interests of Mr. Paul Lo and his spouse in Linkz Industries during the period from 28 March 1984 to 19 September 1988:

Period	Number of shares interested	% of beneficial interests
On 28 March 1984	16,500	41.25%
29 March 1984 to 28 May 1986	Nil	Nil
29 May 1986 to 25 May 1987	50,000	50.00%
26 May 1987 to 26 July 1988	150,000	50.00%
27 July 1988 to 18 September 1988	500,000	50.00%
On 19 September 1988	500,000	50.00%

On 1 October 1991, Linkz Industries increased its share capital to HK\$20,000,000 and allotted 1,000,000 shares to Mr. Paul Lo. Upon the aforesaid allotment, Linkz Industries was owned as to 75% by Mr. Paul Lo and 25% by Mr. Kwok Cham Lok.

On 10 December 1993, Mr. Kwok Cham Lok transferred 400,000 shares and 100,000 shares of Linkz Industries to Leningrad Holdings Limited and Apex Nominee No.1 Limited. Leningrad Holdings Limited was owned by Mr. Kwok Cham Lok and Apex Nominee No.1 Limited held the shares as trustee of Mr. Kwok Cham Lok. Upon the aforesaid share transfers, Linkz Industries was owned as to 75% by Mr. Paul Lo and 25% by Mr. Kwok Cham Lok (20% held through Leningrad Holdings Limited and 5% held through Apex Nominee No.1 Limited, respectively), respectively.

Pursuant to an agreement on reorganisation dated 19 October 1994 entered into between Gold Peak, Mr. Paul Lo and Mr. Kwok Cham Lok (the “**Reorganisation Agreement**”), by way of special resolution on 12 December 1994, it is resolved that all existing issued ordinary shares of Linkz Industries were converted to non-voting deferred shares. On the same date, the new share capital of Linkz Industries, being an issued share capital of HK\$1,000, out of which 51 and 49 shares of HK\$10 each were issued to Mr. Paul Lo and Beauty Quality Investment Limited, respectively. Beauty Quality Investment Limited

HISTORY, DEVELOPMENT AND REORGANISATION

was a wholly-owned subsidiary of Gold Peak at the relevant time. Following the Reorganisation Agreement, Linkz Industries was owned as to 51% by Mr. Paul Lo and 49% by Beauty Quality Investment Limited.

On 27 October 1995, Beauty Quality Investment Limited transferred its entire shareholdings in Linkz Industries to GP Industries (known as GPE Industries Limited at the relevant time and a subsidiary of Gold Peak). Upon the aforesaid share transfer, Linkz Industries was owned as to 51% by Mr. Paul Lo and 49% by GP Industries.

On 31 October 1997 and 25 January 1999, Linkz Industries in aggregate increased its ordinary share capital to HK\$42,000,000 and allotted new shares to Mr. Paul Lo and GP Industries in proportion to their shareholdings. Upon the aforesaid allotment of shares, Linkz Industries was continuously owned as to 51% by Mr. Paul Lo and 49% by GP Industries Limited. In addition, on 31 October 1997 and 8 June 1999, the non-voting deferred shares were also subsequently transferred and owned as to 51% by Mr. Paul Lo and 49% by GP Industries.

HISTORY, DEVELOPMENT AND REORGANISATION

On 28 December 2000, pursuant to an employee share subscription programme of Linkz Industries, 420,000 shares were allotted to selected employees (the “**Selected Employees**”). The shares allotted under the employee incentive scheme agreements dated 28 December 2000 (and supplemented on 8 August 2007) are subject to a buy-back provision upon resignation of respective Selected Employees where only Mr. Paul Lo and GP Industries are the eligible buyers. The table below shows the respective shareholdings and changes in shareholdings of Linkz Industries relating to the employee share subscription programme:

	Allotment of 420,000 shares to the Selected Employees on 28 December 2000	Three Selected Employees resigned on 4 February 2005	Two Selected Employees resigned on 29 August 2006	Certain Selected Employees resigned and the rest of the Selected Employees transferred 50% of their respective shareholdings On 21 August 2007
	<i>Approximate shareholdings (%)</i>	<i>Approximate shareholdings (%)</i>	<i>Approximate shareholdings (%)</i>	<i>Approximate shareholdings (%)</i>
Mr. Paul Lo	46.36	46.57	46.98	49.15
GP Industries	44.55	44.75	45.13	47.23
The Selected Employees	9.09	8.68	7.89	3.62
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

On 13 April 2010, Linkz Industries acquired the remaining 49.95% of Lighthouse Technologies Limited from Sanetech Limited and Alpha Advance Limited. Sanetech Limited and Alpha Advance Limited were companies owned by Mr. Sun Pei Shan, Steven, an Independent Third Party. Consideration for the aforesaid acquisition was the allotment of 1,165,000 shares of Linkz Industries to Nickson Holdings, which was then owned by Mr. Sun Pei Shan, Steven. Upon the allotment, Linkz Industries was owned as to 39.25% by Mr. Paul Lo, 20.14% by Nickson Holdings, 37.72% by GP Industries and 2.89% by the then selected employees of Linkz Industries.

On 22 May 2012, Mr. Paul Lo acquired the entire shareholdings of Nickson Holdings. Upon the acquisition, Linkz Industries was owned as to 39.25% by Mr. Paul Lo, 20.14% by Nickson Holdings (indirect interest in Linkz Industries of Mr. Paul Lo), 37.72% by GP Industries and 2.89% by the then selected employees of Linkz Industries. Subsequently, there were changes in shareholdings of Linkz Industries in relation to the employee share

HISTORY, DEVELOPMENT AND REORGANISATION

subscription programme abovementioned. The table below shows the respective shareholdings and changes in shareholdings of Linkz Industries relating to the employee share subscription programme:

	Two Selected Employees resigned on 17 July 2012 Approximate shareholdings (%)	One Selected Employee resigned on 3 June 2014 Approximate shareholdings (%)
Mr. Paul Lo	39.63	39.68
GP Industries	38.08	38.13
Nickson Holdings	20.14	20.14
The Selected Employees	<u>2.15</u>	<u>2.05</u>
Total	<u>100.00</u>	<u>100.00</u>

The following table sets forth the shareholding structure of Linkz Industries since 1 April 2016 and as at the Latest Practicable Date:

Name of shareholder	Number of ordinary shares <small>(Note 1)</small>	Approximate shareholding percentage
Mr. Paul Lo	2,295,765	39.68%
Nickson Holdings	1,165,000	20.14%
GP Industries	2,205,735	38.13%
Mr. Sy Yuk Tsan <small>(Note 2)</small>	42,000	0.72%
Mr. Li Ping Kuen <small>(Note 2)</small>	5,000	0.09%
Ms. Lo Ching Yee <small>(Note 2)</small>	2,500	0.04%
Mr. Wong Wai Hung <small>(Note 2)</small>	1,000	0.02%
Mr. Cua Tin Yin Simon <small>(Note 3)</small>	63,000	1.09%
Mr. Chan Ting Hei <small>(Note 3)</small>	<u>5,000</u>	<u>0.09%</u>
TOTAL	<u>5,785,000</u>	<u>100.00%</u>

Notes:

- The share capital of Linkz Industries comprises 5,785,000 ordinary shares of HK\$10 each and 2,000,000 non-voting deferred shares (“**Linkz Deferred Shares**”) of HK\$10 each in issue. This table shows the shareholding structure of Linkz Industries as at the Latest Practicable Date, and the shareholding structure has not been changed since 1 April 2016. This table does not include any Linkz Deferred Shares, which account for 25.7% of the issued share capital of Linkz Industries.

HISTORY, DEVELOPMENT AND REORGANISATION

2. Each member of Linkz Management was allotted their respective shareholding in Linkz Industries pursuant to the employee incentive scheme agreements dated 28 December 2000 (and supplemented on 8 August 2007) (the “**Employee Incentive Scheme Agreements**”) entered into between each member of Linkz Management, Mr. Paul Lo, GP Industries and Linkz Industries, respectively. The shares allotted under the Employee Incentive Scheme Agreements are subject to a buy-back provision, and the transfer of shares is restricted to Mr. Paul Lo and GP Industries only.
3. Each member of Time Management was allotted their respective shareholding in Linkz Industries pursuant to the Employee Incentive Scheme Agreements entered into between each member of Time Management, Mr. Paul Lo, GP Industries and Linkz Industries, respectively. The shares allotted under the Employee Incentive Scheme Agreements are subject to a buy-back provision, and the transfer of shares is restricted to Mr. Paul Lo and GP Industries only.

To the best knowledge of our Directors, Linkz Group (including its associates) is not the subject of any material non-compliance incidents, claims, litigations, or legal proceedings (whether actual or threatened) during the Track Record Period and up to the Latest Practicable Date.

OUR GROUP

Our Group has a number of direct and indirect subsidiaries incorporated in the BVI, Hong Kong, and the PRC. Details of the members of our Group and their respective corporate histories are set out below.

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 June 2017 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On 15 June 2017, one fully-paid Share was allotted and issued to the initial subscriber of our Company, which was subsequently transferred to Time Holdings at nominal consideration on the same day.

On 19 June 2017, our Company allotted and issued 8,649 and 1,350 Shares, credited as fully-paid, to Time Holdings and Datatech Investment, respectively, in the manner described in the paragraph headed “Reorganisation – 5. Acquisition of Time Investment” below.

Immediately following the above transactions, the shareholding structure of our Company was as follows:

Name of shareholders	Number of Shares	Percentage of interest (%)
Time Holdings	8,650	86.5%
Datatech Investment	<u>1,350</u>	<u>13.5%</u>
Total	<u><u>10,000</u></u>	<u><u>100%</u></u>

HISTORY, DEVELOPMENT AND REORGANISATION

On 24 January 2018, our Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each.

As at the Latest Practicable Date, our Company acted as the holding company of our Group with business being conducted through the operating subsidiaries of our Company, namely Time Interconnect HK and Huizhou TIME.

OUR SUBSIDIARIES

Time Investment

Time Investment was incorporated in the BVI on 29 May 2017 with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 each. On 29 May 2017, one (1) fully-paid share of Time Investment, representing the entire issued share capital of Time Investment, was allotted and issued to Time Holdings.

As part of the Reorganisation, on 6 June 2017, Time Investment allotted and issued 8,649 shares in Time Investment to Time Holdings, credited as fully paid, in consideration of which Linkz Industries transferred the entire issued share capital of Time Interconnect HK to Time Investment. For details, please refer to the paragraph headed “Reorganisation – 2. Acquisition of Time Interconnect HK” in this section. On 8 June 2017, Time Investment allotted and issued 1,350 shares, credited as fully paid, in Time Investment to Datatech Investment in the manner described in the paragraph headed “Reorganisation – 3. Pre-IPO Investment” in this section. On 19 June 2017, our Company acquired 8,650 and 1,350 shares in Time Investment from Time Holdings and Datatech Investment, respectively. After the aforesaid transactions, Time Investment became a direct wholly-owned subsidiary of our Company.

Time Investment is an investment holding company and had not commenced any business activities as at the Latest Practicable Date.

Time Interconnect HK

Time Interconnect HK was incorporated in Hong Kong on 29 December 1992 with limited liability, under its former name LTK Wire Products Limited, with an authorised share capital of HK\$2,000,000. On 29 December 1992, one (1) and one (1) share were allotted and issued to Mr. Paul Lo, who held the share on trust for Linkz Industries, and Linkz Industries, respectively, at nominal value. On 15 March 1993, 199,998 shares were allotted and issued to Linkz Industries at nominal value. Since 12 March 1993, Linkz Industries has been the beneficial owner of the entire issued share capital of Time Interconnect HK.

As part of the Reorganisation, on 6 June 2017, Mr. Paul Lo as nominee, transferred the legal interest of one (1) share in Time Interconnect HK to Linkz Industries, as beneficial owner, at nil consideration. On the same date, Time Investment acquired the entire issued

HISTORY, DEVELOPMENT AND REORGANISATION

share capital of Time Interconnect HK from Linkz Industries. After the aforesaid transactions, Time Interconnect HK became an indirect wholly-owned subsidiary of our Company.

Time Interconnect HK mainly carries on the sales of cable assembly products.

Huizhou TIME

Huizhou TIME was established on 25 April 2002 as a sino-foreign equity joint venture in the PRC with an initial registered capital of US\$1,000,000. Huizhou TIME was initially owned as to 90% and 10% by Time Interconnect HK and Huizhou Desay, respectively. The initial registered capital was fully paid up by Time Interconnect HK and Huizhou Desay in April 2003.

On 12 December 2006, Huizhou Desay transferred 10% of the equity interest in Huizhou TIME to Time Interconnect HK through a public tender at the Huizhou Assets and Equity Exchange (惠州市產權交易所), at a consideration of RMB1,170,000, which was determined with reference to the valuation of the equity interest of Huizhou TIME appraised by an independent valuer as at 30 June 2006. Upon completion of the equity transfer, Huizhou TIME became a WFOE and a direct wholly-owned subsidiary of Time Interconnect HK.

Our PRC Legal Advisers, have confirmed that all relevant material approvals and permits in respect of the share transfer have been obtained and the procedures and steps involved are in compliance with relevant PRC laws and regulations.

The registered capital of Huizhou TIME was increased from US\$1,000,000 to US\$2,500,000 and US\$5,100,000 on 10 July 2008 and 26 November 2012, respectively. The additional capitals were fully contributed by cash. The registered capital of Huizhou TIME was further increased to US\$6,600,000 on 9 March 2015. The additional capitals were resulted from the consolidation of registered capital of Huizhou Cabletech into Huizhou TIME after the merger and absorption of Huizhou Cabletech by Huizhou TIME.

Huizhou TIME runs a business in the manufacturing and sales of cable assembly products.

CEASED SUBSIDIARIES

Our Group had a number of subsidiaries in Japan and the PRC which ceased operations during the Track Record Period. Details of these ceased subsidiaries and their respective corporate histories are set out below.

Huizhou Cabletech

Huizhou Cabletech was established in the PRC as a WFOE on 27 November 2008 with a registered capital of US\$1,500,000 and was wholly-owned by Time Interconnect HK. Time Interconnect HK made full payment of registered share capital within the time frames designated by the relevant PRC government authorities.

HISTORY, DEVELOPMENT AND REORGANISATION

As part of our Group's continuous efforts to streamline our operations, a corporate restructuring by way of merger and absorption was initiated where the assets and liabilities of Huizhou Cabletech were fully absorbed by Huizhou TIME. Upon the approval from the relevant PRC authorities, Huizhou Cabletech was deregistered on 17 February 2015 and the merger and absorption of Huizhou Cabletech by Huizhou TIME was completed on 9 March 2015. Huizhou Cabletech runs a business in the manufacturing of consumer electronic cable assembly products in the PRC prior to its deregistration.

Our PRC Legal Advisers have confirmed that the procedures and steps involved in the establishment, change and deregistration of Huizhou Cabletech are valid and effective, and are in compliance with relevant PRC laws and regulations.

Kunshan Time

Kunshan Time was established in the PRC as a WFOE on 7 November 2007 with an initial registered capital of HK\$10,000,000 and wholly-owned by Time Interconnect HK since its establishment. In July 2008, Kunshan Time increased its registered capital to HK\$20,000,000. Time Interconnect HK made full payment of the registered capital (including the additional capitals) within the respective time frames designated by the relevant PRC government authorities.

In July 2014, in light of the dissatisfactory performance of Kunshan Time, Time Interconnect HK resolved to the voluntary winding up of Kunshan Time by way of written shareholder's resolution. The winding up and deregistration of Kunshan Time were approved by the relevant PRC government authorities and Kunshan Time was deregistered on 5 January 2016. Kunshan Time specialises in the manufacture and sales of cable assembly products in the PRC prior to its deregistration.

Our PRC Legal Advisers have confirmed that the procedures and steps involved in the establishment, change and deregistration of Kunshan Time are valid and effective, and are in compliance with relevant PRC laws and regulations. Our Directors confirm that Kunshan Time is not involved in any pending or unresolved arbitration or legal proceedings prior to its deregistration.

Time Japan

Time Japan was incorporated on 28 December 2000 as a limited liability company with an initial issued share capital of JPY10,000,000 divided into 200 shares and wholly-owned by Time Interconnect HK.

Due to sluggish business prospect of Time Japan in view of the stagnant economy in Japan, on 31 March 2015, Time Interconnect HK resolved to the voluntary winding up of Time Japan by way of shareholder's resolution. The winding-up of Time Japan was completed on 27 July 2015. Time Japan specialises in the sales and distribution of cable assembly products in Japan prior to its dissolution.

HISTORY, DEVELOPMENT AND REORGANISATION

Our Japan Legal Advisers have confirmed that the procedures and steps involved in the incorporation and liquidation of Time Japan are valid and effective, and are in compliance with relevant laws and regulations in Japan. Our Directors confirm that Time Japan is not involved in any pending or unresolved arbitration or legal proceedings prior to its dissolution.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation through the following major steps:

1. Incorporation of Time Holdings and Time Investment

- (i) On 29 May 2017, Time Holdings was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 each. One (1) fully-paid ordinary share of Time Holdings, representing the entire issued share capital of Time Holdings, was allotted and issued at par to Linkz Industries on 29 May 2017.
- (ii) On 29 May 2017, Time Investment was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 each. One (1) fully paid ordinary share of Time Investment, representing the entire issued share capital of Time Investment, was allotted and issued at par to Time Holdings on 29 May 2017.

2. Acquisition of Time Interconnect HK

On 6 June 2017, Time Investment acquired the entire issued share capital in Time Interconnect HK from Linkz Industries, in consideration of which (i) Time Investment allotted and issued 8,649 shares in Time Investment to Time Holdings, credited as fully paid; and (ii) Time Holdings allotted and issued 9,999 shares in Time Holdings to Linkz Industries, credited as fully paid.

Upon the acquisition, Time Interconnect HK became a direct wholly-owned subsidiary of Time Investment.

3. Pre-IPO Investment

On 6 June 2017, Datatech Investment, as subscriber, and Time Investment entered into a subscription agreement, pursuant to which Datatech Investment agreed to subscribe for 1,350 shares in Time Investment, representing 13.5% of the enlarged issued share capital of Time Investment, at a consideration of HK\$40,500,000.

HISTORY, DEVELOPMENT AND REORGANISATION

Details of the Pre-IPO Investment are summarised below:

Name of investor	:	Datatech Investment
Background of investor	:	A company incorporated in Seychelles with its legal and beneficial interest wholly-owned by Mr. Kwong. Mr. Kwong is an experienced businessman who owns, among others, a corporate advisory and secretarial firm and is familiar with corporate governance regulatory compliance
Date of Pre-IPO Investment agreement	:	6 June 2017
Number of shares subscribed	:	1,350
Consideration paid	:	HK\$40,500,000
Date of payment of the consideration in full	:	8 June 2017
Effective cost per Share (Note 1)	:	HK\$0.20
Percentage of shareholding upon Listing (Note 2)	:	204,930,000 Shares, representing 11.14% of the issued share capital of our Company upon Listing

Notes:

1. For illustration purposes only. Based on the indicative Offer Price range, the effective cost per Share represents a discount of 20% to HK\$0.25 per Share, being the lower end of the stated Offer Price range, and a discount of 66.7% to HK\$0.5 per Share, being the upper end of the stated Offer Price range.
2. Assuming completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The said consideration was arrived at after arm's length negotiations between the parties with reference to the net profit of our Group for the year ended 31 March 2017, the price-to-earnings ratio of comparable companies then listed on the Stock Exchange that manufacture and sell cables and optical fibre products or wires and cables, which our Directors considered to have resemblance to our business at the material time, and the prospect of our Group. The aforesaid transaction was legally completed and the considerations were settled on 8 June 2017. Our Directors are of the view that the Pre-IPO Investment was entered into on normal commercial terms. Mr. Kwong and Datatech Investment undertook that he/it will not or not procure to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of Shares of which he/it is shown to be the beneficial owner (directly or indirectly) in this prospectus, namely the 204,930,000 Shares upon listing, at any time during the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange. Proceeds from the above subscription are for general working capital and payment of part of the expenses in relation

HISTORY, DEVELOPMENT AND REORGANISATION

to the Listing. As at the Latest Practicable Date, approximately HK\$19,100,000 had been utilised for the repayment of the amount due to Linkz Industries and bank borrowings, and approximately HK\$16,700,000 had been utilised for payment of the expenses in relation to the Listing.

Proceeds from the above Pre-IPO Investment are for payment of part of the expenses in relation to the Listing, repayment to Linkz Industries and repayment of bank loan. As at the Latest Practicable Date, approximately HK\$35.8 million of the proceeds has been utilised.

Datatech Investment is a company incorporated in the Seychelles on 19 May 2017 with limited liability and its entire issued share capital is owned by Mr. Kwong, an Independent Third Party. The principal activity of Datatech Investment is investment holding. Mr. Kwong has been running various businesses including a corporate advisory and secretarial firm in Hong Kong, food and beverage business in the PRC and overseas and investments in technology sector, and he had demonstrated he has vast experience and knowledge in corporate governance and extensive business connection through the various corporations he worked with. Mr. Kwong considered himself to be familiar with listing related matters in Hong Kong as he had held positions with several listed companies in Hong Kong, including the following:

Name of company	Principal business activity	Last position	Period of service
Tianyi (Summi) Holdings Limited (formerly known as “Tianyi Fruit Holdings Limited”) (<i>a company listed on the Main Board</i>) (stock code: 756))	Plantation and sale of agricultural produce, production and sale of frozen concentrated orange juice and other related products and production and sale of freshly squeezed orange juice	Company secretary	March 2010 – March 2011
China Agroforestry Low-Carbon Holdings Limited (formerly known as “Jiangchen International Holdings Limited”) (<i>a company listed on the Main Board</i>) (stock code: 1069))	Manufacture and wholesale of original equipment manufacture of branded products and operations and management of forestry	Company secretary	September 2009 – June 2013
Starlight Culture Entertainment Group Limited (formerly known as “Karce International Holdings Company Limited”) (<i>a company listed on the Main Board</i>) (stock code: 1159))	Entertainment and gaming business, and trading of chemical products, and energy conservation and environmental protection products	Financial controller and company secretary	June 2008 – January 2009
Polyard Petroleum International Group (formerly known as “Kanstar Environmental Paper Products Holdings Limited”) (<i>a company listed on the GEM</i>) (stock code: 8011))	Exploitation of oil, natural gas and coal, and trading in petroleum-related products	Qualified accountant and company secretary	March 2006 – July 2007

HISTORY, DEVELOPMENT AND REORGANISATION

Mr. Kwong has also held directorships in several listed companies including the following:

Name of company	Principal business activity	Position	Period of service
Dragon King Group Holdings Limited <i>(a company listed on the GEM (stock code: 8493))</i>	Operating and managing restaurants	Independent non-executive director	January 2018 – present
Royal Deluxe Holdings Limited <i>(a company listed on the Main Board (stock code: 3789))</i>	Provision of formwork erection as well as related ancillary services	Independent non-executive director	January 2017 – present
Hao Tian International Construction Investment Group Limited (formerly known as “Clear Lift Holdings Limited”) <i>(a company listed on the Main Board) (stock code: 1341)</i>	Leasing and trading of construction machinery and parts, and transportation services	Independent non-executive director	October 2015 – March 2017
Group Sense (International) Limited <i>(a company listed on the Main Board (stock code: 601))</i>	Design, manufacture and sale of original design manufacturing products, electronic dictionary products, personal communication products, provision of electronic manufacturing services and sale of magnesium related products	Independent non-executive director	March 2015 – present
Elegance Optical International Holdings Limited <i>(a company listed on the Main Board (stock code: 907))</i>	Manufacture and trading of optical frames and sunglasses	Independent non-executive director	May 2014 – April 2017
Tang Palace (China) Holdings Limited <i>(a company listed on the Main Board (stock code: 1181))</i>	Restaurant operations and food production	Independent non-executive director	March 2011 – present
Century Sunshine Group Holdings Limited <i>(a company listed on the Main Board (stock code: 509))</i>	Trading in fertiliser, magnesium products and metallurgical flux	Independent non-executive director	September 2004 – present
China Candy Holdings Limited <i>(a company listed on the GEM (stock code: 8182))</i>	Manufacture of candies	Independent non-executive director	October 2015 – February 2016
Yat Sing Holdings Limited <i>(a company listed on the Main Board (stock code: 3708))</i>	Building maintenance and renovation service provider	Independent non-executive director	December 2014 – March 2016

HISTORY, DEVELOPMENT AND REORGANISATION

Name of company	Principal business activity	Position	Period of service
Jiu Rong Holdings Limited (formerly known as “Mitsumaru East Kit (Holdings) Limited”) (<i>a company listed on the Main Board (stock code: 2358)</i>)	Manufacture and sales of digital television, high definition liquid crystal display television and set-top box and the provision of application of solutions regarding the digital audio visual industry, and sales of intelligent water meter data collection system	Independent non-executive director	March 2009 – April 2012
China Gem Holdings Limited (formerly known as “Yueshou Environmental Holdings Limited”) (<i>a company listed on the Main Board (stock code: 1191)</i>)	Development of property, the management and rental of units and shops within a shopping arcade, the sales of residential units in the PRC and also engaged in money lending business	Independent non-executive director	July 2007 – December 2011

Mr. Kwong has known Mr. Paul Lo since 2009 when his corporate advisory and secretarial firm was engaged by Mr. Paul Lo to set up a charity fund in around June 2009. He is confident that our Group has a good management and business prospects under Mr. Paul Lo and his team’s leadership and the business carried on by our Group has good industry prospect. Therefore, Mr. Kwong decided to invest in our Company after negotiations and legal and financial due diligence. Mr. Paul Lo, together with our Directors, took into account the initial fees required to engage professional parties and wished to minimise the working capital impact for our Group’s normal course of business, decided to introduce Mr. Kwong to be the Pre-IPO investor. In knowing our intended Listing, Mr. Kwong expressed his interest to be an investor for the Pre-IPO Investment. Our Directors wished to minimise the working capital impact for our Group’s normal course of business when engaging professional parties for preparing the Listing, decided to procure the Pre-IPO Investment. Mr. Kwong invested in our Group as he is confident in the business prospects of the cable assembly industry in the PRC and the management and potential of our Group. Our Directors believe that the Pre-IPO Investment will strengthen the shareholder base of our Company and enhance corporate governance practice and business network of our Group. Our Company considers that by introducing Datatech Investment as an additional Shareholder, our Company would benefit from the insights and management experience of Mr. Kwong. As investor, Mr. Kwong pressed the need to improve corporate governance practice and he advised the importance of corporate governance structure, financial and information transparency and management’s accountability and ethical behavior for senior management. Mr. Kwong expects himself to be a passive investor and will continue to monitor the efforts and business strategies of our Company, assess the long term sustainability of our business and identify any issues that our Company should address in order to uphold the corporate governance standard. With a more diversified shareholding structure, our Group is also expected to promote accountability of management to the Shareholders, which would facilitate and strengthen internal control of our Group. Datatech Investment Inc. and Mr. Kwong are the beneficial Shareholders of their interests in our Company and his source of fund includes accumulated profits from his businesses, investment gains of his properties and securities, personal savings in Hong Kong and

HISTORY, DEVELOPMENT AND REORGANISATION

overseas. Save for the aforesaid, each of Mr. Kwong and Datatech Investment and their respective associates is not connected (as defined in the Listing Rules) with our Group or any of its connected persons (including the Controlling Shareholders).

As a result of the Pre-IPO Investment, the shareholding structure of Time Investment was as follows:

Name of shareholders	Number of Shares	Shareholding %
Time Holdings	8,650	86.5%
Datatech Investment	<u>1,350</u>	<u>13.5%</u>
Total	<u><u>10,000</u></u>	<u><u>100%</u></u>

Upon Listing, Datatech Investment will be interested in 11.14% of the enlarged issued share capital of our Company. Datatech Investment and Mr. Kwong are not involved in the management and daily operations of our Group.

Pursuant to the agreement in relation to the Pre-IPO Investment, Datatech Investment is not entitled to any special rights in connection with the Pre-IPO Investment. The Sponsor confirmed that the Pre-IPO Investment is in compliance with the Guidance Letter HKEx-GL43-12 and the “Interim Guidance on Pre-IPO Investments” issued by the Listing Committee dated 13 October 2010 (HKEx-GL29-12) since the consideration under the agreement was settled more than 28 clear days before the date of the first submission of the listing application form to the Stock Exchange in relation to the Listing. The Sponsor also confirmed that the Guidance Letter HKEx-GL44-12 is not applicable to the Pre-IPO Investment.

4. Incorporation of our Company

On 15 June 2017, our Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On 15 June 2017, one fully paid Share was allotted and issued to the initial subscriber of our Company, which was subsequently transferred to Time Holdings on 15 June 2017 at nominal consideration.

5. Acquisition of Time Investment

On 19 June 2017, our Company acquired 8,650 and 1,350 shares in Time Investment from Time Holdings and Datatech Investment, respectively (together representing the entire issued share capital of Time Investment), in consideration of which our Company allotted and issued 8,649 Shares and 1,350 Shares in our Company, credited as fully paid, to Time Holdings and Datatech Investment, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

6. Capitalisation Issue and Share Offer

On 24 January 2018, our Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each, in order to be positioned to (i) allot and issue 322,000,000 new Shares under the Share Offer; and (ii) allot and issue a further 1,313,061,350, Shares and 204,928,650 Shares to Time Holdings and Datatech Investment, respectively.

Our Company will offer 46,000,000 new Shares under the Public Offer for subscription by the public of Hong Kong and 414,000,000 Placing Shares under the Placing comprising 276,000,000 new Shares offered by our Company for subscription by professional, institutional or other investors and 138,000,000 Sale Shares offered by Vendor for sales to professional, institutional or other investors, representing a total of 25% of the enlarged issued share capital of our Company upon Listing.

PRC REGULATORY ISSUES RELATING TO THE REORGANISATION

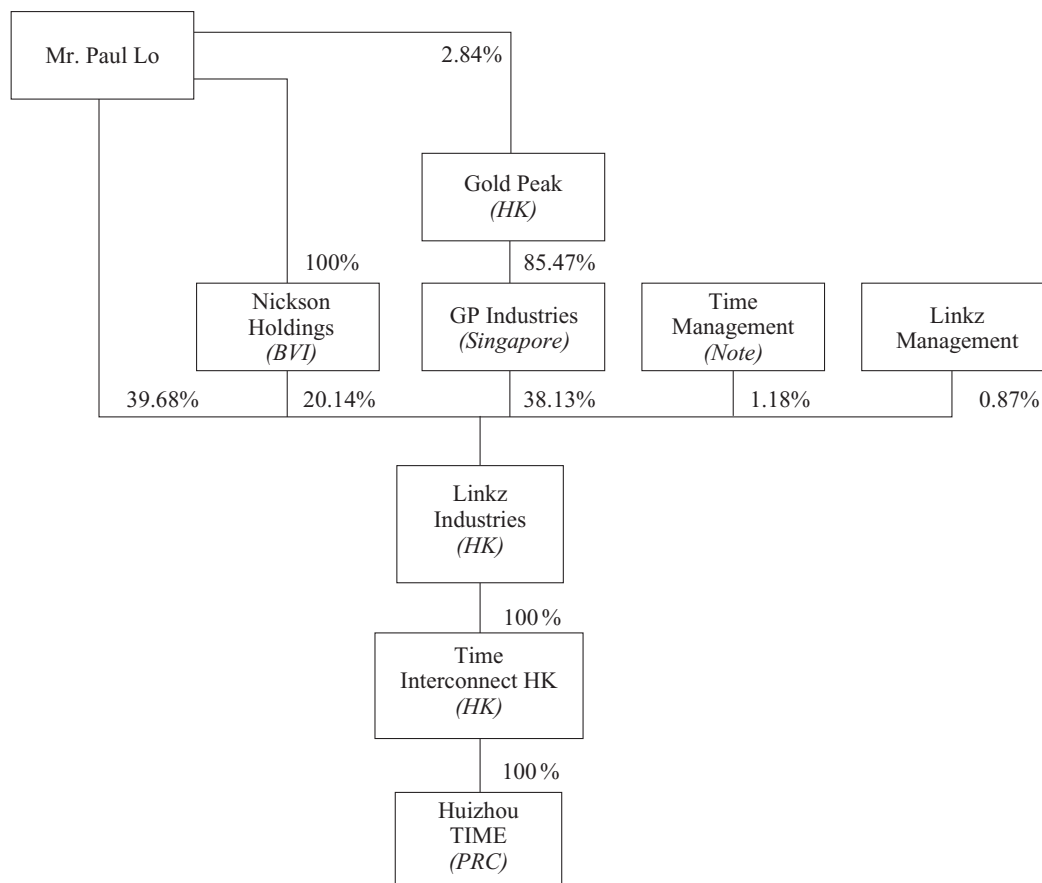
On 4 July 2014, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) (“SAFE”) issued the Circular of the SAFE on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment Financing and Return Investments Undertaken by Domestic Residents through Special Purpose Vehicles (Hui Fa [2014] No.37) (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)(匯發[2014]37號) (“Circular 37”), a domestic resident shall, before contributing lawful domestic or overseas assets or interests to an overseas special purpose company, apply to the local branch of SAFE for foreign exchange registration of overseas investments. On 8 August 2006, the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者並購境內企業的規定) (the “M&A Rules”), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors, was promulgated, and became effective on 8 September 2006 and amended on 22 June 2009. The M&A Rules, among other things, provides that a foreign investor seeking acquisition of the equity interest in a no-foreign invested PRC enterprise, or purchasing and operating the assets of that enterprise by establishing a foreign-invested enterprise in the PRC shall obtain the approval of the Ministry of Commerce of the PRC (國家商務部) (or its counterparts at provincial level.

Our PRC Legal Advisers are of the view that Circular No. 37 and the M&A Rules are not applicable to the Reorganisation as none of the Controlling Shareholders is a PRC domestic resident, or has been habitually residing in the PRC for economic interests and Huizhou TIME has been a WFOE since December 2006 and has never been involved in any round-trip investments of overseas special purpose vehicles established by PRC domestic residents regulated under Circular No. 37, or overseas listing through overseas special purpose vehicles directly or indirectly controlled by PRC domestic company or natural person regulated under the M&A Rules.

HISTORY, DEVELOPMENT AND REORGANISATION

THE CORPORATE STRUCTURE OF OUR GROUP

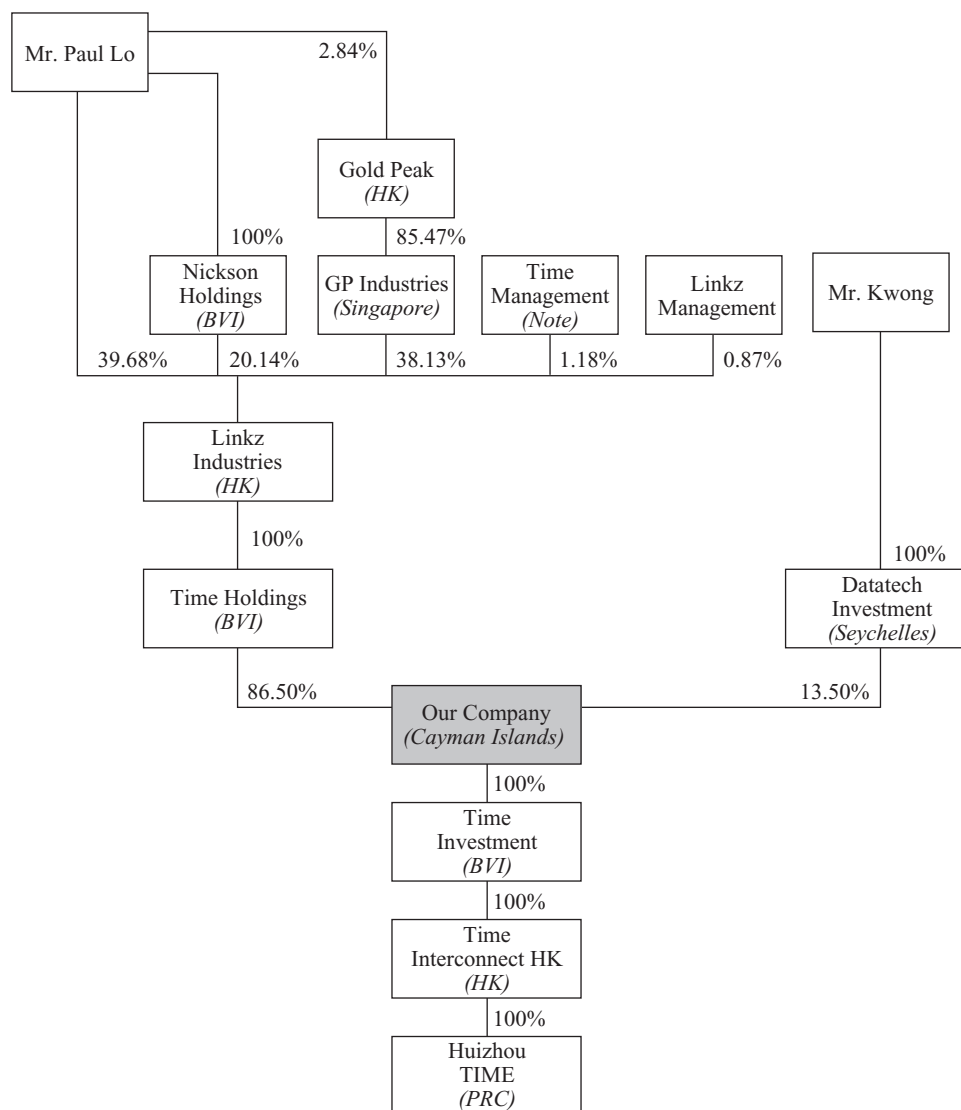
Set out below is the corporate structure of our Group immediately before the Reorganisation:



Note: Mr. Cua Tin Yin Simon, a member of Time Management, holds approximately 0.011% of the issued share capital of Gold Peak.

HISTORY, DEVELOPMENT AND REORGANISATION

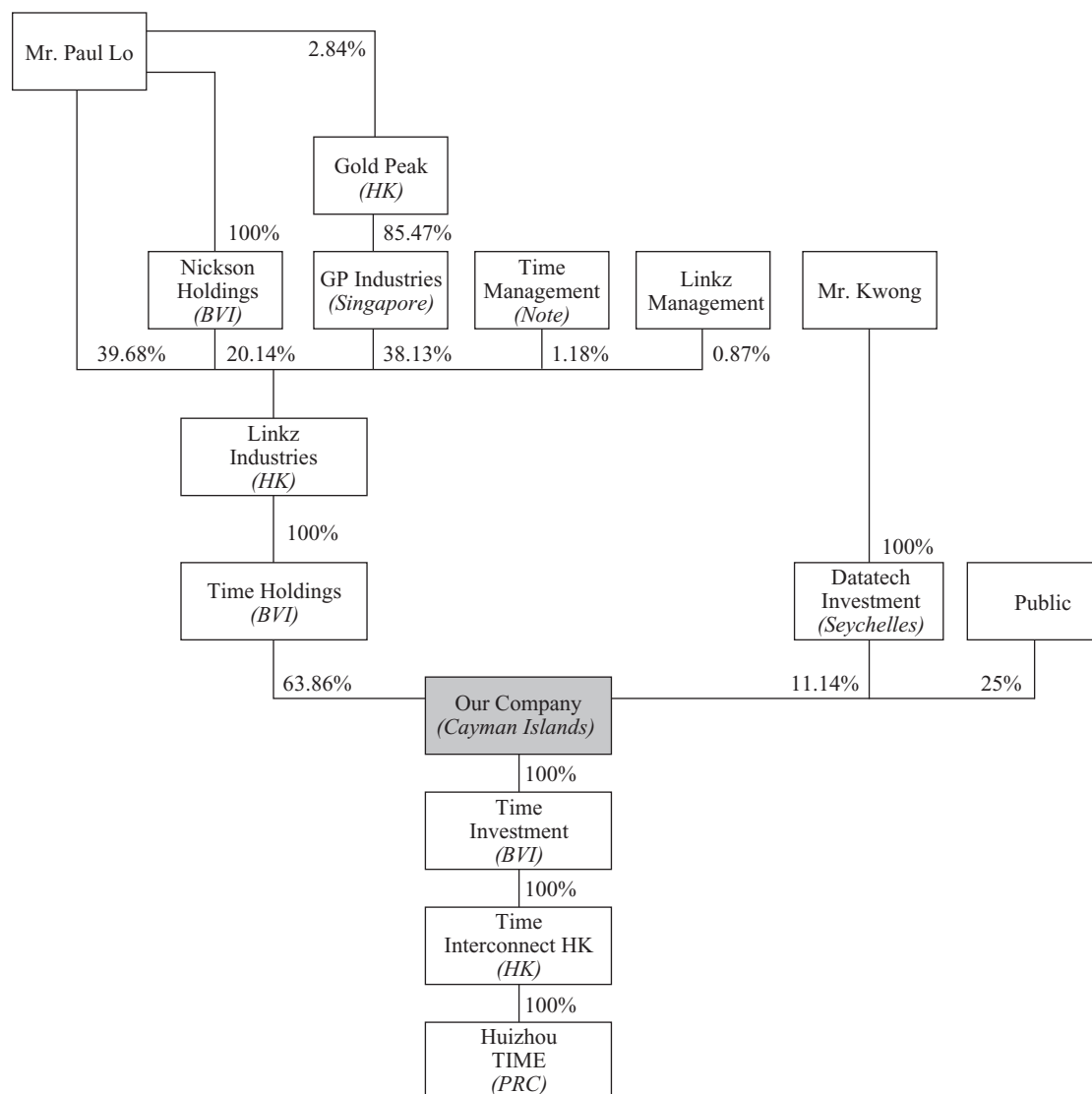
The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:



Note: Mr. Cua Tin Yin Simon, a member of Time Management, holds approximately 0.011% of the issued share capital of Gold Peak.

HISTORY, DEVELOPMENT AND REORGANISATION

The following diagram sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):



Note: Mr. Cua Tin Yin Simon, a member of Time Management, holds 0.011% of the issued share capital of Gold Peak.

BUSINESS

OVERVIEW

We are a well-established supplier of custom cable assemblies with around 20 years of experience in the cable assembly industry. We are headquartered in Hong Kong and have production facilities in Huizhou, Guangdong Province, the PRC. We primarily manufacture and supply cable assemblies on a CMS basis, which our products are produced in accordance with the specifications and designs of individual customers. Our cable assemblies are used by a number of established PRC and international customers in a variety of market sectors including telecommunication, data centre, industrial and medical equipment. According to the CRI Report, we ranked second in China market of cable assemblies manufacture for communication equipment and data centre in 2016 in terms of sales revenue, and we accounted for about 0.2% market share in the PRC cable assembly market in 2016 in terms of sales revenue.

Cable assembly is a device that consists of one or more cables with copper wire or optical fibre encased and their ends terminated with connectors. The connectors make interconnection with other cables or equipment, depending upon the specific application, and are used for sending sensor signals and transmitting information on operations. We manufacture and sell a comprehensive portfolio of cable assemblies used in a variety of applications. For the year ended 31 March 2017, we offered more than 16,000 types of cable assembly products.

We enjoy strong recognition among our customers worldwide for the quality and reliability that our products offer. We maintain long and stable relationship with our key customers, which include leading telecommunication equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer that have extensive international coverage. We are included in the approved vendors list of some of our key customers in the telecommunication and medical equipment sectors. We have achieved a track record of sustainable growth in profit. Our profit for the year amounted to approximately HK\$66,717,000, HK\$71,599,000, HK\$81,684,000 and HK\$47,425,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

We work closely with customers since the early stage of a product's life cycle, including understanding products application, design, prototyping and production, enabling us to offer bespoke cable assembly products. As at the Latest Practicable Date, we had an R&D team of 213 employees that can engage with customers' product development team at an early stage of cable design. Our products are all customised and made-to-order in accordance with the specific technical requirements of our customers. We focus on quality control and monitor our production process closely at every stage to optimise our product performance and to eliminate flaws and defects. We conduct performance and reliability testing to ensure our cable assemblies comply with our customers' requirements. We also design our own testing criteria and conduct the tests in the lack of industry standards for some of the cable assemblies. As at the Latest Practicable Date, we had a quality control team of 332 employees and implemented over 30 detailed internal quality control procedures, covering various aspects of our operations from procurement, production to

BUSINESS

product testing. We were awarded a series of certifications including ISO14001:2005, ISO/TS16949:2009 and EN/ISO13485:2012 certificates in relation to manufacturing of cable assembled products.

We carry out our manufacturing processes at our production facilities at the Huizhou Factory, covering an aggregate gross production floor area of approximately 28,376 sq.m. and have been designed with production hours of approximately 236,880 hours per annum. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the utilisation rates of our production facilities at the Huizhou Factory were 88.3%, 92.8%, 94.9% and 98.9%, respectively.

As at the Latest Practicable Date, we had successfully registered 26 patents in the PRC relating to manufacturing technology. By applying our patented technologies relating to interconnecting techniques in our manufacturing processes, we are able to produce high-quality cable assemblies of competitive costs and achieve high utilisation rates in our production facilities.

COMPETITIVE STRENGTHS

Our Directors believe that our historical success and future prospects are underpinned by a combination of competitive strengths including:

We have an experienced management team with extensive knowledge of the cable manufacturing industry where we operate

Our Directors and senior management possess relevant operational expertise and experience, and are familiar with the cable assemblies industry, who enable us to successfully achieve a competitive position in the cable assemblies industry. Our Chairman and non-executive Director, Mr. Paul Lo, has more than 40 years of experience in the electronic and electrical manufacturing industry. In addition, our executive Director and Chief Executive Officer, Mr. Cua Tin Yin Simon, and our executive Director and Chief Financial Officer, Mr. Wong Chi Kuen, has more than 25 and 20 years of experience in the cable and wire assembling and manufacturing industry, respectively. Also, our senior management team has joined our Group for over 5 to 24 years with solid experience in respective role. Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen have been responsible for the day-to-day management and operations of Time Interconnect HK during the Track Record Period. Mr. Cua Tin Yin Simon, Mr. Wong Chi Kuen and Mr. Chan Ting Hei have been responsible for the day-to-day management and operations of Huizhou TIME. Each of Mr. Cua Tin Yin Simon, Mr. Wong Chi Kuen and Mr. Chan Ting Hei has contributed to the stability of our Group. For the biographical details of our senior management team, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus.

Leveraging their foresight and in-depth industry knowledge, our management team is able to formulate sound business strategies, assess and manage risks. Our engineering capability enables us to engage with and provide valuable and sound advice for our

BUSINESS

customers in the preliminary stages of their new product development process and design as well as develop a custom-made product based on our customers' technical, design and performance requirements.

We also encourage continuous professional development of our staff. We are selective in our hiring process with a focus on recruiting and training employees who have the potential to become long-term members of our management. Training programmes on technical knowledge are conducted as and when required so as to ensure that our employees are updated with the latest development in the industry where we operate. Our senior management team has regular interactive meetings with other senior employees to provide on the job training to ensure our Group's guidances and standards are met.

We are a customer driven cable assemblies provider highly adapted to the B2B model and capable of serving corporate customers

We develop our business by being customer driven and achieving customisation in our production. We consider ourselves highly adapted to the B2B model whereby we supply our products to corporate customers instead of retail end consumers where the market is sensitive to price. In the B2B model, we work and collaborate with our customers at an early stage to design and develop customised products, during the process not only can we understand the specific requirements of our customers early, develop new and unique cable assemblies solution to customers efficiently but also refine our production techniques, optimise our customisation process and strengthen customer relationship. Especially under the B2B model, we believe that the relationship we have established with our key customers throughout the years is hard to replace and customer loyalty is formed based on the mutual reliance and co-operation over the product development cycle. A number of our key customers have adopted rigorous procedures and stringent attitude in the process they select their suppliers and they evaluate the performance of their suppliers regularly to consider whether the suppliers should remain in their approved vendors list. During the Track Record Period, we maintain constant business relationship with our major customers by upholding our highest quality standard and enhancing customer value.

We adopt an effective customised and flexible production model to meet diverse customer demands

We face diverse demands from every of our customers whose orders could be characterised by "small batches of a wide variety". Given the large quantities of the types of products, we believe full automation will be more costly to implement or cannot achieve the desired economies of scale. Instead, we strike a well balance between automation and labour intervention by pursuing an effective and collaborative approach to customisation to meet our customers' specific needs and we believe it is more cost-effective to handle "small batches of a wide variety" orders. Our collaboration with clients includes product development and design, early production planning and coordination on inventory preparation as well as technical support on site. We also commissioned experienced external consultants for enhancing our product portfolio, improving our production and quality control process and promoting our products. We become a flexible producer as we carefully design and refine our production lines and work procedures which (i) are quickly adjustable from assembling one product to another; and (ii) rightly locate machine or labour on the

BUSINESS

production floor. Our production lines work well with and are economical for low-volume but wide variety production. We offer incentive to workforce who are versatile and master different skills required in various work streams, and we provide on-the-job training to staff to let them be familiar with modern technical and product knowledge and enhance their workmanship. Besides, our Huizhou Factory has a floor fabricated with special equipment and facility designated for assembling cables to shield against electromagnetic interference. With our relentless efforts in calibrating and upgrading our production lines, we manage to produce more than 16,000 types of cable assembly products during the Track Record Period.

Our ability to maintain operating efficiency and flexibility by better resource allocation helps us quickly respond to the changes in demand from our customers, maintain steady production output and minimise production costs.

Long term and stable relationship with major customers underpinned by quality products, in-depth industry understanding and responsive customer services

We have established long term and stable business relationship with many of our key customers, which include leading telecommunications equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer that have extensive international coverage. We have been included in the approved vendors list of some of our major customers that our Directors believe we are in an advantageous position over our competitors which have not been included in the list and we enjoy more stable purchase orders from these customers. For each of our key customers, we also supply a wide range of products.

Our business relationship with these key customers provides us with a number of significant advantages, including:

- we collaborate with our key customers early in the design and development of the products they require from us, thus gaining the opportunities to become a core supplier for these products;
- we have the opportunities to understand the technical requirements of our customers and identify the current demand and product trends of our customers' industries, and we can achieve this earlier than our competitors do; and
- we are well-positioned to better serve these customers by developing and offering products that we supply to them with various specifications that satisfy their needs.

Our products with high and consistent quality and our in-depth understanding of our industry, as well as industries of our customers, have enabled us to successfully expand our customer base, which in turn contributed to the growth in our business.

We believe that our responsive and extensive customer service is another important factor for us to retain and expand customer base. We assign not only sales representatives but also engineers in order to better respond to technical enquiries of our customers. These

BUSINESS

measures have all contributed to our trusted brand reputation and customer relationship. Further, our solid track record of serving highly regarded customers assists our marketing efforts, as we believe such track record is appealing to potential customers.

Effective production management and extensive quality control ensuring reliable products with stable performance

We believe that excellent product quality is essential to differentiate our products from other suppliers and hence our continued success, and we have a long-standing emphasis on production management and quality control programme to ensure the quality of our products. Quality control measures are implemented throughout our manufacturing process. For each key manufacturing step, we have rigorous inspection and testing procedures that are prepared and reviewed with significant involvement of our senior management. We invest in specialised testing equipment for inspection of the specific attributes or characteristics of our products to ensure all our products can perform the required function and to be free from defect. Under normal circumstances, we require all our products, to the extent applicable, to pass all tests designed for that product type. In addition, we have also maintained a tracking system that is capable of storing all batch information such that every product is traceable and the tracking system assists us on providing effective after-sales services.

We were awarded a series of certifications including ISO14001:2005, ISO/TS16949:2009 and EN/ISO13485:2012 certificates for our quality control systems which we believe demonstrate our technological capabilities and help promoting customer confidence. Given our stringent quality control measures during the entire production process, we are able to achieve stable performance and quality metrics for our products, and we have been in the position to maintain our status as a supplier for many of our major customers and obtain sales orders on a continuous basis.

BUSINESS STRATEGIES

Our objective is to principally focus on and continue strengthening our market position. We intend to achieve such objective by implementing the following strategies:

Pursue strategic industries which we believe to have high growth potential

We have provided and will continue to provide our highly specialised cable assembly products in industries that our Directors believe to have greatest potential to be the frontier of business growth and innovation. It is also our cutting edge of providing products which are otherwise not available from the general cable assembly manufacturers to enhance our profit margin. In particular, we will focus our product development efforts on the select key sectors, namely the telecommunication, data centre and medical equipment. Our Directors consider that as telecommunication and internet service providers are enhancing transmission backbone, including 5G technologies, terabit networks and the related infrastructure, which our Directors believe will eventually replace the existing ones and which will require large quantities of cable assembly products for the equipment to be made, our Group will be positioned to seize the opportunities arising therefrom.

BUSINESS

In addition, the use of information processors and tools, such as computers, mobile and electronics gadgets, AI and intelligent products, has become increasingly ubiquitous, and the emerging internet-of-things is believed to see more devices connected to the internet and generating data. As such, more data centre are necessary to store, handle and analyse the big data as well as the access of information from the cloud, which in turn would mean more cable assembly products will be needed to enlarge bandwidth and transmit the proliferating data with minimal signal loss and attenuation.

In view of the rapidly changing environment which we and our customers operate in, we pay close attention to our major customers' strategical move and business development as well as their industry dynamics and will continuously refine and transform our interconnect solutions to keep us connected with our customers.

In addition, our Directors are of the view that the aging population and other social-demographical factors will drive the increasing need of medical care in the foreseeable future. As more and more medical equipment or devices rely on the use of data transmission to operate, analyse or generate reports, the use of high quality cables with integrity and stable performance will be crucial for the safety and reliability of medical treatments.

We plan to intensify our presence in the telecommunication, data centre and medical equipment sectors by dedicating sufficient resources, including the purchase of new laboratory and testing equipment, and the hiring of experienced and talented personnel to join our R&D team and to strengthen our product development capabilities. This will enhance the understanding between our Group and our customers with an aim to identifying latest product development trend and designing the most advanced products at an early stage. We plan to invest and spend approximately HK\$8.6 million in further strengthening our R&D capability, which will be financed by the proceeds from the Share Offer. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Enhance and increase our production capacity

As we continue to grow and expand our business, we intend to enhance and expand our production capacity by acquiring new machinery and equipment. We believe that an increase in production capacity will provide us with additional cost-saving advantages from economies of scale as well as allow us to meet the additional demand for our products.

Our further growth can be constrained by our existing production capacity. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the utilisation rate for our production facility in the Huizhou Factory was 88.3%, 92.8%, 94.9% and 98.9%, respectively. The utilisation rate of our production facilities depends primarily on the demand for our products and the complexity of the assembling procedures.

We will need more space with production plant and acquire new production facilities to aim at high level of automation yet capable of assembling a wide variety of cable assembly products. Automation can bring the benefits of shortened production cycle, reduced labour costs and enlarged capacity, which also enable earlier delivery to our customers that can be

BUSINESS

crucial to them in the age of rapid technology advancement. We plan to automate the processes of stitching, packaging and labeling for the new and existing production lines. It is also central to our business strategies that we keep abreast of the new cable product knowledge and the latest industry updates and standards, as we believe our competitiveness rests on our ability to help our customers to stay competitive by incorporating advanced cable assembly products in their systems or equipment.

For the plan above, the total expenditures for automation and the expansion are estimated to be approximately HK\$15,927,000 and HK\$96,118,000, respectively. We plan to spend such expenditure from the Latest Practicable Date to September 2018 from the proceeds from the Share Offer. If there is a shortfall in funding, such expenditure would be financed by our internal resources.

In particular, the following table sets out a breakdown of our use of proceeds and capital expenditure plan for the expansion of our production capacity, specifically the production plant and machinery acquisition for the years ending 31 March 2018 and 2019:

	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	Source of funding
Production plant acquisition	84,064	4,544	Net proceeds of approximately HK\$55.0 million from the Share Offer, the remaining will be funded by our internal resources
Machinery acquisition	6,194	1,316	Net proceeds of approximately HK\$7.5 million from the Share Offer
Total	<u>90,258</u>	<u>5,860</u>	

Upon commencement of operation of our new facility, our existing production capacity is expected to increase by approximately 30%, assuming that the new production plant will have a gross production floor area of around one-third of our Huizhou Factory. The payback period for this investment is expected to be not less than 5 years. As at the Latest Practicable Date, we have not identified any specific acquisition targets.

Strengthen established customer relationships and continue to expand customer base

We have a strong, long-established relationship with our current key customers which include leading telecommunications equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer whose products are widely used and industry influential. We believe that these close relationships, which reflect an important validation of our production capabilities and product quality for potential new customers which may consider integrating our products into their products, provide us opportunities to further develop our current and new markets for our products. Leveraging such customer relationships and our in-depth industry knowledge, we intend to (i) expand our business with our existing customer base by becoming a supplier of product types which our customers do not currently source from us

BUSINESS

and continue to improve our technological capabilities and lower our costs so that we can offer our existing and new customers high quality and cost-efficient products; and (ii) target potential customers in the market segments where we operate by monitoring industry trends and tracking and assessing potential customers we intend to secure. In addition, we may also consider setting up regional representative offices or centre in key strategic locations where potential customers are located to support our future business development and to enable us to respond quickly to the needs of our customers in different regions. We plan to spend approximately HK\$1.9 million for the above plan, which will be financed by the proceeds from the Share Offer.

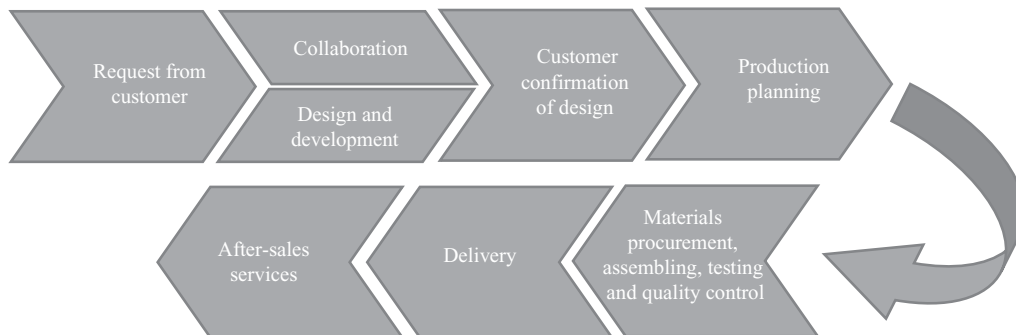
Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details of our future plans and how we intend to utilise the proceeds from the Share Offer.

BUSINESS MODEL

Our business features on customised cable assembling for a variety of specifications which are used in a wide range of applications. We supply cable assemblies on a CMS basis, in which our products are produced based on the specifications and designs provided by our customers. For certain of our customers, we may involve ourselves in the design and development of the cable assemblies.

Our cable assemblies are made-to-order, upon receipt of our customers’ orders. We purchase a majority of our raw materials from suppliers located in the PRC, Hong Kong and the United States. We carry out our manufacturing processes at our production facilities at the Huizhou Factory, covering an aggregate gross production floor area of approximately 28,376 sq.m. and have been designed with production hours of approximately 236,880 hours per annum. We sell our cable assembly products in the PRC as well as overseas markets, which include the Netherlands and the United States. Our key customers include leading telecommunications equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer. Our cable assembly products are incorporated in our clients telecommunication equipment, networking systems as well as medical devices.

The following diagram illustrates our business flow:



BUSINESS

PRODUCTS

Our products are customised and made-to-order in accordance with the specifications and requirements, including any specified industry and technical standards of our customers. We offer a wide range of cable assembly products which can be broadly categorised into two types with respect to their transmission medium: (i) copper cable assemblies; and (ii) optical fibres cable assemblies. The table below sets forth our revenue and quantity of products sold by cable transmission medium during the Track Record Period:

	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
	<i>(unaudited)</i>														
Cable assembly products															
Optical fibres	2,663	405,789	43.1	2,546	308,359	33.8	3,552	361,204	41.8	1,247	86,535	33.4	951	220,541	55.9
Copper	25,803	535,693	56.9	25,094	603,234	66.2	16,491	503,367	58.2	6,281	172,708	66.6	7,815	174,058	44.1
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,528	259,243	100.0	8,766	394,599	100.0

Note: Unit price of different optical fibre products or copper products may vary by a great extent, depending on specifications and requirements.

The following table sets forth a breakdown of gross profit and gross profit margin by cable transmission medium for the periods indicated:

	Year ended 31 March						Four months ended 31 July				
	2015		2016		2017		2016		2017		
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	
	<i>(unaudited)</i>										
Cable assembly products											
Optical fibres	111,526	27.5	76,174	24.7	102,053	28.3	18,838	21.8	72,444	32.8	
Copper	48,521	9.1	66,382	11.0	54,591	10.8	20,977	12.1	17,196	9.9	
Total	160,047	17.0	142,556	15.6	156,644	18.1	39,815	15.4	89,640	22.7	

Copper cable assemblies

Copper cable assemblies are used to connect two or more devices, enabling the transfer of electrical signals or power between devices. Physically, a copper cable assembly is an assembly consisting of one or more copper conductors with their own insulation, terminating with two or more connectors. Given the high strength and high ductility of copper, copper cable assemblies

BUSINESS

can withstand bending, twisting or stretching and be used in a wide range of applications, such as outdoor and interconnecting of movable parts. In the telecommunication and data centre sectors, copper cable assemblies are an important component of the Ethernet-based networks. Although copper cables have limited data transmission speed as compared to optical fibres, they still offer flexibility with satisfactory bandwidth and acceptable signal loss within a short distance and connectors of copper cables can be made with lower cost. For the year ended 31 March 2017, we offered more than 11,000 models of copper cable assemblies used in a variety of applications in various industries. Different copper cable assemblies may have different input/output connectors, jacketing material, form of copper wire, cable length and other specifications. Our principal copper cable assemblies comprise SFP, CXP, XFP and SAS connectors, which are detailed below. The primary end users for our copper cable assemblies include telecommunication network operators, data centre, broadcast and media network operators, industrial and medical equipment.

The following describe our principal copper cable assembly products with different connectors in more detail:

SFP/SFP+

SFP (small form-factor pluggable) is a compact, hot-pluggable transceiver used for both telecommunication and data centre applications. It interfaces on a network device (for a switch, router, media converter or similar device) to an optical fibre or copper networking cable. SFP modules are commonly categorised by different data transmission speeds, and nowadays up to 4.25 Gbps. The enhanced version of SFP, namely SFP+, supports link operation at 10 Gbps or higher.

Our SFP cable assemblies are normally applied in Ethernet switches, routers and network interface cards.

CXP

CXP pluggable copper cable is a copper connector system that is designed to enable 12 channels of 10 Gbps data to meet the requirements of 100 Gbps Ethernet interface that complies with InfiniBand CXP 12X QDR standards and IEEE 802.3ba requirements.

Our CXP cable assemblies are normally applied for InfiniBand and 100 Gigabit Ethernet switches and core routers.

XFP

XFP is a small-form factor serial 10 Gbps interface that is hot-pluggable and applicable to the connections for stacking and uplink to different types of switches, servers and storage devices.

Our XFP cable assemblies are normally used for switches, servers, storage devices and network interface cards.

Mini-SAS

The mini-SAS product family are compact and high-speed solutions for moving data to and from storage devices under the SAS (serial attached small computer system interface) protocol. The mini-SAS supports speed of 6 Gbps to 12 Gbps channel bandwidths. The mini-SAS can be implemented as (i) internal mini-SAS cable assemblies, which supports SAS generation I (3.0 Gbps) and II (6.0 Gbps) bandwidths, as well as serial advanced technology attachment generation I (1.5 Gbps) and II (3.0 Gbps) bandwidths; (ii) external mini-SAS cable assemblies, which features mini-SAS with heavy-duty metal backshells, flexible, latch-pull mechanism in high density applications; and (iii) internal high density mini-SAS (mini-SAS HD), a newer generation which provides greater port density than the existing mini-SAS 2.0 products.

Our mini-SAS cable assemblies are normally applied in server storage, network equipment, computer applications and split systems. Our mini-SAS HD cable assemblies can be applied in servers, RAID (redundant array of integrated disks) systems, storage rack, switches, host bus adapter interface and direct-attached storage.

Semi rigid coaxial RF cable

Semi rigid coaxial RF cables are used to interconnect test and measurement devices and are common for transmission of microwave. They are applied in vector network analysers, ground and airborne radar, satellite and terrestrial wireless communications gear, medical imaging equipment, etc.

InfiniBand CX4

The cable assemblies comply with the InfiniBand high-performance computing technology that features high throughput and low latency. They comprise cable-to-board input/output system for differential signaling at and above 4.5 Gbps per pair.

Our InfiniBand CX4 cable assemblies are used in wide range of applications, such as telecommunication equipment, interworking equipment, storage area network switches, network interface cards, host bus adapters, storage devices and redundant array of integrated disks devices.

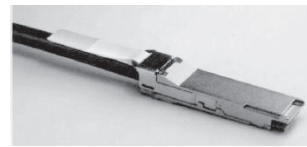
The following provide illustrations of some of our major copper cable assembly products as mentioned above:



SFP



Passive SFP+

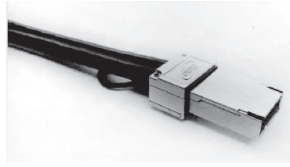


Passive QSFP

BUSINESS



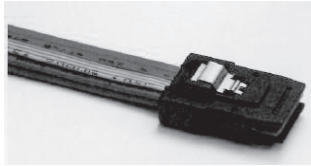
Active QSFP+



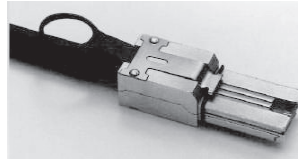
CXP



XFP



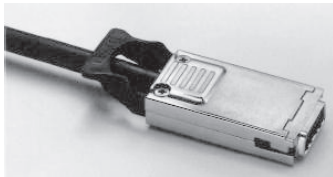
Internal mini-SAS



External mini-SAS



Internal HD mini-SAS



InfiniBand CX4



**Semi rigid coaxial RF
cable**

Optical fibre cable assemblies

Optical fibre cable assemblies are a type of removable optical devices that connect two optical fibre cables or connect optical fibre cables with other equipment in a network. Optical fibre cable assemblies enable precise connection of two ends of optical fibres to maximise the light energy that can be transmitted from emittent optical fibres to recipient optical fibres on equipment, reduce energy losses in transmission, and improve the overall reliability and efficiency of the network. Optical fibre cable assemblies are often used in telecommunication applications and data centre where high performance data transfer and big bandwidth are essential. Despite the high signal transfer speed and low attenuation, it is still not common for optical fibres to be connected directly to the terminal devices as their glass constituent makes them more vulnerable to damage and the network interface connectors, for converting data into light beam to be transmitted via optical fibre and vice versa, are relatively expensive. Optical fibres are therefore more common to transmit large volume of data over long distance. For the year ended 31 March 2017, we offered more than 4,900 models of optical fibre cable assemblies used in a variety of applications in the communications and data centre industries. Our principal optical fibre cable assembly products are mainly distinguished based on the various usage of connectors that include MT-RJ, MTP, LC and SC connectors. The primary end users for our optical fibre cable assemblies include telecommunications network operators and data centre.

BUSINESS

The following describe our principal optical fibre assembly products that adopt different connectors in more detail:

MT-RJ

MT-RJ (mechanical transfer registered jack) connector is constructed with a plastic housing. It is rated for 1,000 mating cycles. The typical insertion loss for matched MT-RJ connectors is 0.25 decibel for single-mode optical fibre and 0.35 decibel for multi-mode optical fibre. It provides accurate alignment via their metal guide pins and plastic ferrules.

Our MT-RJ optical fibre connectors are commonly used for networking applications and suitable for field termination to end customers.

MTP/MPO

The MTP/MPO (multiple fibre push-on/pull-off) connector is designed with a push-pull latching mechanism. It is manufactured specifically for multi-fibre ribbon cable. The flat ribbon cable houses multiple optical fibres side by side in a jacket and offers up to 12 times the density of standard connectors. It is ideal for high-density fibre applications, such as backbone installations, horizontal zone cabling, high density cross-connect, disaster recovery and industrial data controls.

Typical usage of MTP/MPO connector includes parallel optical interconnect between switches and patch panels, Gigabit Ethernet, optical switch interframe connections, active devices/transceiver interface, telecommunication network, multimedia and industrial field.

LC

LC connector has a locking tab and the housing is plastic. It is rated for 500 mating cycles. Typical insertion loss for matched LC connectors is 0.25 decibel. It provides accurate alignment via their ceramic ferrules. It is almost half the size of a standard connector which is used in indoor cabling and jumper cordage of private and public networks.

LC connectors are commonly used in data communications and high-density patch application and given the small size, they are also used in tightly packed panel.

SC

SC connector is a push-on, pull-off connector with a locking tab. Typical matched SC connectors are rated for 1,000 mating cycles and have an insertion loss of 0.25 decibel. It is widely used for transceiver or general connection use and is ideal for high-density applications.

SC connectors are ideal for high-density applications and are one of the common types of connectors.

Fanout cable

Fanout cable is an optical fibre cable containing several jacketed simplex optical fibres packaged together inside an outer jacket. It used to provide a fast and easy transition from standard or ribbon to individual fibre connection. Individual fibre is protected with jacket or buffer tubing.

Fanout cables can save duct space, installation time and are therefore commonly applied in central office, private network distribution and local area networks. They are also used for backbone interconnections between network units or fibre distribution cabinets within building.

CWDM module

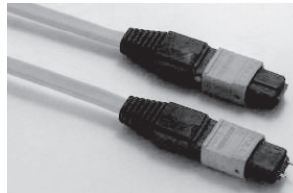
WDM (wavelength division multiplexing) is a technology which multiplexes a number of optical carrier signals onto a signal optical fibre by using different wavelengths of laser light, enabling bidirectional communications over one strand of fibre and hence higher capacity. CWDM (coarse wavelength division multiplexing) module enables 4 or 8 channels to be either combined or separated. The built-in filter modules operate with a channel spacing of 20 nanometres corresponding to standard coarse wavelength division multiplexing wavelengths specified by ITU-T G694.2 standard, to handle wavelength ranging from 1,470 nanometres to 1,610 nanometres.

With their easy-to-deploy function, CWDM modules are used in metro-ring networks such as data centre and metropolitan-area access networks.

The following are illustrations of some of our major optical fibres assemblies as mentioned above:



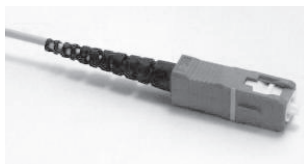
MT-RJ



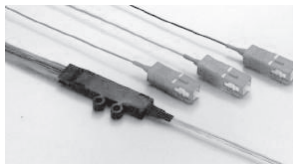
MTP/MPO



LC



SC



Fanout cable



CWDM module

We design and produce customised products in accordance with, among others, recognised industry and technical standards, our customers' specifications and requirements and provide connectivity solutions that are tailored to our customers' needs. By developing application-specific and customised products, we believe that we have reduced our exposure

BUSINESS

to the greater pricing pressure associated with standard products. For the year ended 31 March 2017, our cable assemblies covered variations of specifications of more than 16,000. Generally, our product life cycle is subject to the life cycle of our customer's end products or the theoretical useful life of our customer's systems. As new technology gives rise to faster transmission speed, universal and new standards or more stable signal, products become obsolete and are replaced, thus general life cycle of the products is shortened.

End markets

Our cable assemblies are widely applied to products or systems in telecommunication, data centre, industrial equipment and medical equipment sectors. The following table sets out certain examples of our product applications.

Market sector	Examples of product applications in end markets
Telecommunication	Metropolitan network equipment, long haul data transmission equipment and telecommunication data exchange equipment
Data centre	Hyperscale data centre hosting servers, for data storage and transfer, cloud computing, switches and routers
Industrial equipment	Solar modules interconnection, wire and die bonding equipment
Medical equipment	MRI scanning, position emission tomography/computerised tomography scanning, ultrasound equipment and diagnostic equipment

The table below sets forth our revenue and quantity of products sold based on sectors in which our products were applied to and their percentage of our total revenue during the Track Record Period:

Market sector	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
Telecommunication	18,052	547,105	58.1	21,234	630,649	69.2	15,697	486,240	56.3	5,719	177,875	68.6	7,338	172,338	43.7
Data centre	1,117	254,414	27.0	330	154,167	16.9	791	278,477	32.2	223	45,444	17.5	341	183,404	46.5
Industrial equipment	7,400	77,657	8.3	4,243	61,979	6.8	3,396	61,726	7.1	1,535	21,989	8.5	998	23,346	5.9
Medical equipment	1,897	62,306	6.6	1,833	64,798	7.1	159	38,128	4.4	50	13,935	5.4	89	15,511	3.9
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,527	259,243	100.0	8,766	394,599	100.0

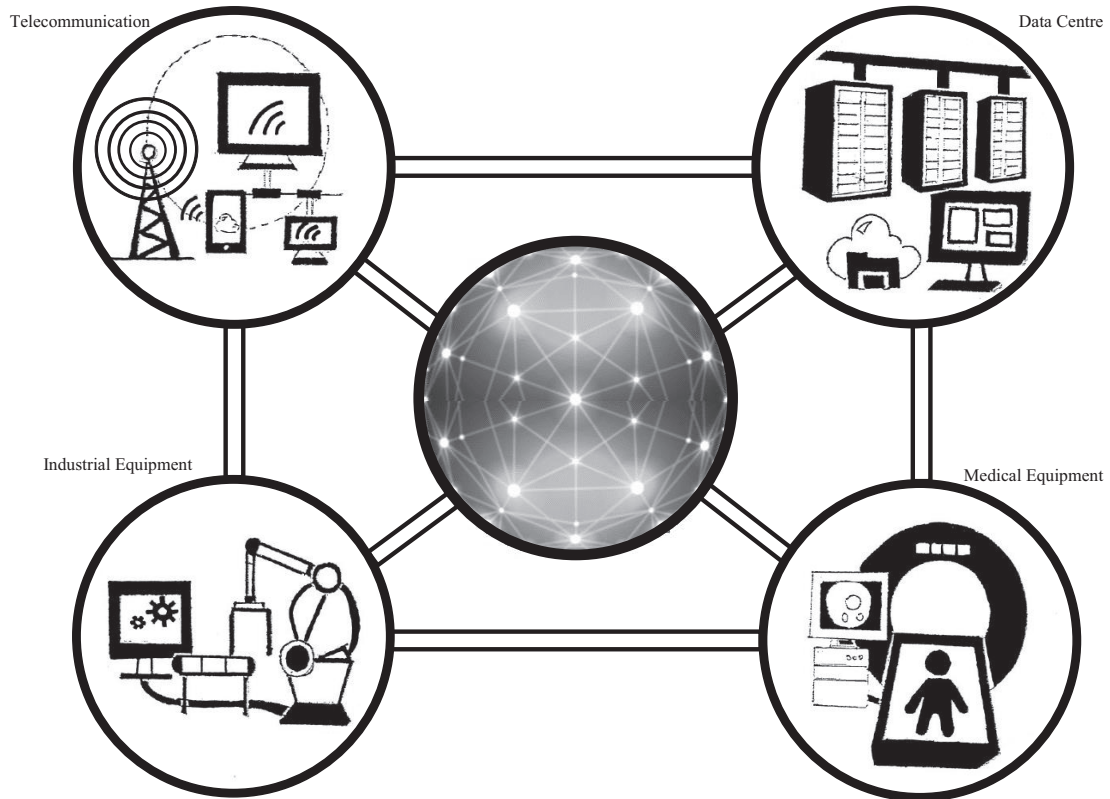
BUSINESS

The following table sets forth a breakdown of gross profit and gross profit margin by market sectors for the period indicated:

Market sector	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	Gross profit margin HK\$'000	%	Gross profit margin HK\$'000	%	Gross profit margin HK\$'000	%	Gross profit margin HK\$'000	%	Gross profit margin HK\$'000	%
Telecommunication	37,773	6.9	34,707	5.5	24,016	4.9	12,598	7.1	8,734	5.1
Data centre	97,922	38.5	66,431	43.1	106,900	38.4	17,971	39.5	72,285	39.4
Industrial equipment	13,824	17.8	20,523	33.1	12,138	19.7	4,345	19.8	3,619	15.5
Medical equipment	10,528	16.9	20,895	32.2	13,590	35.6	4,901	35.2	5,002	32.3
Total	160,047	17.0	142,556	15.6	156,644	18.1	39,815	15.4	89,640	22.7

(unaudited)

The following diagram sets forth examples of product applications based on different market sectors:



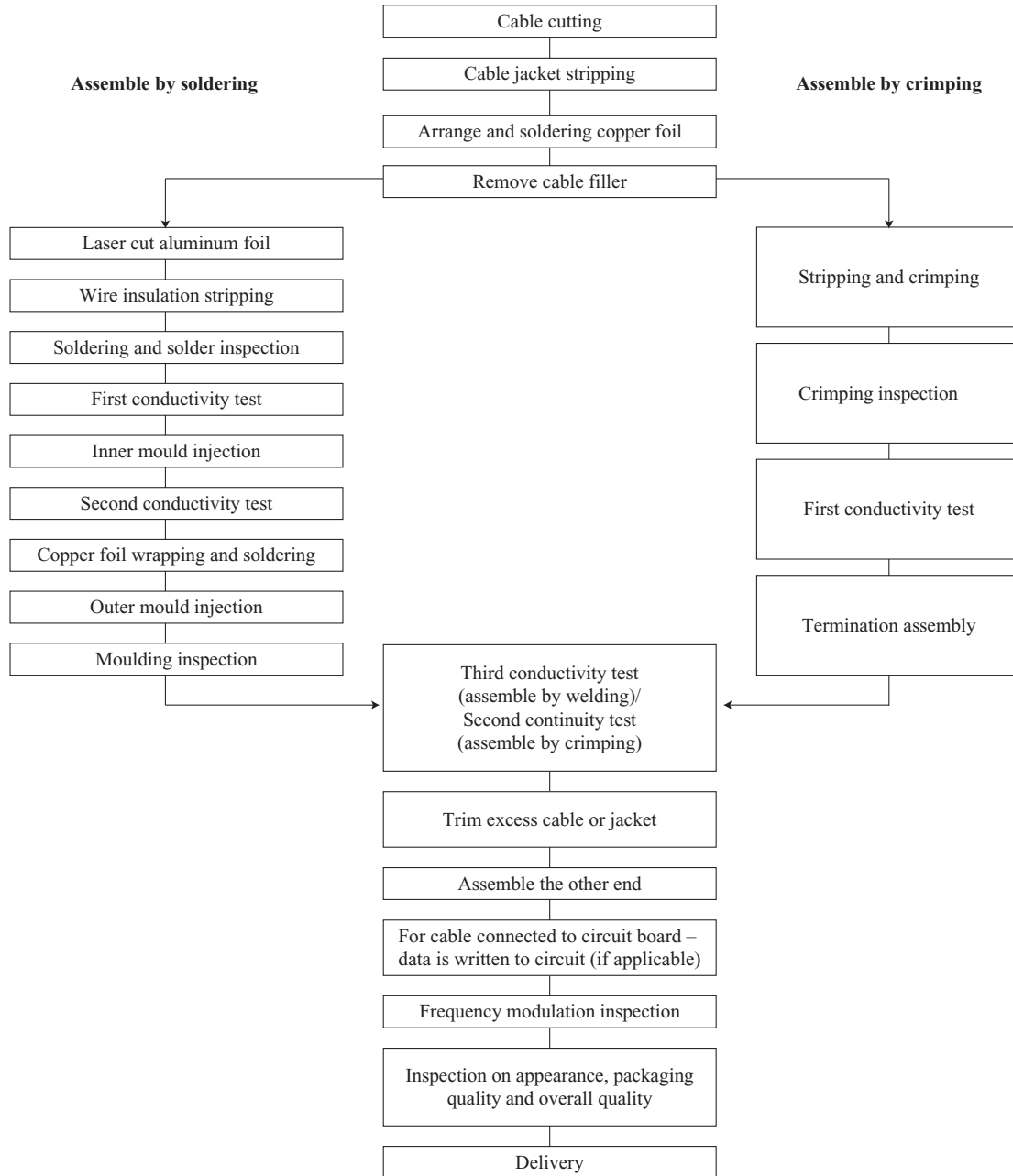
BUSINESS

PRODUCTION

Production process

With reference to each product's characteristics, we adjust the work programmes and number of production lines such that we can accommodate the production of different products, cater to and capture business opportunities arising from any change in market demand or customers' preference of any particular products.

The following diagram illustrates the key production processes of our copper cable assemblies:



Note: The overall production time and procedures are subject to vary depending on various factors such as the product specifications, quality requirements and designs of works to be produced.

BUSINESS

Details of the key production processes of our copper cable assemblies include the following:

Assemble by soldering:

Soldering and solder inspection Connect the wire conductor to the barrel solder of the connector through soldering and inspect precision and quality of each weld point

Inner mould injection Inject inner mould to protect the welding spot

Outer mould injection Inject outer mould to ensure the appearance of product complies with standards and specifications

Moulding inspection Inspect the moulding quality to ensure the appearance of product complies with standards and specifications

Assemble by crimping:

Stripping and crimping Remove part of the cable jackets by cable jacket stripper and connect the terminal of conductor and connector through crimping

Crimping inspection Inspect the crimped product to ensure the appearance of product complies with standards and specifications

Upon assembly:

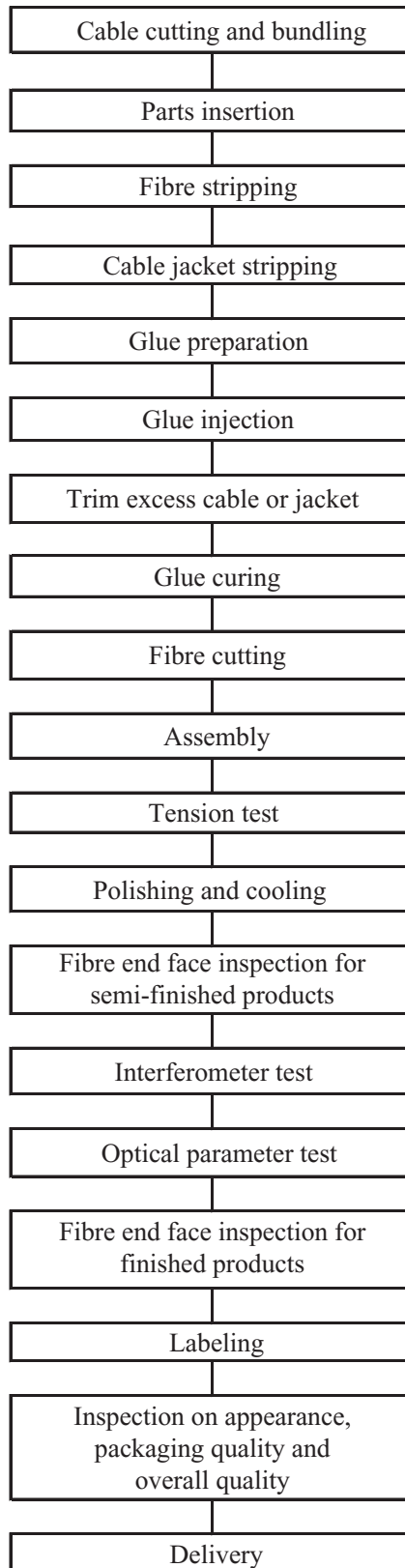
Conductivity tests Conduct performance testing to ensure the performance of semi-finished products complies with standards and specifications

Frequency modulation inspection Conduct frequency modulation testing to ensure the product frequency modulation performance complies with standards and specifications

Inspection on appearance, packaging quality and overall quality Conduct overall quality checking which includes the final product and packaging inspection in order to ensure the product appearance and packaging comply with standards and specifications before delivery

BUSINESS

The following diagram illustrates the key production processes of our optical fibres cable assemblies:



BUSINESS

Details of the key production processes of our optical fibres cable assemblies include the following:

Cable jacket stripping	Remove part of the optical fibres cable jackets by cable jacket stripper
Glue preparation	Prepare the glue for injection and curing via centrifuge machine
Glue injection	Inject the prepared glue to ferrule
Fibre insertion	Insert the stripped fibre to ferrule
Glue curing	Cure glue injected to mount the optical fibre with ferrule
Assembly	Mount the glued ferrule, accessories like aramid fibre cloth, armor and outer sheath with the connector via stripping and crimping
Tension test	Perform tension test to ensure the stripped and crimped product complies with standards and specifications
Polishing and cooling	Polish the connector end face and clean the surface, which has a direct impact on such optical performance parameters as insertion loss, return loss, and bit-error-rate for overall network performance
Fibre end face inspection for semi-finished products	Inspect the end face of semi-finished products to filter defective items
Interferometer test	Perform interferometer test, identify scratches, dirt or other problems normally associated with poor network performance to ensure the physical parameters of products comply with standards and specifications
Optical parameter test	Perform optical parameter test to ensure the product complies with standards and specifications
Fibre end face inspection for finished products	Inspect the end face of finished product to filter defective items and ensure the product complies with standards and specifications
Inspection on appearance, packaging quality and overall quality	Conduct overall quality checking which include the final product and packaging inspection in order to ensure the product appearance and packaging comply with standards and specifications before delivery

BUSINESS

Production facilities

Our Huizhou Factory is located in Huizhou, Guangdong Province, the PRC. The buildings comprise a total gross floor area of approximately 38,198 sq. m. which are primarily used for production, warehouse, offices, dormitory and ancillary purposes.

During the Track Record Period, we had an aggregate 94 sets of production lines. Our production lines, comprise manpower and fully-automated and/or semi-automated machines such as laser cutting machine, analyser, interferometer, automatic crimping machine and fibre optic testing equipment. Our production lines can be modified and interchangeable to produce different types of products and are readily adjustable for switching production from one product to another to cater to the products of small batches but with a wide variety. We divide the general production workstreams into several recognised production skills, such as grinding, soldering, terminal crimping, injection moulding, interferometer testing, terminal face inspection, conductivity test, etc, and we encourage and offer incentive to our employees in the production department to attain more than one production skill by providing systematic training programmes to them such that they are adaptable to our versatile production solutions, helping to maintain our operating efficiency and flexibility through better resource allocation in our overall production process. Employees need to pass our internal assessments in order to have our recognition that he/she has attained the new production skill to our satisfaction. As at 31 July 2017, we had a production team of 1,223 employees, 7.4% of which attained more than one production skill. These production lines operate on a single shift per day, eight hours per shift and five to six days per week, except during public holidays in the PRC and during regular and major maintenance of our machinery, which generally occurs once every three to six months. On certain occasions, we may have one additional shift of maximum three hours per day and 36 hours per month to meet product delivery schedules.

Production capacity

The table below sets out our designed production capacity, actual production hours and utilisation rate of our production facilities for the periods indicated:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
Designed annual production hours ⁽¹⁾	236,880	236,880	236,880	78,960
Actual production hours	209,165	219,825	224,799	78,062
Utilisation rate ⁽²⁾	88.3%	92.8%	94.9%	98.9%

BUSINESS

Notes:

- (1) Our designed production capacity for our production operation refers to all our 94 production lines operating at a maximum of 210 hours per month, assuming that each worker works at most 210 hours per month. The designed annual production hours for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively, are therefore calculated by multiplying 210 hours per month by 12 months or 4 months, where appropriate. The calculation of our designed production capacity does not include time required for, among other things, maintenance and public holidays.
- (2) The utilisation rate equals the actual production hours divided by the designed annual production hours.

Our utilisation rate may not be in line with our revenue or number of units produced as different products have different complexity and production volume varies significantly across different purchase orders. Our utilisation rate increased steadily during the Track Record Period, mainly attributed to the increasing level of product complexity. With higher complexity, we normally factor in a higher profit margin to our product price, given the lower volume produced and longer hours needed to produce. Thus, our Directors consider that the increasing utilisation rate during the Track Record Period reflects our growing business commitment.

To facilitate the increasing market demand, our Group will need to acquire new facilities, please refer to the paragraph headed “Business strategies – Enhance and increase our production capacity” in this section for details.

Machinery and equipment

The principal production machines owned by our Group and used in our production process include laser cutting machine, analyser, interferometer, automatic crimping machine and fibre optic testing equipment. Our Group purchased a majority of our machinery and equipment from PRC suppliers. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our Group spent approximately HK\$4,174,000, HK\$4,153,000, HK\$3,420,000 and HK\$911,000 on the purchase of plant and machinery, respectively. Our Group conducts regular maintenance on machinery and equipment, including checking for normal wear and tear, injecting lubricant, keeping record on machines configurations, adjustment settings and care for fittings, generally once every three to six months. Maintenance costs incurred for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 were approximately HK\$897,000, HK\$658,000, HK\$506,000 and HK\$142,000, respectively. During the Track Record Period, there had been no major disruptions of the business operations resulting from insufficient equipment maintenance.

A majority of the machinery and equipment we currently use in our production facilities for the manufacturing of our data transmission cable assemblies as well as industrial and medical cable assemblies, whether copper or optical fibre, are entirely interchangeable. Our plant and machinery had carrying amount of approximately HK\$26,452,000 in aggregate as of 31 July 2017 and had ages ranging from 1 to 8 years. Our machinery and equipment are depreciated on reducing balance basis, as the case may be, over respective useful lives. Please refer to Note 15 of the Accountants’ Report in Appendix I to this prospectus for further details of our treatment of depreciation.

BUSINESS

INVENTORY MANAGEMENT

Our inventories include raw materials, components and finished products. We monitor and control our inventory level so as to facilitate smooth production, avoid stock-out and reduce the risk of overstocking and accumulating obsolete stocks. Based on those information, we will work out the purchase requirements for raw materials and components based on manufacturing and materials lead time. We generally determine raw materials, components and finished products based on the amount of the actual or projected purchase orders and our procurement cycle for raw materials and components. Our major customers sometimes enter into vendor-managed inventory arrangements (the “**VMI Arrangements**”) with our Group whereby our customers would provide production forecasts to us. Based on the production forecasts of our customers, which project the demand for the future 1 to 3 months, we prepare our production raw materials and in the meantime, we also request our suppliers to prepare sufficient raw materials to cope with the anticipated sales orders. We may also be requested to deliver our products (the “**VMI Stocks**”) to the designated warehouse and ready our products for the customer to take delivery, and we replenish the stock level as necessary. The ownership of the products remains with our Group until the customer takes possession of the products under its order, or the lapse of an aging period as agreed under the respective VMI Arrangements (the “**Aging Period**”), whichever is earlier. Our revenue derived from the VMI Arrangements was approximately HK\$7,463,000, HK\$4,267,000, HK\$4,606,000 and HK\$3,383,000, respectively, for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017. In order to ensure proper and timely revenue recognition under the VMI Arrangements, we require our customers to timely notify us, through online system or other instant channels, once the VMI Stocks are withdrawn from the designated warehouse. In addition, our customers provide periodic (usually monthly) detailed reports or statements indicating all VMI Stocks received, VMI Stocks withdrawn and current inventory level. We assign responsible employees for each of our customers in order to monitor the VMI Stocks inventory level on both daily and weekly basis by reviewing record keeping of the reports or statements provided by our customers. The responsible employees keep track of the timing of each VMI Stocks delivery, which triggers the countdown of the Aging Period. To manage our VMI Stocks inventory, our responsible employees also maintain regular contact with customers by both telephone conversations and email correspondences, reviewing their amount of purchases of our products, and keeping track of their inventory levels of our products. Through these measures, we are aware of the occurrences of withdrawals of VMI Stocks and the revenue recognition timeline.

Orders placed by our customers are normally by way of electronic means. We apply third party enterprise resource planning system to manage our production, inventory and operational data, as well as the batch information and defect rate, for our management to monitor our production activities together with product quality control. In addition, we have access to and use the real-time vendor-managed inventory system of one of our key customers to monitor the products we deliver to this customer and keep track, maintain and manage an agreed level of inventory of the products required by such customer so as to avoid stock-out. We place purchase orders for raw materials and components as close as possible to the required time of delivery, depending on our production requirements and the type of raw materials or components.

BUSINESS

Finished products are warehoused after undergoing our quality inspection, testing procedures and meeting our quality requirements. The finished product packages will be checked and numbered by personnel in charge of product delivery according to customer delivery notice and packing note. When the finished product packages are packed according to customer's requirements or otherwise, the finished products will then be delivered to the locations designated by customers.

Please refer to the paragraph headed "Financial Information – Discussion of certain items of consolidated statements of financial position – Inventories" in this prospectus for details of our inventory.

PRODUCT DESIGN AND DEVELOPMENT

For new products to be introduced by our key customers which require our cable assemblies, our customers may provide us with an initial product concept or blueprints of the product they want in advance of the launch of their new products. With the rapid development of the telecommunication and networking technology, new products are constantly introduced to the market and product life cycles tend to be relatively short. On the other hand, our products used in the medical equipment industry have been less affected by new products and have a relatively longer product life. In principle, the product development process of our principal products can be divided into stages as set out below.

- Upon receipt of the initial product concept/blueprints, our team in the R&D department and our customers will meet regularly to discuss and proceed to design and develop a custom-made product based on the blueprints. To ensure the design of the products is acceptable to our customers, we follow the specifications provided by our customers.
- We design based on the specific requirements of our customers' products in which our cable assemblies are to be installed. Alternatively, when new technology or new industrial standard emerges, we review our existing product portfolio to check how the new technology or standard could be integrated. We will also understand how the specific cable assembly product is applied, for example, whether the equipment are movable which cause swinging and whether surrounding electromagnetic interference should be countered. Our team from the R&D department will conduct a feasibility study on new products, discuss with our customers and come up with a schematic plan that will be used to create production paperwork. We will share our experience and knowledge with our customers in respect of our expertise in cable assembly products in the effort to benefit our customer in designing the best cable assembly products.
- Once the product design is approved by our customers, we will make the first prototype of the product for consideration by our customers. The prototype is then refined until the customer satisfies with its specifications and performance.

BUSINESS

- Once a customer is satisfied with the prototype, we will make sales samples for the customers' production trial at their production bases. The customer decides the size of a purchase order to be placed with us and we finalise the sample assembly for production.
- Our team in R&D department provides input as to how to optimise the preproduction process and advise on product engineering to enhance the quality of the product.

For the development of a new cable assembly product, due to different technology and complexity involved, there is no well defined timeline for the entire process from the stage of an initial product design to the manufacturing of the new product, including the time required by our customers to develop and complete the production of their new products which require our new cable assemblies.

CUSTOMERS, MARKETING AND SALES

Sales

We sell our cable assemblies to customers in around 20 countries and regions including the PRC, the United States, Europe and Hong Kong. Our customers operate primarily in the telecommunication, data centre, industrial equipment and medical equipment sectors.

We believe that our responsiveness and extensive customer services are important factors for us to retain existing customers and expand customer base. To facilitate the collaboration with our customers, we station our R&D staff at our key clients' offices to offer full knowledge of our products and cable properties to solve technical problems as well as participate with our customers in enhancing existing specifications and develop new products. Through this process, we keep ourselves abreast of latest technological development and market trends which will be useful to refresh our product portfolio and keep us competitive. As at the Latest Practicable Date, we had a sales and marketing team of 45 employees. Also, we manage our relationship with our key customers through frequent visits to our customers' offices and/or factories or through our customers' visits to our factories. Our customers also frequently contact our customer service staff, management and key account sales staff directly through phone calls, emails and meetings in relation to any queries they may have. These measures have all contributed to our trusted brand reputation and help strengthen customer relationship.

BUSINESS

The table below sets forth our revenue based on geographic locations of our customers and their percentage of our total revenue during the Track Record Period:

	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000 <i>(unaudited)</i>	% of revenue	HK\$'000	% of revenue
The PRC	603,266	64.1	706,338	77.5	543,937	62.9	197,721	76.3	196,549	49.8
The United States	196,238	20.8	105,429	11.6	202,626	23.5	31,946	12.3	140,714	35.7
Europe	70,439	7.5	65,845	7.2	73,790	8.6	17,196	6.6	43,600	11.0
Hong Kong	30,037	3.2	18,465	2.0	29,806	3.4	10,473	4.0	8,283	2.1
North America (except the United States)	14,122	1.5	11,231	1.2	273	–	236	0.1	–	–
Others	27,380	2.9	4,285	0.5	14,139	1.6	1,671	0.7	5,453	1.4
Total	941,482	100.0	911,593	100.0	864,571	100.0	259,243	100.0	394,599	100.0

Marketing

Leveraging on our reputation and leading customer's satisfaction in our customer services, new customers are sometimes referred by existing customers. Apart from our suppliers' and customers' referrals, we promote our products by continuous update of our website. We also become member of industrial organisations which we believe are relevant to our business, such as the USB Implementers Forum and the HDMI Forum. Our senior management together with our sales department set monthly, quarterly and annual sales targets, respectively, and conduct corresponding performance review of the marketing achievements. With respect to target potential customers, our designated sales and marketing personnel generally maintain contact with them through emails, phone calls and visits. In addition, our sales and marketing personnel assist many of our key customers to complete in-depth evaluations on us and our products before such customers approve us on their approved vendors list for any particular products according to their internal procedures. Accordingly, the expenses we incurred in connection with our marketing campaign were not material during the Track Record Period.

Customers

Our key customers include leading telecommunications equipment and network solutions provider in the PRC, global internet-related service provider and multinational medical equipment manufacturer that have extensive international coverage. Apart from individual customers, some of our major customers are considered as affiliated entities themselves and hence our Directors view them as group customers and all contracts with respective related companies are consolidated. As at the Latest Practicable Date, we had established business relationship with all of our top five customers for more than 3 years, with the longest period of relationship of 12 years. In general, we do not enter into long term binding agreements with our customers. For major customers which place orders with us continuously, we enter into framework agreements with them to specify the general

BUSINESS

arrangements and govern the conduct of our services. As at the Latest Practicable Date, six of our top five customers of the respective financial years during the Track Record Period, namely Customer A, Customer B, Customer D, Customer E, Customer F (as defined below) and Shenzhen Absen Optoelectronic Co. Ltd., have entered into framework agreements with us. Some of our customers select suppliers (including our Group) after undergoing tendering procedures, and determine the purchase amount from the suppliers based on the result of the tender. The tender procedures are generally carried out once a year and when new products are developed. Purchase orders are made by our customers to us, which specify the terms and conditions of the orders. To the best knowledge of our Directors, three of our top five customers during the Track Record Period, namely Customer A, Customer C and Customer F, select their suppliers mainly through tenders.

A majority of our key customers would typically provide us with general information on their projects in advance such as non-binding 1 to 3 months' projection of the quantities of the products with specifications that they expect to procure from us. Our customers generally purchase our products based on purchase orders which contain terms such as specifications, quantities and delivery time and are sent to us approximately one to two months before we deliver the products. We will agree with our customers on the final terms relating to the quantities, price and any other terms. The payment terms vary for each customer and our customers generally pay us in US\$, HK\$ or RMB by bank transfer or acceptance bills. Under the close supervision and management of our management team, we are able to undertake orders which require different specifications within the stipulated time frame.

BUSINESS

The following table sets forth the details of our top five customers during the Track Record Period:

Top five customers during the Track Record Period	Approximate years of relationship with our Group	Revenue				Approximate % of our total revenue				Ranking for the corresponding year/period (only showing top 5)			
		Year ended 31 March		Four months ended 31 July		Year ended 31 March		Four months ended 31 July		Year ended 31 March		Four months ended 31 July	
		2015	2016	2017	2017	2015	2016	2017	2017	2015	2016	2017	2017
		(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	%	%	%	%				
Customer A	12	426,729	500,277	419,163	149,232	45.3	54.9	48.5	37.8	1	1	1	1
Customer B	4	207,043	117,180	168,910	146,563	22.0	12.9	19.5	37.1	2	2	2	2
Customer C	6	47,480	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	5.0	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	3	-	-	-
Customer D	7	47,371	36,988	109,567 (Note 2)	36,841	5.0	4.1	12.7	9.3	4	5	3	3
Customer E	6	44,951	48,689	31,476	10,770	4.8	5.3	3.6	2.7	5	4	4	4
Customer F	3	N/A (Note 1)	58,850	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	6.5	N/A (Note 1)	N/A (Note 1)	-	3	-	-
Shenzhen Absen Optoelectronic Co. Ltd. (深圳市艾比森光电股份有限公司)	3	N/A (Note 1)	N/A (Note 1)	12,962	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	1.5	N/A (Note 1)	-	-	5	-
ASM Pacific Technology Limited	1	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	5,801	N/A (Note 1)	N/A (Note 1)	N/A (Note 1)	1.5	-	-	-	5
Subtotal		773,574	761,984	742,078	349,207	82.1	83.7	85.8	88.4				
Other customers		167,908	149,609	122,493	45,392	17.9	16.3	14.2	11.6				
Total		941,482	911,593	864,571	394,599	100	100	100	100				

Notes:

- The customer did not fall into our Group's top five customers for the year concerned.
- The amount included approximately HK\$47,415,000 from a new key customer. Please refer to description of Customer D below for details.

Customer A is a multinational networking and telecommunications equipment and services company headquartered in the PRC with offices internationally. It carries on the manufacture of telecommunications and networking equipment. According to its 2016 annual report, the customer group recorded consolidated revenue of over RMB500,000 million for the year ended 31 December 2016.

Customer B is a global multinational technology company specialising in internet-related services and products. The shares of its parent company are listed on the NASDAQ. It specialises in internet-related services and products. These include online advertising technologies, search, cloud computing, software and hardware. According to the latest annual report of its parent company, the customer group recorded consolidated revenue of over US\$90,000 million for the year ended 31 December 2016.

BUSINESS

Customer C is a multinational telecommunications equipment and systems company headquartered in the PRC, the shares of which are listed on both the Stock Exchange and Shenzhen Stock Exchange. It is a service provider of telecommunications equipment and network solutions. According to its 2016 annual report, the customer group recorded consolidated revenue of over RMB100,000 million for the year ended 31 December 2016.

Customer D is a global networking and telecommunications equipment and services company which is headquartered in the United States, the shares of its parent company are listed on the Tokyo Stock Exchange. It primarily manufactures, engineers and installs fibre optic products and associated equipment. According to the latest annual report of its parent company, the customer group recorded consolidated revenue of over US\$5,000 million for the year ended 31 March 2017. We commenced business with and supplied mainly telecommunication products to a company since 2010 which was acquired by Customer D in 2013 and became a subsidiary of Customer D. Later, other subsidiaries of Customer D, which we considered them a new key customer as they had operations independently and had different business focus, opened separate customer accounts and placed order to us in June 2016. Such new key customer ordered mainly data centre products from us, and revenue from the new key customer amounted to approximately HK\$47,415,000 for the year ended 31 March 2017.

Customer E is a leading health technology company which is headquartered in the Netherlands, the shares of its parent company are listed on both the New York Stock Exchange and Euronext NV. It provides diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as consumer health and home care. According to the latest annual report of its parent company, the customer group recorded consolidated revenue of over EUR24,000 million for the year ended 31 December 2016.

Customer F is a global multinational corporation specialising in energy management and automation which is headquartered in France, the shares of its parent company are listed on Euronext NV. It provides energy management and automation solutions, spanning hardware, software, and services. According to the latest annual report of its parent company, the customer group recorded consolidated revenue of over EUR24,000 million for the year ended 31 December 2016.

Shenzhen Absen Optoelectronic Co. Ltd. (深圳市艾比森光電股份有限公司) is a LED products manufacturer which is based in the PRC with its shares listed on the Shenzhen Stock Exchange (stock code: 300389). It manufactures and sells large LED display panels and related lighting products and operate hotel LED display panels. According to its 2016 annual report, the customer group recorded consolidated revenue of over RMB1,000 million for the year ended 31 December 2016.

ASM Pacific Technology Limited, together with its subsidiaries, are a group of companies which specialises in the design, manufacture and marketing of machines, tools and materials used in semiconductor and electronic assembly industries, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 522). According to the latest annual report of ASM Pacific Technology Limited, the customer group recorded consolidated revenue of over HK\$14,000 million for the year ended 31 December 2016.

BUSINESS

None of our Directors or their respective close associates or Shareholders who own more than 5.0% of our issued share capital immediately prior to the completion of the Share Offer has any interest in any of our top five customers during the Track Record Period and up to the Latest Practicable Date.

Customer concentration

For the three years ended 31 March 2017 and the four months ended 31 July 2017, the percentage of our total revenue attributable to our top five customers amounted to 82.1%, 83.7%, 85.8% and 88.4%, respectively. During the same period, the percentage of our total revenue attributable to Customer A, our largest customer, amounted to 45.3%, 54.9%, 48.5% and 37.8%, respectively.

Our relationship with Customer A

Background of Customer A

Customer A is a multinational networking and telecommunications equipment and services provider headquartered in the PRC. It is one of the largest telecommunications equipment manufacturers in the world. We commenced our business with Customer A since 2005. Save and except for the ongoing business relationship between Customer A and our Group, Customer A has no past or present relationship (business or otherwise) with our Group, the Controlling Shareholders, our Directors and their respective close associates.

Business relationship with Customer A

We have maintained a long-term business relationship with Customer A for approximately 12 years. Our Group has a framework purchase agreement with Customer A in effect. Such framework purchase agreement sets forth general terms that will be used in each purchase order. Some of the major terms of the agreement are set out below:

Major terms	Description
Purchase order	Provide products and services which conform with Customer A's requirements in the purchase order
Price of goods	To be specified in individual purchase orders and such price stated in the said purchase order shall be the final price
Settlement method	To be specified in individual purchaser orders or invoice to the said purchase order
Other terms	Any changes which affect the production process must be evidenced by a revised purchase order or change order.

BUSINESS

We receive individual purchase orders for manufacturing and assembly of our products based on rolling projections and in accordance with the designs and technical specifications approved by Customer A from time to time.

Arrangement with Customer A

Minimum order quantities are indicated to our Group but they do not constitute purchase commitment to us. Our Directors confirm that there had not been any instances where such minimum order quantities were not met by Customer A during the Track Record Period. Technical specifications of the products to be manufactured and assembled, including the approved designs, prototype and quantity with unique stock code as well as the value of the contract are set out in the purchase order placed by Customer A. Similar to some of our major customers, our products are supplied to Customer A under a vendor-managed inventory arrangement in which our Group shall make commercially reasonable efforts to prepare sufficient raw materials to reduce lead time and meet the order projections provided by Customer A, usually a month in advance. Credit term granted to Customer A is 90 days after monthly statement. We have agreed that all intellectual property rights concerning the products shall remain vested in Customer A. We enter into typical vendor-managed inventory arrangement with Customer A whereby we refer to the production forecast of Customer A consign our products to Customer A's designated place. The consigned products are owned by our Group until the products are taken possession by Customer A and we shall replenish the stock level in accordance with the rolling production forecast and the prescribed time requirement. For the consigned stocks which are incapable of general use, Customer A shall bear the inventory risk in accordance with the agreed terms and conditions and compensate us for the consigned stocks which are no longer to be consumed. The unutilised consigned stocks are subject to our billing upon the lapse of an aging period with reference to the respective product category, generally being 90 days to 180 days upon the delivery to Customer A's designated place. For the three years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our Group received compensation from Customer A amounted to approximately HK\$1,148,000, HK\$321,000, HK\$1,286,000 and HK\$486,000, respectively.

In addition to the above, we enter into other agreements with Customer A, including quality assurance agreement, confidentiality undertakings and return material agreement, which govern the conduct of our supply to Customer A.

Sustainability of our business

Our Directors consider that the concentration of our revenue from Customer A would not render our Company unsuitable for listing or our business model not sustainable after taking into account the following:

Our production facilities are able to serve and we have the necessary skills and technology to serve other customers as well

Our quality products, capability and R&D ability enable us to meet the requirements of different customers not only restricted to Customer A. We offer a wide range of cable assembly products with different specifications to cater to our customers' needs. Our data

BUSINESS

transmission cable assemblies can be used in various applications, such as telecommunication networks and data centre. Furthermore, we also offer industrial and medical equipment cable assemblies. With our versatile production lines which can be modified and interchangeable to different work programmes and are readily adjustable for switching production from one product to another for the large range of existing specification variations, we are capable of offering a comprehensive product development and manufacturing solution to our customers by developing and producing our products based on our customers' requirements. We have spent efforts to expand the business with the existing customers in terms of different geographic regions and different product mix. During the Track Record Period, we have new key customers for every financial year and some of them increased purchase amount over the years. For the year ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we have 6, 4, 1 and nil new key customers generated revenue of approximately HK\$10,278,000, HK\$150,000, HK\$47,415,000 and nil, respectively.

Therefore, if Customer A ceases to place orders to us and we will have spare production capacity and our Group could serve other existing customers and new customers by re-allocating our production capacity, since our products can satisfy other customers' requirements. We can further refer to the production forecast of Customer A for planning future sales and production. Therefore, our Directors are of the view if we note there is diminishing volume of orders from Customer A, it is likely that we will have time to secure more orders from existing customers and solicit new customers to replenish our order book.

We had supplied our products to customers other than Customer A during the Track Record Period. We will continue to diversify our customer base and our Directors believe that the extent of customer concentration is likely to decrease in the future

It is our strategy to target Customer A as our high priority customer given its dominant market leader position and its foresight as well as in-depth knowledge of the telecommunication industry.

Nevertheless, in the event that the demand of our cable assembly products from Customer A decreases, we would adjust our strategy and increase our sales to other customers. As discussed in the paragraph headed "Business strategies" in this section above, we have plan to increase our production capacity, which together will enhance our ability to take orders from other customers. Thus, our Directors believe that the extent of customer concentration is likely to decrease in the future.

Increasing market demand for cable assembly products in the PRC and worldwide

According to the CRI Report, both the global and China's cable assembly market will see a consistent growth during 2017 to 2021. In particular, with the expected forth coming 5G mobile communication network, emerging 4K videos and mobile apps, market of cable assemblies for communication equipment and data centre will keep growing during 2017 to 2021. As Customer A is one of the key telecommunication equipment solution providers to global telecommunication companies, our Directors consider that our business with Customer A shall grow with the growth of telecommunication market. In addition, the market size of

BUSINESS

cable assemblies for industrial and medical equipment segment are also forecast to continuously grow during 2017 to 2021 with the growth of automobiles, home appliances and medical equipment.

On the basis above, our Directors believe that there are plenty of market opportunities for our Group to further develop our customer base in the long run as the various markets continue to grow.

In view of the above, our Directors consider that we would be able to continue our good business relationship with Customer A while expanding our customer base, and our business prospects and reduce our customer concentration without affecting our sustainability.

Pricing policy

The pricing of our cable assembly products is on a cost-plus basis and since cable assemblies are made-to-order, the pricing is subject to numerous factors, such as copper and optical fibre prices, customers' specifications, type of connector and level of product complexity. The selling prices of our cable assemblies are jointly determined by our senior management and sales department by taking into account the estimated costs of each order. We formulate and adjust the prices of our cable assemblies based on product specifications, costs of raw materials, labour costs, competitive environment, demand and supply changes and improvement in technical innovations. For our copper cable assembly products, our selling prices are normally linked to copper price and any copper price fluctuation will be reflected in our unit price in accordance with the price fluctuation adjustment mechanism agreed between our customers and our Group. Our pricing is reviewed monthly and will be applied prospectively in our subsequent quotations. During the Track Record Period and up to the Latest Practicable Date, we did not significantly adjust our cable assemblies prices of comparable orders.

The following table sets out our cable assemblies price range per piece and average price per piece for the periods indicated:

	Year ended 31 March									Four months ended 31 July		
	2015			2016			2017			2017		
	Min HK\$	Max HK\$	Average HK\$	Min HK\$	Max HK\$	Average HK\$	Min HK\$	Max HK\$	Average HK\$	Min HK\$	Max HK\$	Average HK\$
Copper cable assemblies	0.2	13,293.2	20.8	0.2	22,836.1	24.0	2.1	13,302.5	30.5	0.5	12,156.2	22.3
Optical fibres cable assemblies	3.8	18,368.3	152.4	4.9	46,781.1	121.1	4.2	22,617.5	101.7	1.6	21,567.5	231.9

Note: The unit price ranges are prepared by piece, regardless of the product specification, order quantity, raw materials required and other elements which may factor in the pricing of cable assemblies by order. As a result, there could be significant difference between the minimum and maximum prices of certain products during the Track Record Period, given that the pricing of our cable assemblies is on a cost-plus basis and is also subject to the specifications and other requirements provided by our customers.

BUSINESS

Seasonality

Our sales are subject to changes of our customers' purchase pattern. We typically experience increased sales orders shortly before and after the Chinese New Year holiday in the PRC such that volume of production may exceed our internal capacity. We generally engage subcontractors to handle the labour intensive procedure of our production to alleviate the production needs. Please refer to the paragraph headed "Subcontracting" in this section below.

Credit policy

We generally give our customers credit terms ranging from 30 to 120 days, taking into account our historical relationships with, and the creditworthiness of, each customer. Based on the credit strength assessment on our customers, we assign credit limit to each customer such that we will take follow up action when receivables from a customer reach the credit limit. We continuously monitor the status of the outstanding accounts receivable due to us from each customer.

Delivery

Our production facility is located in Huizhou, Guangdong Province, the PRC. We make timely delivery of our finished products to the customers in the PRC by third parties logistics companies. For the majority of our international customers, we deliver our finished products directly to the ports in Hong Kong for international shipment through third party independent logistics companies. Based on our experience and shipment requirements, we arrange proper packaging for our finished products, to ensure that our products are not only delivered on time but also arrive in good condition to our customers. Depending on the terms of the purchase orders, we usually bear the costs of delivery from our warehouse to the designated locations of our customers in the PRC, or to the ports in Hong Kong for international shipment. We purchase transit insurance coverage for the products we deliver.

For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our freight charges amounted to approximately HK\$4,891,000, HK\$5,071,000, HK\$4,646,000 and HK\$2,423,000, representing 0.5%, 0.6%, 0.5% and 0.6% of our revenue, respectively.

Overlapping of certain major customers as suppliers

During the Track Record Period, two of our major customers were also our suppliers. As designated by these customers, we purchase raw materials directly from them to assemble our cable assemblies to sell to them.

BUSINESS

Set out below are the revenue and cost related to three of our major customers which were also our suppliers during the Track Record Period:

	Year ended 31 March			Four months ended
	2015	2016	2017	31 July 2017
Revenue from these major customers (<i>HK'000</i>)	92,322	85,677	149,080	53,412
As a percentage of our total revenue	9.8%	9.4%	17.2%	13.5%
Purchase from these customers (<i>HK\$'000</i>)	959	1,287	6,266	4,507
As a percentage of our total cost of goods sold	0.1%	0.2%	0.9%	1.5%

To the best knowledge and belief of our Directors, these entities and their ultimate beneficial owners are Independent Third Parties.

Negotiations of the terms of our sales to and purchases from these customers and/or their related group companies were conducted on an individual basis and the sales and purchases were neither interconnected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the materials we purchased from these customers and/or their related companies were not sold to these customers. Our Directors also confirmed that the terms and the pricing policies of transactions with these entities were in line with the market and similar to those transactions with our other customers and suppliers.

AFTER-SALES SERVICES

Under the terms of our sales arrangements with our customers, we generally provide product warranties depending on the products and customers' specific requirements, such that the warranty period is normally not specified and varies on a case-by-case basis. During the warranty period, our end-user customers may request replacements free of charge or return defective products for refund. Products sold to customers cannot be returned except for instances of quality defects. All product returns are subject to our approval. In the event that the defective products are due to the quality of raw materials, we claim against the suppliers for our losses due to sales return according to our arrangements with our suppliers. Our sales return during the Track Record Period was due to various reasons and circumstances, such as poor signal transmission, package damage, cosmetic defect and error in product code printed on cable assemblies. We have incurred sales return for defective products of approximately HK\$5,872,000, HK\$2,224,000, HK\$3,094,000 and HK\$1,669,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. As a percentage of revenue, the sales return for defective products accounted for 0.6%, 0.2%, 0.4% and 0.4% for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or product liability claims from our customers. As such, save for the sales return as disclosed above, we did not incur any material warranty expense

BUSINESS

or make any provision for such warranty expense since we received no material customer complaints and request for product exchange owing to product quality and defects which were material to our business.

SUPPLIERS

Our major raw materials include soft glass optical fibres, copper cables, connectors and terminals, and packaging materials. Soft glass optical fibres are optical fibres made from soft glass which is highly resistant to corrosive chemicals and high temperature. During the Track Record Period, we source optical fibres and copper cables from more than 200 suppliers in Hong Kong, the PRC and the United States, and connectors/terminals from more than 400 suppliers in Hong Kong, the PRC and the United States. On occasions, we purchase raw materials, particularly connectors/terminals, from suppliers specified by our customers.

We carefully select our suppliers based on certain assessment criteria, such as overall track record, scale and expertise, cost, product quality and quality control effectiveness, reliability, price, delivery punctuality, historical relationship with us, financial condition, reputation and aftersales services. During the selection process, we generally carry regular on-site examination of our potential suppliers to ensure that they meet our selection criteria. We carry out evaluation of the performance of our existing suppliers and identify better third party suppliers from time to time to replace the suppliers who fail to perform to our satisfaction.

We do not enter into any framework agreement or long term agreement with any of our material suppliers. Instead, we make our purchases based on the requirement of each particular contract and for the customer orders we have on hand. Subsequent to the issue of purchase orders to our suppliers, our suppliers will supply the specified products in accordance with the delivery time required at the contracted price.

The purchase prices we pay to our suppliers are agreed at the time when we place our purchase orders provided that the minimum order quantities are met. We manage fluctuations in raw materials costs by purchasing raw materials mainly based on the specifications of products required by our customers and by our inventory policy. Please refer to the paragraph headed “Inventory management” in this section for details of our inventory management.

Our suppliers typically offer us credit terms ranging from 30 to 120 days. The payment terms with our suppliers vary and payments are mainly made through bank transfers in US\$, HK\$ or RMB.

We have established long-term business relationships with our key suppliers for stable supply and timely delivery of high quality raw materials and components. Our quality control department checks the quality of the raw materials upon their arrivals at our production facilities to ensure that they conform to our and our customers’ quality standards. For further details, please refer to the section headed “Business – Quality control” in this prospectus.

BUSINESS

Based on our past experience with our major suppliers, our Directors do not envisage any significant difficulties in sourcing any raw materials or requesting services from our existing suppliers or finding alternative suppliers in the future if the need arises. During the Track Record Period, we did not experience any major difficulties in procuring raw materials necessary for the manufacture of our products. In addition, we maintain flexibility in the selection of our suppliers and are endeavour to source each type of our raw materials from at least a few different suppliers and refrain from relying on a single supplier or group of suppliers for any type of our key raw materials.

BUSINESS

Our top five suppliers accounted for 21.5%, 25.2%, 23.8% and 32.9% of our total cost of goods sold for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively, while our largest supplier accounted for 6.6%, 8.1%, 8.7% and 18.4% of our total cost of goods sold, respectively. The table below sets out information relating to our top five suppliers during the Track Record Period:

Year ended 31 March 2015

Supplier	Background	Types of goods/services provided by our supplier	Purchase amount ⁽²⁾ (HK\$'000)	Approximate % of our total cost of goods sold	Approximate years of business relationship with our Group
Supplier A	Engaged in developing and producing optical fibre cable, and telecommunication equipment in the PRC. It is listed on the Shenzhen Stock Exchange	Optical fibres	51,367 ⁽¹⁾	6.6	10 years
Supplier B	Engaged in the supply of optical fibre for communication, electricity transmission and new energy transmission industries. It is listed on the Shanghai Stock Exchange	Optical fibres	33,955	4.3	7 years
Supplier C	Engaged in the manufacture, processing and sales of data transmission and computer cable products. It is a private company established in the PRC	Copper wires	29,792	3.8	17 years
Supplier D	A provider of passive components for high density optical interconnects. It is headquartered in the United States and markets its products worldwide	Connectors	27,176	3.5	12 years
Supplier E	Engaged in manufacture and sales of wire products, including coaxial cables, power cables, industrial cables, etc. It has offices in Hong Kong and the PRC. The shares of its parent company are listed on Shenzhen Stock Exchange	Copper wires	25,681	3.3	20 years
Total			167,971	21.5	

BUSINESS

Year ended 31 March 2016

Supplier	Background	Types of goods/services provided by our supplier	Purchase amount ⁽²⁾ <i>(HK\$'000)</i>	Approximate % of our total cost of goods sold	Approximate years of business relationship with our Group
Linkz Group	The Controlling Shareholder, which is a leading networking cables manufacturer in the PRC. It also engages in manufacture and sales of LED video display screens as well as LED video display screens rental	Copper wires	62,650	8.1	8 years
Supplier A	Engaged in developing and producing optical fibre cables, and telecommunication equipment in the PRC. It is listed on the Shenzhen Stock Exchange	Optical fibres	49,872 ⁽¹⁾	6.5	10 years
Supplier E	Engaged in manufacture and sales of wire products, including coaxial cables, power cables, industrial cables, etc. It has offices in Hong Kong and the PRC. The shares of its parent company are listed on Shenzhen Stock Exchange	Copper wires	34,501	4.5	20 years
Supplier F	Engaged in research, manufacture and sales of low to medium voltage power transmission and distribution equipment in the PRC with products including cables, equipment and cable rewinders	Copper wires	23,705	3.1	15 years
Supplier B	Engaged in the supply of optical fibre for communication, electricity transmission and new energy transmission industries. It is listed on the Shanghai Stock Exchange	Optical fibres	23,282	3.0	7 years
Total			<u>194,010</u>	<u>25.2</u>	

BUSINESS

Year ended 31 March 2017

Supplier	Background	Types of goods/services provided by our supplier	Purchase amount ⁽²⁾ (HK\$'000)	Approximate % of our total cost of goods sold	Approximate years of business relationship with our Group
Supplier A	Engaged in developing and producing optical fibre cables, and telecommunication equipment in the PRC. It is listed on the Shenzhen Stock Exchange	Optical fibres	61,691 ⁽¹⁾	8.7	10 years
Supplier E	Engaged in manufacture and sales of wire products, including coaxial cables, power cables, industrial cables, etc. It has offices in Hong Kong and the PRC. The shares of its parent company are listed on Shenzhen Stock Exchange	Copper wires	42,197	6.0	20 years
Supplier F	Engaged in research, manufacture and sales of low to medium voltage power transmission and distribution equipment in the PRC with products including cables, equipment and cable rewinders	Copper wires	28,271	4.0	15 years
Supplier H	A PRC state-owned enterprise engaging in manufacture and sales of photonics and power interconnect products for civil and military uses. It is listed on the Shenzhen Stock Exchange	Connectors	18,450	2.6	15 years
Supplier D	A provider of passive components for high density optical interconnects. It is headquartered in the United States and markets its products worldwide	Connectors	17,481	2.5	12 years
Total			<u>168,090</u>	<u>23.8</u>	

BUSINESS

Four months ended 31 July 2017

Supplier	Background	Types of goods/services provided by our supplier	Purchase amount ⁽²⁾ (HK\$'000)	Approximate % of our total cost of goods sold	Approximate years of business relationship with our Group
Supplier A	Engaged in developing and producing optical cables, fibre and telecommunication equipment in the PRC. It is listed on the Shenzhen Stock Exchange	Optical fibres	56,052	18.4	10 years
Supplier D	A provider of passive components for high density optical interconnects. It is headquartered in the United States and markets its products worldwide	Connectors	12,356	4.1	12 years
Supplier F	Engaged in research, manufacture and sales of low to medium voltage power transmission and distribution equipment in the PRC with products including cables, equipment and cable rewinders	Copper wires	11,747	3.9	15 years
Supplier E	Engaged in manufacture and sales of wire products, including coaxial cables, power cables, industrial cables, etc. It has offices in Hong Kong and the PRC. The shares of its parent company are listed on the Shenzhen Stock Exchange	Copper wires	11,491	3.8	20 years
Supplier I	Engaged in manufacture and sales of electronics, fibre optic products, connectors, etc in the PRC. Its parent company is based in Japan and runs a business in the development, manufacture, and sales of optical communications system tools	Connectors	8,217	2.7	10 years
Total			<u>99,863</u>	<u>32.9</u>	

Notes:

- Purchase amount comprises amounts purchased directly from Supplier A and through another supplier, an Independent Third Party, which distributed products from Supplier A to our Group.
- Purchase amounts may aggregate amounts purchased from the respective supplier's parent company or its fellow subsidiaries, if applicable.

BUSINESS

Other than Linkz Group, in which Linkz Industries is the Controlling Shareholder, none of our Directors or their respective close associates or Shareholders who owns more than 5% of our issued share capital immediately prior to the completion of the Share Offer has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

Overlapping of certain major suppliers as customers

During the Track Record Period, three of our major suppliers, including Linkz Group which is the Controlling Shareholder, were also our customers during the Track Record Period. These suppliers manufacture cables and interconnect products and they may purchase our cable assemblies to incorporate in their products and/or for their use.

Set out below are the revenue and costs related to three of our major suppliers which were also our customers, including Linkz Group, during the Track Record Period:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
Purchase from these major suppliers (<i>HK\$'000</i>)	79,990	132,584	89,214	63,605
As a percentage of our total cost of goods sold	10.2%	17.2%	12.6%	20.9%
Revenue from these major suppliers (<i>HK\$'000</i>)	25,309	8,099	7,576	1,351
As a percentage of our total revenue	2.7%	0.9%	0.9%	0.3%

Except for Linkz Group, to the best knowledge and belief of our Directors, these entities and their ultimate beneficial owners are Independent Third Parties. For details of sales and purchase transactions with Linkz Group, please refer to the section headed “Financial Information – Related party transactions and balances – Related party transactions” in this prospectus.

Negotiations of the terms of our sales to and purchases from these suppliers and/or their related group companies were conducted on an individual basis and the sales and purchases were neither interconnected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the products we sold to these suppliers and/or their related companies were not sold to us. Our Directors also confirmed that the terms and the pricing policies of transactions with such these entities are in line with the market and similar to those transactions with our other customers and suppliers.

Subcontracting

From time to time, and particularly during peak season, mainly shortly before and after the Chinese New Year, when we need extra production resources, we subcontract certain labour intensive parts of our production process for certain simple products, such as manual assembly works, to certain subcontractors located in the vicinity of the Huizhou Factory that

BUSINESS

are Independent Third Parties. Some customers require prior consent for our subcontracting in accordance with the respective agreements. For the production processes which we subcontracted out during the Track Record Period, our Directors confirmed that we identified the simple but labour intensive procedure out of the production processes which did not involve any confidential or sensitive information as well as intellectual property right of our customers and those subcontracts did not require prior consent from respective customers. In addition, we have established measures to prohibit our subcontractors from disclosing any intellectual property rights of our customers and us to third parties. Subcontractors and their respective staff are also not allowed to access the confidential information without the proper authorisation of our senior officers. We also enter into non-disclosure agreements with our subcontractors specifying the general confidentiality obligations between the subcontractors and us covering terms such as prices, specifications, data, parameters and samples, as well as information customarily regarded as confidential.

We carefully select our subcontractors based on certain assessment criteria, such as overall track record, product quality and quality control effectiveness, reliability, price, delivery punctuality, historical relationship with us and reputation. We carry out evaluation of the performance of our existing subcontractors and identify better subcontractors to replace third party subcontractors that fail to perform to our satisfaction. We provide our subcontractors with product specifications and conduct quality checks upon delivery of semi-finished products to us to ensure that they meet our and our customers' quality control standards. For further details, please refer to the section headed "Business – Quality control" in this prospectus.

We issue processing orders to our subcontractors every time when we need processing services. Each processing order will specify the product, quantity, delivery timeline and other detailed items. We typically have a credit period of 30 days from the date of billing. Payments to our subcontractors are mainly made through bank transfer in RMB. We may return defective products promptly when we discover any defect during our quality assurance procedure.

During the Track Record Period, we did not experience any material disputes with our third party subcontractors nor did we encounter any material difficulties in obtaining the required outsourced products.

As at the Latest Practicable Date, we had business relationships with our subcontractors for a period ranging from 1 to 5 years. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our subcontracting costs amounted to approximately HK\$15,122,000, HK\$9,996,000, HK\$14,087,000 and HK\$6,160,000, respectively, representing 1.9%, 1.3%, 2.0% and 2.0% of our total cost of goods sold, respectively.

Please refer to the section headed "Risk Factors – We have utilised and expected to continue to utilise subcontractors for the manufacturing of a portion of our products. If any of our subcontractors fail or are unwilling to meet our production criteria, quality or delivery requirements, our production plan may be adversely affected." in this prospectus for more information on the risks associated with subcontracting.

BUSINESS

QUALITY CONTROL

We believe that dedication to quality management, product diversification, customised product configuration, strong product application and development, and high quality of standard placed on our products have enabled us to produce quality products to our customers, strengthen the relationship with our existing customers and further expand our customer base.

We are subject to various industry standards in respect of the products we manufacture, including the use of chemicals and raw materials, such as the PRC's Guobiao standards. In addition, our customers require us to satisfy strict quality standards with respect to the products we sell to them. As such, we need to maintain high quality standard for our products and minimise defects and returns of defective products in order to maintain our status as a core supplier for many of our major customers and obtain their orders for our products on a continuous basis.

To achieve this, our management is actively involved in setting stringent production and quality control procedures designed to ensure that our products meet or often exceed the relevant industry standards and/or customer quality requirements. Our operational control systems are designed to ensure that our day-to-day actions are consistent with our plans and objectives. In order to ensure that our quality control standards are effectively applied, we regularly provide on-the-job training to our production line employees. Further, we have a quality control team from our operations department with qualified personnel to oversee the operation of our manufacturing lines to ensure adequate quality control as well as to avoid any unintended interruption, and to minimise the down time of the manufacturing lines. We also conduct frequent management review meeting to review and strengthen the quality of our products.

As at the Latest Practicable Date, we had a total of 330 quality control and quality assurance staff located in our Huizhou Factory. From sourcing of raw materials, production and packaging of our finished products prior to delivery, we strictly monitor and control the quality of our operations. Our quality control team also actively engages in product design, ensuring production considerations are addressed at an early stage of the design process and minimising the number of products that fail our quality control tests. In order to monitor our production quality and ensure that our products meet all our internal benchmarks and customers' specifications, our quality control staff carry out quality control inspection throughout the production process, including:

- *Quality control on suppliers.* We select our suppliers based on a stringent set of criteria, including availability, experience, industry qualifications and certifications, credibility and after sales services. Generally, we interview the suppliers and conduct background checks before we establish business relationship with them. We also conduct onsite inspections that typically include workshop tours, an assessment of the production facilities and production machinery, reviews of record keeping and management system. We also conduct periodic assessment of our suppliers to ensure their ongoing compliance with our quality standards, and those who fail our evaluation are removed from our list of qualified suppliers.

BUSINESS

- *Quality control on raw materials.* We only purchase raw materials from suppliers that have passed our quality and reliability assessment and have been admitted to our list of qualified suppliers or that are the designated suppliers of our customers. We carry out tests on the raw materials on a sampling basis. Before we use the raw materials in our production process, a sample of each type of raw materials is examined physically to ensure that their quality meets the specifications and standards.
- *Quality control during production.* We test our work-in-progress products, including the semi-finished products from our subcontractors, at various stages of the production process and we have detailed inspection and testing procedures in each stage of our production, to ensure their quality, performance and compliance with our internal quality standards before we proceed to the next stage of the production process.
- *Quality control on finished products.* After the production process is finished, we perform thorough inspections and tests, such as performance and reliability tests, to all of our finished products to ensure the compliance with customers' specifications.

We have received international certifications for our quality control and safety systems which we believe demonstrate our efforts in pursuing quality assurance and help promote customer's confidence. Please refer to the paragraph headed "Certifications, awards and recognitions" below for the details of the certification we have received. Due to our emphasis on product quality and our stringent product quality control, for which we believe product quality and stable performance are of paramount importance for the industries we serve and where our competitiveness rests on, we have been able to meet the product specifications and quality standards required by our customers on a continuous basis. During the Track Record Period and up to the Latest Practicable Date, we did not have any material products recall or third party claim from our customers or end users of our products for any damage or loss sustained arising from defective products, other than some insignificant product quality problems. For our sales return during the Track Record Period, please refer to the paragraph headed "After-sales services" above.

BUSINESS

CERTIFICATIONS, AWARDS AND RECOGNITIONS

The table below sets out the details of some of the certifications our Group obtained for our operations and management system, as at the Latest Practicable Date:

Certification	Date of issue	Expiry date	Certifying organisations	Main content
ISO/TS16949:2009	8 March 2017	14 September 2018	SGS United Kingdom Ltd	Manufacture of cable assemblies for automobile
EN/ISO13485:2012	29 June 2017	31 March 2019	SGS United Kingdom Ltd	Manufacture of cable assembly used for active non-implantable medical device
ISO14001:2005	29 November 2017	28 November 2020	SGS United Kingdom Ltd	Design and manufacture of communication cable assemblies and fibre optic cable assemblies
Work Safety Standardization certificate	22 December 2016	21 December 2019	Huizhou Safety Production Administration Association	Work Safety Standardisation – Level 3 Standard Corporate (Machinery)

The table below sets out the major awards and recognitions accredited to our Group as at the Latest Practicable Date:

Year of recognition/award	Award/title	Recognising/awarding organisation or authority
2006	The Excellent Supplier	Customer A
2009	Supply Support Award	Customer A
2011	Excellent Project Support Award 2011	Customer E
2012	Quality Improvement Award	Customer A
2013	Quality Supplier Award (include CSR)	Customer A
2013	Member	China Association for Medical Devices Industry
2014	Best Delivery Service Award	Customer A

BUSINESS

Year of recognition/award	Award/title	Recognising/awarding organisation or authority
2014	Qualified Company (合格企業)	Guangdong product quality supervision web (廣東產品質量監督網)
2015	Outstanding Gazelle Company Award (優秀瞪羚企業)	Self-Dependent Innovation Demonstration Area in Pearl River Delta and HZZK National Hi-tech Industrial Development Zone (珠三角國家自主創新示範區, 惠州仲愷(國家級)高新技術產業開發區)
2015	Triumph Return Talent award (凱旋人才計劃獎)	HZZK National Hi-tech Industrial Development Zone (惠州仲愷(國家級)高新技術產業開發區)
2015	Pan Pearl River Delta Environment Awards – Green Medal	Federation of Hong Kong Industries and Hang Seng Bank
2015	Quality Award (品質精益獎)	Shenzhen Absen Optoelectronic Co. Ltd. (深圳市艾比森光電股份有限公司)
2016	Corporate Environment Leadership Awards 2015 – Eco Partner and 3 Years+ Eco Pioneer	Federation of Hong Kong Industries and Bank of China (Hong Kong)
2016	Certificate of Work Safety Standardisation Grade 3 Corporation (Machinery) (安全生產標準化三級企業證書(機械))	Huizhou Safety Production Administration Association (惠州市安全生產協會)
2017	Honorable Mention (榮譽證書)	HZZK National Hi-tech Industrial Development Zone (惠州仲愷(國家級)高新技術產業開發區)
2017	Excellent Supply Collaboration Award (優秀供應協同獎)	Customer A

BUSINESS

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Our PRC operations are subject to occupational health and safety laws and regulations set by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) and the relevant local government occupational health and safety authorities, such as Ministry of Human Resources and Social Security of the PRC (人力資源和社會保障部), National Health and Family Planning Commission of the PRC (國家衛生和計劃生育委員會), State Administration of Work Safety (安全生產監督管理總局) as well as all subsidiary legislation issued thereunder. For details, please refer to the section headed "Regulatory Overview" in this prospectus.

For the purposes of ensuring compliance with the applicable laws and regulations, our human resources department, which is responsible for the formulation and implementation of human resources policies, will from time to time make adjustment, if necessary, to our human resources policies to accommodate material changes to relevant labour and safety laws and regulations to ensure their compliance. We also seek legal advice from external legal advisers on labour and safety related compliance matters as and when required.

In an effort to ensure the safety of our employees, we implement operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries, electricity safety, and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation.

When there is an accident or emergency, immediate report to our administrative department and appropriate responsive actions are required. The department supervisor involved in the accident shall record the accident in details, including place, location, time, cause, injuries, loss analysis and responsible actions taken. Our administrative department informs the relevant authorities about the workplace injuries and is responsible for the safety compliance record keeping.

BUSINESS

For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we had two, two, four and nil, respectively, of our employees sustained personal injuries of relatively minor nature, such as fractures and finger cuts, in connection with our production processes. From 1 August 2017 to the Latest Practicable Date, one of our employees was injured during our production processes. These accidents were primarily due to the employee's breach of our safety guidelines and unfamiliarity with the production process, operation of machinery and our safety requirements. A table showing the nature of injuries in relation to these accidents for each of the three years ended 31 March 2017 and the four months ended 31 July 2017, and the period from 1 August 2017 up to the Latest Practicable Date is set out below:

Date of accident	Nature of accident
23 May 2014	Injured while operating heat shrink tubing processing machine; left middle finger laceration
6 June 2014	Struck by wooden plank while organising cable assembly products; right eye injury
24 April 2015	Injured while operating terminal machine; right thumb injury
19 May 2015	Injured while operating terminal machine; left middle finger injury
26 April 2016	Injured while operating grit removal equipment; left index finger laceration
4 May 2016	Injured while operating pneumatic peeling machine; left middle finger injury
15 August 2016	Injured while operating pneumatic crimping machine; left index finger laceration
6 January 2017	Injured while operating automatic rolling machine; left index finger laceration
27 August 2017	Injured while operating compression moulding machine; right middle finger, ring finger and little finger injury

We have informed the relevant authorities immediately after the accidents occurred and save as the accident on 27 August 2017, all of the injured employees were compensated through mandatory occupation injury insurance. As at the Latest Practicable Date, we had outstanding amount due to five of the injured employees. Our Directors are of the view that since these employees were assessed or likely to be assessed as suffering minor work injury, the outstanding amount involved would be immaterial and would have no material impact on our Group. As at the Latest Practicable Date, we do not have unresolved claims or disputes with respect to the injured employees.

BUSINESS

Our Directors confirm, and our PRC Legal Advisers are of the view, that we comply with the applicable health and safety laws and regulations in the PRC in all material respects, and that, during the Track Record Period and up to the Latest Practicable Date, we were not in breach of such laws and regulations. We have not encountered any safety-related accidents that had any material impact on our operations during the Track Record Period and up to the Latest Practicable Date.

Our operations are also subject to PRC environmental laws and regulations including the Environmental Protection Law of the PRC. Our Group would be subject to fines, suspension of business or cessation of operations if there is any failure to comply with present or future laws and regulations.

We believe that our production process does not generate waste that have any significant adverse effect on the environment and our environmental protection measures are adequate to comply with all applicable current local and national PRC regulations. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our cost of compliance with applicable environmental laws and regulations were approximately HK\$416,000, HK\$304,000, HK\$191,000 and HK\$97,000, respectively, which was mainly attributable to the cost of treatment of water and sewage. We currently do not have any specific expenditure plan with respect to environmental and safety matters. However, we will devote operating and financial resources to such compliance whenever we are required by applicable laws and regulations to do so in the future.

INSURANCE

We currently maintain property insurance, transit insurance, public liability insurance, product liability insurance and mandatory occupation injury insurance. In addition, we maintain credit insurance policies to insure against counter-party risk with our customers. We consider that our insurance coverage is adequate and consistent with relevant industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not made, and had not been the subject of, any material insurance claims.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we had 26 patents active in the PRC relating to manufacturing technology. As at the Latest Practicable Date, we had two registered trademarks in the PRC and we had applied for the registration of certain trademarks in Hong Kong. We also have registered five domain names.

For further details of our intellectual properties, please see the paragraph headed “B. Further information about the business – 2. Intellectual property rights of our Group” in Appendix IV of this prospectus.

We have not been involved in any material intellectual property rights infringement claims or litigation during the Track Record Period.

BUSINESS

PROPERTIES

As at the Latest Practicable Date, our Group leased a property in Huizhou, and shared a portion of Linkz Industries' office in Hong Kong. These properties were used as office premises, factories, warehouse, staff quarter and car park by our Group.

Set forth below are details of these properties as at the Latest Practicable Date:

Property	Approximate floor area	Term	Basic monthly rent as at the Latest Practicable Date	Option for renewal
Wuyi Village, Chenjiang Subdistrict, Huizhou Zhongkai High-tech Industrial Development Zone, Huizhou, Guangdong, China	38,198 sq. m.	1 July 2012 – 31 August 2027	RMB463,940.66	N/A
Units 601-610, 6/F Photonics Centre, 2 Science Park East Avenue, Hong Kong Science Park, New Territories, Hong Kong	3,131 sq. ft.	1 April 2017 – 31 March 2018	HK\$83,333.33	N/A

As at the Latest Practicable Date, our Group did not own any properties.

BUSINESS

EMPLOYEES

As at the Latest Practicable Date, we had 1,977 employees of which 1,969 were based in the PRC, and eight were based in Hong Kong.

The table below sets forth the aggregate number of employees, categorised by function and geographic location, as at the Latest Practicable Date:

Function	Number of Employees	
	PRC	HK
Production	1,251	1
Quality control and quality assurance	330	2
Procurement and logistic	84	1
R&D	213	–
Administration and finance	46	4
Sales and marketing	<u>45</u>	<u>–</u>
Total:	<u>1,969</u>	<u>8</u>

We recruit our employees based on a number of factors such as their work experience, educational background, qualifications or certifications possessed and vacancy.

We provide all of our employees at the Huizhou Factory with on-the-job training and other opportunities to improve their skills and knowledge. Newly hired employees at the Huizhou Factory generally attend comprehensive training programme within the first two weeks of working, including an introduction to corporate culture, workplace safety, products, operation manual, production process and rules of conduct. In order to improve skills and efficiency, employees are subject to skill evaluation on a monthly basis and are required to attend on-the-job training on a semi-annually basis and on an as-needed basis. In particular, we encourage our employees in the production department to attain more than one production skill by providing systematic training programme to them such that they are adaptable to our versatile production solutions, helping to maintain our operating efficiency and flexibility through better resource allocation in our overall production process.

We enter into individual employment agreements with our employees, specifying terms regarding, among other things, salaries, benefits, training, workplace safety and hygiene, confidentiality obligations relating to trade secrets, non-competition and grounds for termination. The remuneration package of our employees includes salary, bonuses, paid leave, accommodation and allowances. Our employees also receive welfare benefits including medical care, retirement pension and other miscellaneous benefits, as well as social insurance and housing provident fund required by the PRC laws and mandatory provident funds required by Hong Kong laws and regulations, where applicable.

We have established an incentive programme that provides rewards to individuals and teams that contribute significant value to us. We also offer annual performance based bonus to our employees who contribute to the technology innovations. We conduct employee

BUSINESS

review once a month and offer bonus to employees with outstanding performance, such as timely completion of production, compliance with safety measures and reduction in production waste. The staff costs (including staff welfare expenses but excluding director remuneration) paid by us for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 were approximately HK\$133,543,000, HK\$132,555,000, HK\$126,555,000 and HK\$46,302,000, respectively.

We have adopted a labour union for our employees in the PRC. Our Directors believe that our employees are among the most valuable assets of our Group and have contributed to the success of our Group. Further, we consider that our ability to attract and retain experienced and motivated employees at all levels is important to ensure the successful implementation of our business and growth strategies. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained good relationships with our employees.

In addition to full-time employees, we engaged 192 contract workers dispatched to us by dispatching services agencies as at the Latest Practicable Date. These contract workers are primarily responsible for production of our cable assembly products and other products to accommodate the demand from our customers on a short-term basis from time to time. We do not enter into separate contracts with our contract workers but instead enter into contracts with the dispatching service agencies for the engagement of contract workers. We generally enter into a three or four years' service contract with the dispatching service agencies. The dispatching service agencies are required to enter into the employment contracts with the contract workers, to pay salaries to the workers and to obtain social insurance for the workers. We pay to the dispatching services agencies the salaries, social insurances fees and housing funds for the contract workers as well as management fees monthly, and are obligated to provide necessary working conditions, tools and facilities.

RESEARCH AND DEVELOPMENT

We believe that successful research process improvement and refinement is critical to our ability to stay competitive in the industry in which we operate. As at the Latest Practicable Date, our R&D team comprised 213 employees, 134 of whom held high school diploma or above. Our experienced engineering and technical staff engage with our customers in the preliminary stages of their new product development process and design as well as develop a custom-made product based on our customers' technical, design and performance requirements. In conceiving a new product, our team from the R&D department will work closely with other departments to ensure every production and quality control aspect of the new design can be practically and efficiently implemented.

Further, we have signed a cooperation agreement with Huizhou College (惠州學院) to make use of human resources and advanced technological researches from campus, and provide R&D bases for university students who have research interests in our industry. Based on the agreement, we expect the university to introduce emerging technologies, products and research results to us so that we can adjust our production structure to capture the market trend, assist to solve technical problems in our production or renovation of production machinery, and provide technical and potential talent training to us. The

BUSINESS

university also organises technology exchanges with us to solve practical problems. The research and experimental equipment is shared for mutual benefits. If there is any intellectual property right involved, it should be jointly owned by both parties in normal circumstances.

For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our R&D expenses amounted to approximately HK\$24,263,000, HK\$24,542,000, HK\$28,223,000 and HK\$12,349,000, respectively. We spend a majority of our R&D expenses on materials and equipment for prototype and product testing. All of our R&D expenses were not capitalised.

MARKET AND COMPETITION

According to the CRI Report, in 2016, global cable assembly market size was approximately US\$156.9 billion, and has demonstrated a CAGR of 5.4% during 2012 to 2016, while China's cable assembly market size was approximately RMB402.9 billion in 2016, with the CAGR of 8.5% during 2012 to 2016. Such growth was mainly driven by the growth of its end markets, including communication equipment and data centre, industrial and medical equipment cable assembly products and mobile phones.

China is one of global major producers of cable assemblies for communication equipment and data centre, with over 1,000 manufacturers and scattered production bases. According to the CRI Report, our Group ranked second among the communication equipment and data centre cable assembly manufacturers, with a market share of 2.3% in terms of revenue generated from the sales of cable assemblies for communication equipment and data centre use in China in 2016. As to China's industrial and medical cable assemblies industry, the number of manufacturers producing cables for industrial and medical cable assemblies exceeded 1,000 by the end of 2016 due to the massive application fields of the downstream markets. In 2016, the accumulated sales revenue of the top 5 industrial and medical equipment cable assembly manufacturers accounted for 12.2% of the respective market, all of which were subdivisions of multinational enterprises.

Our Directors believe that we are able to compete on the basis of our effective customisation production model, quality products, in-depth industry understanding and responsive customer services. For details of our competitive strengths, please refer to the paragraphs headed "Competitive strengths" in this section. We have plans to intensify our competitive advantages and seize further growth opportunities.

REGULATORY COMPLIANCE, LICENCES AND PERMITS

Our Directors, our Hong Kong Legal Advisers and our PRC Legal Advisers confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant Hong Kong and PRC regulatory requirements in all material aspects, and there were no non-compliance incident which constitute material impact non-compliance or systemic non-compliance. Our Directors, our Hong Kong Legal Advisers and our PRC Legal Advisers also confirm that our Group has obtained all the approvals, permits, consents, licences and registrations required for our business and operations in Hong Kong and the PRC and all of them are in force.

BUSINESS

INTERNAL CONTROL

Our Group has engaged the IC Consultant to perform evaluation of the adequacy and effectiveness of our Group's internal control system, including the areas of financial, operation, corporate governance, compliance and risk management under the Internal Control – 2013 Integrated Framework released by the Committee of Sponsoring Organization of the Treadway Commission. Based on the results of the IC Consultant's review, the IC Consultant has identified certain areas of weaknesses or deficiencies in our internal control system and provided recommendation to our Group for addressing them. Details of the major findings and recommendations provided by the IC Consultant are set out below:

Major findings

Formalised framework for monitoring and reporting inside information was insufficient

Corporate governance, environmental, social and governance and related guidelines had not been established

The then internal management reporting, which mainly included (i) profit or loss statements and financial ratios and variance analysis; (ii) key performance indicators; and (iii) monthly business operation update was not commensurate with the Listing Rules requirements; formalised management reporting framework with reference to the Listing Rules requirements for the reporting of financial and operational information to our Board and sub-committees was not in place

Recommendations

Our Group should implement and maintain a sound and effective internal control system to identify, report and escalate potential inside information in a timely and reliably manner

Our Group should conduct an annual review of the effectiveness of the internal control system, including inside information

Our Group should formalise supervision and post review system to avoid personal breaching of all applicable laws, rules and regulations

Our Group should establish a corporate governance policy that is at least commensurate with Appendix 14 to the Listing Rules

Our Group should consider the disclosure requirements and prepare for the environmental data collection in accordance with Appendix 27 to the Listing Rules

Our Group should standardise what type of information to be included in the monthly reporting package framework with reference to the Listing Rules requirements on financial reporting, financial information disclosure, and enhance the existing management reporting framework which covers the reporting packages and other operational matters reserved for our Board's and sub-committees' consideration

BUSINESS

The IC Consultant performed its review together with a series of follow-up reviews during March 2017 to July 2017 and has no further recommendation upon completion of the final follow-up review in July 2017. Our Directors confirm and the IC Consultant acknowledges that all recommendations provided by the IC Consultant had been adopted as at the Latest Practicable Date. Based on the findings of the IC Consultant and our Group's adoption of the recommendation measures and remedial action to such findings, our Directors considered, and the Sponsor concurs, that we have a sufficient and effective internal control system in place.

RISK MANAGEMENT

Our management has designed and implemented risk management policies to address various potential risks identified in relation to our operations, including operational risks, financial risks and legal risks. Our risk management policy sets out procedure to identify, analyse, mitigate and monitor various risks. We are dedicated to monitoring the effectiveness of such policies. Our Board is responsible for overseeing our overall risk management and assessing and updating our risk management policy on a quarterly basis. Our risk management policy also sets out the reporting hierarchy of risks identified in our operations.

Our Group is mainly exposed to risks related to labour shortage for which we extend on-the-job and regular training programmes to our production staff to improve their skills and capabilities. We also provide incentive to staff to attain more than one production skills. In addition, our administrative department watches closely the latest labour market to evaluate on whether our employment package is competitive to retain and attract talents. Further, we monitor the production forecast to foresee the short-term labour needs and make adjustment to our workforce as necessary.

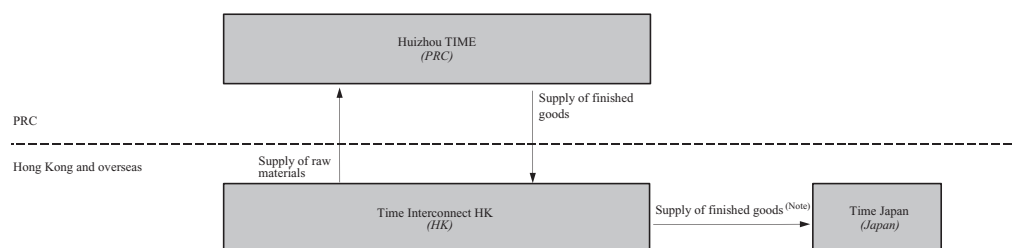
LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, there was no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

BUSINESS

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, our operations were mainly in Hong Kong and the PRC, and we had conducted business with customers worldwide. Production of our Group's products was carried out by Huizhou TIME in the Huizhou Factory. Huizhou TIME purchased raw materials from third party suppliers as well as from Time Interconnect HK for production. The products manufactured by Huizhou TIME were sold to third party customers in the PRC, with a portion sold to Time Interconnect HK, for its onward distribution to overseas third party customers. During the year ended 31 March 2015, Time Interconnect HK also sold some products to Time Japan for distribution to customers in Japan. In particular, during the Track Record Period and before the winding-up of Time Japan on 27 July 2015, Time Interconnect HK had sold cable assemblies to Time Japan for onward sales to third party customers in Japan. The diagram below illustrates the business and logistic flow of our products within our Group during the Track Record Period:



Note: Time Japan was dissolved on 27 July 2015 and we ceased the cross-border arrangement with Time Japan accordingly.

As illustrated above, the following transactions were regarded as our intra-group transactions relating to our transfer pricing arrangement during the Track Record Period:

- Sales of raw materials by Time Interconnect HK to Huizhou TIME, and sales of finished goods by Huizhou TIME to Time Interconnect HK (the “**Covered Transactions**”)
- Sales of finished goods by Time Interconnect HK to Time Japan

We have adopted transfer pricing arrangement among our group companies to regulate intragroup transactions and have taken various measures to ensure our compliance with relevant transfer pricing laws and regulations in jurisdictions where we operate, including: (i) monitoring the implementation of internal control policy on tax-related matters; (ii) identification of updates on transfer pricing laws and regulations and assessment of related risks on our Group; (iii) regular review on transfer pricing policy and exposure; and (iv) designating our accounting manager to regularly monitor our pricing policy of intra-group transactions and report to Mr. Wong Chi Kuen, our Chief Financial Officer and an executive Director, to ensure such transactions can satisfy with the arm's length principle. We adopted arm's length standard to determine the selling prices of the intra-group transactions among our Group after taking into account their respective responsibilities for driving the economic activity, such as manufacturing, product development, sales and distribution, etc. to apportion reasonable profits among these entities according to their roles and functions within our Group and the costs involved.

BUSINESS

In respect of the cross-border arrangement between Time Interconnect HK and Huizhou TIME (i.e. the Covered Transactions), our Group has engaged an independent tax advisers, which is an international professional accounting firm in Hong Kong and is commonly known as one of the “Big Four” accounting firms, to conduct a transfer pricing study on the Covered Transactions during the Track Record Period based on, among other things, the applicable regulations and guidance on transfer pricing in the PRC and Hong Kong. Based on the transfer pricing study, our Directors (after consultation with our tax advisers) are of the view that the related party transactions conducted between Huizhou TIME and Time Interconnect HK during the Track Record Period satisfy the arm’s length principle from both the PRC and Hong Kong transfer pricing perspectives, and potential additional tax liability in relation to transfer pricing for our Group, if any, should not be material. In addition, Huizhou TIME has prepared contemporaneous transfer pricing documentation reports for each year since the related party transactions conducted during the Track Record Period has exceeded the relevant transfer pricing documentation threshold, of which our Directors (after consultation with our tax advisers) confirm the compliance with the applicable transfer pricing regulations in the PRC, including the transfer pricing documentation requirement according to the applicable regulations. Based on the foregoing, our Directors (after consultation with our tax advisers) were of the view, and the Sponsor concurred, that our Group is in compliance with the applicable transfer pricing laws and regulations in Hong Kong and the PRC.

As confirmed by the Directors, our Group’s transfer pricing arrangements have not been challenged or investigated by any relevant tax authority in Hong Kong and the PRC during the Track Record Period and up to the Latest Practicable Date.

In respect of the discontinued cross-border arrangement with Time Japan before it was dissolved in July 2015 in view of the stagnant economy in Japan, our Directors confirm that our Group had observed the transfer pricing laws and regulations of the relevant jurisdiction at the material time, and during the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiries, audit or investigation by any tax authority in Hong Kong and Japan with respect to our historical intragroup transactions with Time Japan. As confirmed by our Japan Legal Advisers, as the ordinary liquidation and the deregistration of Time Japan have been properly and legally completed, the Japan Legal Advisers considered that Time Japan has not been involved in any challenge or investigation by the relevant tax authority during the Track Record Period and up to the Latest Practicable Date.

Based on the above and taking into consideration the relevant laws and regulations relating to transfer pricing as set out in relevant paragraphs under the section headed “Regulatory Overview”, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group has observed the transfer pricing laws and regulations of the relevant jurisdiction and we were not aware of any inquiries, audit or investigation by any tax authority in Hong Kong, the PRC and Japan with respect to our intragroup transactions.

BUSINESS

Our management had been and will continue to closely monitor our Group’s transfer pricing arrangement including reviewing the reasonableness of the pricing policy of our intra-group transactions from time to time. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangement will not be subject to review and possible challenge by any relevant tax authorities in future, even though we believe we have reasonable grounds to defend ourselves against such possible challenge. Please refer to the section headed “Risk Factors – Risks relating to our business – Any change in our tax treatment could reduce our profitability” in this prospectus for further details.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

THE CONTROLLING SHAREHOLDERS

Immediately following the completion of Capitalisation Issue and Share Offer (without taking into account any options that may be granted under the Share Option Scheme), our Company will be owned as to 63.86% by Time Holdings, which is in turn wholly-owned by Linkz Industries.

As at the Latest Practicable Date, Linkz Industries was owned as to 39.68% by Mr. Paul Lo, 20.14% by Nickson Holdings (which is wholly-owned by Mr. Paul Lo), 38.13% by GP Industries (which is owned as to 85.47% by Gold Peak), 1.18% by Time Management and 0.87% by Linkz Management, respectively.

For the purpose of the Listing Rules, Mr. Paul Lo, Nickson Holdings, Gold Peak, GP Industries, Time Management and Linkz Management are a group of Controlling Shareholders by virtue of their holding interests through a common investment holding company, namely Linkz Industries.

The following table sets forth the principal activities of the Controlling Shareholders which are corporates:

Company	Principal activities
Nickson Holdings	Investment holdings
GP Industries (Singapore Exchange stock code: G20)	GP Industries specialises in the development, manufacture and distribution of a wide range of products including electronics and acoustics products, and automotive wire harness. GP Industries holds 64.9% interests in GP Batteries International Limited.
Gold Peak (Stock Exchange stock code: 0040)	Gold Peak is an investment holding company publicly listed on the Stock Exchange. Gold Peak holds 85.47% interest in GP Industries while GP Industries holds 64.9% interest in GP Batteries International Limited. GP Industries and GP Batteries International Limited are publicly listed in Singapore.
Linkz Industries	Investment holdings, with group of subsidiaries whose principal business are the manufacture and sales of a wide range of products including networking cables, LED video display screens as well as leasing of LED video display screens.
Time Holdings	Investment holdings

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our business independently of, and does not place undue reliance on, the Controlling Shareholders, their respective close associates or any other parties, taking into account the following factors:

(i) **Clear delineation of business**

Our core business is the manufacture and sales of cable assembly products (“**Core Business**”). As described above, Nickson Holdings, GP Industries, Gold Peak, Linkz Industries and Time Holdings have different businesses from our Group. Notwithstanding that we occasionally purchase cable products from Linkz Group and sell cable assembly products to Linkz Group, our products are clearly distinguishable from those of Linkz Industries. Set out below are details of the key differences between our Core Business and Linkz Group’s networking cable business (excluding our Group and LED display screen business):

	Our Core Business	Linkz Group’s networking cable business (excluding our Group and LED display screen business)
Nature	Manufacture and sales of cable assemblies	Manufacture and sales of bulk category networking cables
Key products	Customised cable assemblies products which are priced on specifications per unit	Standardised category copper networking cables mainly for building structural installation which are priced based on unit length
Product category	Customised and application specific, with over 11,000 models of copper cable assemblies and 4,900 models of optical fibre cable assemblies offered during the Track Record Period	Standardised products generally classified into the following major categories: CAT5, CAT6, CAT7 and CAT8
Product application	Wide variety of applications for interconnection of devices in various industries	Building structural network cabling system installation

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

	Our Core Business	Linkz Group’s networking cable business (excluding our Group and LED display screen business)
Major customers	Manufacturers of medical equipment, industrial and telecommunication equipment as well as network solutions providers and internet-related service providers	Building data cable solution and installation providers
Key production process and technical know-how	Labour intensive, which involves precise edge crimping, interface polishing, soldering, glue curing and various manual testing. Technical know-how includes connectivity assembly process, fabrication and testing to ensure seamless interconnection of primary (conductor) to secondary (connector) interface, vice versa. The machinery and technical know-how cannot be applied to production of Linkz Group’s products	Capital intensive, which involves copper drawing, twisting copper core to form cable, inner cable shielding and PVC jacketing by automated machines. Technical know-how includes selecting right copper conductors and thermoplastic compound and the control of smooth, uninterrupted signal transmission. The machinery and technical know-how cannot be applied to production of our products
Key raw materials	Connectors, copper cables and optical fibre cables	PVC resin powders and raw copper rods
Major suppliers	Suppliers of copper cables, optical fibre cables and connectors	Suppliers of PVC, copper rod and wires
Location of production facility(ies)	The production facility of the Group is situated in Huizhou, Guangdong, the PRC	The production facilities of Linkz Group’s network cable segment are situated in Suzhou and Shanghai, the PRC

As at the Latest Practicable Date, the Controlling Shareholders, individually and/or collectively also hold interests in other companies in Hong Kong, the PRC and Singapore, which engage in businesses other than the Core Business; accordingly, the other businesses and companies in which the Controlling Shareholders are interested are different in nature from our Core Business. Except through our Group, none of the Controlling Shareholders or their close associates conducts any business that competes or is likely to compete, either directly or indirectly, with the Core Business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules. Given the clear delineation between our Core Business on the one

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

hand and the business of the Controlling Shareholders and their close associates on the other hand, and the non-competition arrangement between our Group and the Controlling Shareholders after Listing, our Board is satisfied that our business is and will continue to be independent from the Controlling Shareholders. Please refer to the paragraph headed “Non-competition undertakings” for details on the non-competition arrangement between our Group and the Controlling Shareholders after Listing.

Our Directors also confirm that as at the Latest Practicable Date, none of our Directors had any interest in a business that competes or is likely to compete, either directly or indirectly, with the Core Business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

(ii) Financial independence

Our Group has an independent financial system and makes financial decisions according to our own business needs.

As at 31 July 2017, our Group had banking facilities with an aggregate principal amount of approximately HK\$0.87 billion which were jointly used and guaranteed by certain members of Linkz Group and our Group. To ensure the financial independence of our Group, all jointly used banking facilities by Linkz Group and our Group will be segregated and our Group will obtain our own banking facilities upon Listing and the corporate guarantees given by our Group to Linkz Group and by Linkz Group in favour of our Group will be either released or replaced upon Listing. As at the Latest Practicable Date, all guarantees provided by our Group to Linkz Group have been released and the corporate guarantees given by Linkz Group will be released prior to the Listing.

As at the Latest Practicable Date, our Group had obtained banking facilities of approximately HK\$273 million which are segregated from Linkz Group. The banking facilities are secured by corporate guarantee from Linkz Industries for the full amount and personal guarantee from Mr. Paul Lo in the amount of approximately HK\$140 million. As at the Latest Practicable Date, based on preliminary discussion with the relevant lending financial institutions, both corporate and personal guarantees provided are expected to be released and replaced by a corporate guarantee to be provided by our Company upon Listing.

Save as disclosed in the paragraphs headed “Liquidity, financial resources and capital structure” and “Indebtedness” under the section headed “Financial Information” in this prospectus, there are no other outstanding credit facilities or bank guarantees provided by Linkz Group to our Group.

Having considered the above factors, our Directors consider that there is no financial dependence on the Controlling Shareholders and/or their respective close associates after Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(iii) Operational and administrative independence

We are not operationally dependent on the Controlling Shareholders and/or their respective close associates. We have full rights to make all decisions on, and to carry out, our own business operations independently from the Controlling Shareholders and/or their respective close associates. We also have independent access to our customers and suppliers, and our Group's management team has been and will be able to seek business opportunities for our Group independently. We are in possession of all relevant licences which are material to carrying on and operating our business and we have sufficient operational capacity in terms of capital and employees to operate independently from the Controlling Shareholders and/or their respective close associates.

Sales of cable assembly products and purchase of materials

During the Track Record Period, certain members of Linkz Group and United Luminous Group were our customers and/or suppliers. For further details, please refer to Note 31 of the Accountants' Report in Appendix I to this prospectus. These transactions were conducted in the ordinary and usual course of business of our Group. The transactions between our Group and each of Linkz Group and United Luminous Group will continue after Listing, and these transactions, contemplated under the Linkz Industries Framework Agreement and the United Luminous Master Supply Agreement, respectively, will constitute continuing connected transactions under the Listing Rules, details of which are set out in the section headed "Continuing Connected Transactions" in this prospectus. As these transactions will be entered into in the ordinary and usual course of business of our Group on terms which are fair and reasonable and in the interest of our Company and the Shareholders as a whole, our Board does not consider any material reliance by our Group on the Controlling Shareholders and/or their respective close associates.

Office sharing and administrative services arrangement with Linkz Industries

During the Track Record Period and up to the Latest Practicable Date, our Group and Linkz Industries had arrangement on sharing the office premises in Hong Kong. Our Group will continue to share the office premises with Linkz Industries, which is our headquarters in Hong Kong. We currently do not, and in the foreseeable future will not, have any plan to relocate our headquarters, which we believe is in the interests of our Company and the Shareholders as a whole in terms of cost, time and operational stability. Meanwhile, we believe that in the event that Linkz Industries ceases to share the office premises with us, we would encounter no difficulty in seeking for an alternative location for our headquarters and without undue delay or inconvenience incurred upon the operations of our business. For more details, please refer to the section headed "Continuing Connected Transactions" in this prospectus.

While our Company maintains our own staff for various administrative support functions, pursuant to the Linkz Administrative Services Agreement (details of which are set out in the section headed "Continuing Connected Transactions" in this prospectus), Linkz Industries has also agreed to provide certain administrative services to our Group which are administrative support in nature. Our Company believes that

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

the provision of administrative services by Linkz Industries represents a cost and operational effective arrangement which is in the ordinary and usual course of our Group's business.

Save as disclosed above, our Directors confirm that the majority of the administration and daily operations of our Group will be carried out by an independent team of staff employed by our Group without any support from Linkz Group.

(iv) Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main functions of our Board include the approval of its overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Company. Our Company has an independent management team, which is led by a team of senior management with substantial experience and expertise in its business, to implement our Group's policies and strategies.

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. For more details of our Directors, please see the section headed "Directors, Senior Management and Employees" in this prospectus. The daily operation of our Group is carried out by an independent experienced management team, and we have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources and business management on a standalone basis. The overlapping of directorship among our Company, Linkz Group and United Luminous Group are set forth below:

Name of Director	Position(s) in our Company	Position(s) in Linkz Group	Position(s) in United Luminous Group
Mr. Cua Tin Yin Simon	Chief Executive Officer and Executive Director	Director in certain members of Linkz Group	Director in certain members of United Luminous Group
Mr. Paul Lo	Chairman and non-executive Director	Director in certain members of Linkz Group	Director in certain members of United Luminous Group

Our Directors are satisfied that our Board as a whole, together with our independent senior management team, is able to perform the managerial role in our Group independently on the following grounds:

- (a) Mr. Cua holds directorships at relevant subsidiaries of Linkz Group and United Luminous Group. However, as our Chief Executive Officer and an executive Director, Mr. Cua had been primarily responsible for and had spent over 90% of his working hours on the management of strategic and significant business operations of our Group during the Track Record Period and up to the Latest Practicable Date. As such, although Mr. Cua holds directorships in relevant subsidiaries of Linkz Group and United Luminous Group, we are of the view that

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

he will be able to manage and work effectively and independently from Linkz Group and United Luminous Group while acting as our Chief Executive Officer and executive Director.

- (b) In addition to Mr. Cua's commitment to the management of our Group as disclosed above, as at the Latest Practicable Date, Mr. Wong Chi Kuen, our Chief Financial Officer and an executive Director, does not and will not assume any management position involving day-to-day management or serve as a director of the Controlling Shareholders or any of their close associates. As such, Mr. Wong Chi Kuen will be able to devote entirely his time to and focus on the management and day-to-day business operations of our Group.
- (c) Mr. Paul Lo, being our Chairman and a non-executive Director, is primarily involved in the high-level decision-making process on important strategic and policy matters of our Company. As such, he is not involved in the day-to-day management of our Company.
- (d) Our Board consists of three independent non-executive Directors, including Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric, who together represent more than one-third of the members of our Board. Accordingly, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and our independent non-executive Directors will be able to safeguard the interests of our Company and the Shareholders as a whole.
- (e) Our Board is supported by an experienced full time senior management team, which is principally responsible for the daily management of our business operations. We have the capabilities and personnel to perform all essential production and administrative functions, including financial and accounting, human resources, business management and R&D on a stand-alone basis.
- (f) Each Director is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests.
- (g) In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Reasons for not including Linkz Group's networking cable business (the "Networking Cable Business") in our Group

Linkz Group is principally engaged in manufacture and sales of networking cables and LED video display screen products. The primary reasons for not including the Networking Cable Business are as follows:

- (i) Our Group's has a higher gross profit margin than the Networking Cable Business. Our Directors also believe that our Group has a higher growth potential and has a clearly defined business focus, which is more favourable in creating value to Shareholders and appealing to investors;
- (ii) The business and risk profile of Networking Cable Business is substantially different from our Group's business. For example, our Group offers customised solutions to clients and there were over 16,000 models during the Track Record Period, while the Networking Cable Business offers mainly standardised products which can be broadly categorised into a few types of networking cables. The production process of Networking Cable Business is highly capital intensive that relies on machinery and high degree of automation but our Group's assembling process is more labour intensive as it requires a well balance between automation and labour intervention to handle "small batches of a wide variety" orders. Further, as the products of our Group and the Networking Cable Business are fundamentally different, the Networking Cable Business does not have direct or indirect competition with our Group. Besides, our Directors consider that the products of Networking Cable Business are not complementary to our Group's business; and
- (iii) Our Group and the Networking Cable Business each has substantially independent and distinct customer base, different raw materials and hence suppliers and different geographical production base. Our Group has been delineated from Linkz Group since 1992 when our Group was founded as our Group's business was considered and intended to be a separate business and distinct from Linkz Group. Our Directors are of the view that the combination of our Group and the Networking Cable Business will not generate additional synergy but would consume management resources for integration of the two businesses.

RULE 8.10 OF THE LISTING RULES

Save as otherwise disclosed, our Controlling Shareholders, our Directors and their respective associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between our Group and the Controlling Shareholders, namely (i) Mr. Paul Lo, (ii) Nickson Holdings, (iii) Gold Peak, (iv) GP Industries, (v) Linkz Industries, (vi) Time Holdings, (vii) Linkz Management; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(viii) Time Management (each a “**Covenantor**” and collectively the “**Covenantors**”), have entered into the Deed of Non-competition with our Company (for itself and as trustee for its subsidiaries) on 24 January 2018. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in the Core Business that is in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the Covenantors further undertakes that if any of he/she/it or his/her/its associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete directly or indirectly with the Core Business of our Group, he/she/it shall (and he/she/it shall procure his/her/its associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within six months after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether our Group will exercise the right of first refusal or not.

Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunity) and approval by our Board/or Shareholders as required under relevant laws and regulations and in accordance with the articles of association of the Company in effect at the relevant time. The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Committee granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreement having been fulfilled (or where applicable, waived) and the Underwriting Agreement not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date falling 30 days after the date of this prospectus (or if such date is not a Business Day, the immediate preceding Business Day), the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on (i) in relation to any Covenantor, the date on which he/she/it together with his/her/its associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; (ii) the date on which the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Exchange due to any reason) or (iii) 30 days after the release of this prospectus on which the Listing Division failed to grant approval for the listing of and permission to deal in the Shares on the Stock Exchange all conditions precedent under the Underwriting Agreements having not been fulfilled (or where applicable, waived) and the Underwriting Agreement having been terminated in accordance with its terms.

CORPORATE GOVERNANCE MEASURES

To avoid potential conflicts of interest, our Group will implement the following measures:

- (i) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors (or their associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;
- (ii) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her associates has/have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;
- (iii) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-competition for inclusion in the annual report of our Company;
- (iv) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition; and
- (v) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. Our independent non-executive Directors represent half of the composition of our Board and they are professionals in different industries. We believe that the presence of our independent non-executive Directors provides a balance of view and independent judgment in the decision making process of our Board and that they will be able to provide an impartial, external opinion to protect the interests of the public Shareholders. Details of our independent non-executive Directors are set out in the paragraph headed “Directors, Senior Management and Employees – Independent non-executive Directors” in this prospectus; and

We have appointed Frontpage Capital as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

CONTINUING CONNECTED TRANSACTIONS

CONNECTED PERSONS

We have entered into certain transactions with the following entities which will become connected persons of our Company upon Listing, and such transactions are expected to continue after Listing.

Linkz Industries

Immediately after completion of the Share Offer (without taking into account any Shares to be issued upon exercise of any options that may be granted under the Share Option Scheme), Linkz Industries will, through Time Holdings, hold 1,175,070,000 Shares (representing 63.86% of our enlarged total share capital) and will remain as the Controlling Shareholder. Accordingly, Linkz Industries and its associates will become our connected persons upon Listing under Rules 14A.07(1) and 14A.13 of the Listing Rules.

United Luminous

Immediately after completion of the Share Offer (without taking into account any Shares to be issued upon exercise of any options that may be granted under the Share Option Scheme), Mr. Paul Lo will, through himself and his shareholdings in Nickson Holdings, hold the controlling stake in Linkz Industries and in turn indirectly control 38.2% of our enlarged total share capital. Mr. Paul Lo will remain as the Controlling Shareholder and in the same time, he is our Chairman and a non-executive Director. Mr. Paul Lo is the sole shareholder of United Luminous. Accordingly, United Luminous will become our connected person upon Listing under Rules 14A.12(1)(c) and 14A.13 of the Listing Rules. United Luminous and its subsidiaries specialise in R&D, manufacture and sales of LED products.

Accordingly, transactions between our Group with (i) Linkz Group; or (ii) United Luminous Group will constitute connected transactions of our Company under Chapter 14A of the Listing Rules which include (i) continuing connected transactions subject to the reporting, announcement and annual review requirements but are exempted from the circular and independent Shareholders' approval requirements; (ii) continuing connected transaction subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements; and (iii) continuing connected transaction exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements.

CONTINUING CONNECTED TRANSACTIONS

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

On 24 January 2018, we entered into a sales and purchase framework agreement (the “**Linkz Industries Framework Agreement**”), an administrative services agreement (the “**Linkz Administrative Services Agreement**”), and a property sharing agreement (the “**Linkz Property Sharing Agreement**”) with Linkz Industries. In addition, on 24 January 2018, we entered into a master supply agreement (the “**United Luminous Master Supply Agreement**”) with United Luminous. Each of the Linkz Industries Framework Agreement, Linkz Administrative Services Agreement, Linkz Property Sharing Agreement and United Luminous Master Supply Agreement (together, the “**Connected Transaction Agreements**”) shall be effective from the Listing Date up to 31 March 2020. The term of the Connected Transaction Agreements may be renewed as the parties thereto mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

A summary of our continuing connected transactions with duration up to 31 March 2020 is set out as follows:

Nature of transaction	Applicable Listing Rules	Waiver sought	Proposed annual cap for the year ending 31 March		
			2018	2019	2020
Fully-exempt continuing connected transaction					
United Luminous Master Supply Agreement	14A.76(1)	N/A	240	250	265
Linkz Administrative Services Agreement	14A.98	N/A	3,750	3,938	4,125
Linkz Property Sharing Agreement	14A.76(1)	N/A	1,000	1,100	1,200
Non-exempt continuing connected transactions					
Linkz Industries Framework Agreement					
– Supply of cable assembly products	14A.76(2)(a)	Waiver from the announcement requirement	8,500	9,000	9,500
– Purchase of materials	14A.35 14A.36 14A.49 14A.71	Waiver from the announcement and independent shareholders’ approval requirement	17,500	21,000	22,000

CONTINUING CONNECTED TRANSACTIONS

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

1. United Luminous Master Supply Agreement

The following sets forth certain particulars of the United Luminous Master Supply Agreement.

Parties

- (a) United Luminous; and
- (b) our Company.

Principal terms

Pursuant to the United Luminous Master Supply Agreement, our Group will sell a variety of cable assembly products pursuant to the specifications and requirements to members of United Luminous Group, for a term commencing from the Listing Date and ending on 31 March 2020.

Pricing policy

The terms of the sales will be determined with reference to prevailing market terms and on terms no less favourable to our Group than those made available to Independent Third Parties for similar products. In particular, the prices will be determined based on the standard price range of the relevant products set by our Group in accordance with our pricing policy. If a standard price range does not exist, pricing should be determined a cost-plus basis, which is determined by the direct costs of producing the products (including materials, labour, utilities, subcontracting fee, equipment depreciation) plus a profit margin to be agreed upon. In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, we will obtain and compare selling prices to other customers, who are Independent Third Parties requiring supply of similar cable assembly products from us, not less frequently than on a monthly basis.

Historical transaction amount

Set out below are the approximate historical sales amounts of cable assembly products by our Group to United Luminous Group during the Track Record Period:

	<i>HK\$'000</i>
Year ended 31 March 2015	–
Year ended 31 March 2016	–
Year ended 31 March 2017	247
Four months ended 31 July 2017	35

CONTINUING CONNECTED TRANSACTIONS

Proposed annual caps

The proposed annual caps for the estimated aggregate sales amount of cable assembly products by our Group to United Luminous Group are set out below:

	<i>HK\$'000</i>
Year ending 31 March 2018	240
Year ending 31 March 2019	250
Year ending 31 March 2020	265

Basis of the proposed annual caps

In determining the proposed annual caps, we have considered:

- (i) historical sales of our cable assembly products to United Luminous Group;
- (ii) estimated needs of United Luminous Group for our cable assembly products; and
- (iii) the expected growth in the overall demand of cable assembly products for the manufacturing of LED related products.

Reasons for and benefits of the transaction

Light Engine Technologies Limited, a direct wholly-owned subsidiary of United Luminous, is one of the leading LED products manufacturers headquartered in Hong Kong with production facility in Huizhou, Guangdong Province, the PRC. Our Group believes that the entering into of the United Luminous Master Supply Agreement will not only enhance the sales of our Group but also allow us to expand the industrial market sector. Our Group has been providing cable assembly products for use in LED related products to customers that are Independent Third Parties. In addition, Light Engine Technologies Limited applies our cable assembly products with its specifications and requirements for manufacturing LED related products. The arrangements contemplated under the United Luminous Master Supply Agreement will be beneficial for the growth of our Group's business, as distribution through the sales channels of United Luminous Group will help increase the coverage of our Group's products in the industrial market. The sales to United Luminous Group helps us strengthen customer job reference and our Directors believe that it is useful in tapping further business opportunities in this sector.

Our Directors are of the view that the United Luminous Master Supply Agreement entered into between our Company and United Luminous has been entered into in the ordinary and usual course of our business and on normal commercial terms that are fair, reasonable and in the interest of our Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Implications under the Listing Rules

As our Directors currently expect each of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules will be less than 0.1%, the transactions contemplated under the United Luminous Master Supply Agreement qualify under Rule 14A.76(1) of the Listing Rules as a de minimis transaction exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Linkz Administrative Services Agreement

The following sets forth certain particulars of the Linkz Administrative Services Agreement.

Parties

- (a) Linkz Industries; and
- (b) our Company.

Principal terms

Pursuant to the Linkz Administrative Services Agreement, Linkz Industries will provide services in ancillary to the property sharing as discussed below, including the provision of office administrative support, information technology support and/or such other services to our Group for a term commencing from the Listing Date and ending on 31 March 2020.

Pricing policy

The administrative fees charged were determined on a cost basis whereby the costs are identifiable and are allocated to the parties and calculated based on actual consumption and/or the time spent by the staff on the provision of relevant services. Our Directors are of the view that the administrative fees charged have been allocated to the parties involved on a fair and equitable basis, and such transaction has been and will be entered into in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The approximate total service fees charged by Linkz Industries in relation to the administrative services rendered for each of the three years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 are as follows:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Management fee	20,207	6,053	6,053	–
(ii) Administrative services	<u>7,140</u>	<u>3,570</u>	<u>3,570</u>	<u>1,250</u>
Total	<u>27,347</u>	<u>9,623</u>	<u>9,623</u>	<u>1,250</u>

During the Track Record Period, administrative services comprised (i) management services, which referred to remuneration of our Directors and senior management charged to our Group by Linkz Group; and (ii) administrative services, which referred to administrative costs incurred by Linkz Group and our Group and allocated to our Group.

Proposed annual caps and basis

The proposed annual caps in respect of the administrative fees payable to Linkz Industries under the Linkz Administrative Services Agreement are set out below:

	<i>HK\$'000</i>
Year ending 31 March 2018	3,750
Year ending 31 March 2019	3,938
Year ending 31 March 2020	4,125

In determining the proposed annual caps, we have considered the historical transaction amounts between our Group and Linkz Industries taking into account that our Group no longer requires management services from Linkz Group, along with the aforesaid pricing policy and the estimation on rising costs due to inflation.

Reasons for and benefits of the transaction

Our Directors believe that our Group can enjoy cost saving by sharing the administrative costs of Linkz Group and there is operational convenience brought to our Group given our use of the same office premises with the Linkz Group under the Linkz Property Sharing Agreement. Our Directors are of the view that the Linkz Administrative Services Agreement is entered into in the ordinary and usual course of business of our Group and on normal commercial terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Implications under the Listing Rules

Our Directors currently expect that the transactions contemplated under the Linkz Administrative Services Agreement will be exempted from the reporting, announcement, annual review and independent Shareholders' approval requirements under Rule 14A.98 of the Listing Rules as costs are identifiable and allocated to our Group and Linkz Group on a fair and equitable basis.

3. Linkz Property Sharing Agreement

The following sets forth certain particulars of the Linkz Property Sharing Agreement.

Parties

- (a) Linkz Industries; and
- (b) our Company.

Principal terms

Pursuant to the Linkz Property Sharing Agreement, Linkz Industries will share a portion of its Hong Kong office, comprising gross floor area of approximately 3,131 sq. ft., to our Group, for a term commencing from the Listing Date and ending on 31 March 2020.

Pricing policy

The annual sharing costs were determined after arm's length negotiations between the relevant parties with reference to the prevailing market rates of local properties in the neighbourhood with a similar scale and quality. For renewal of the office sharing term, our Group will also obtain listings of other acceptable office premises. Our Group will compare such information to decide whether the quotation offered by Linkz Industries is no less favourable than those given by the real estate agent and whether the office sharing terms will continue to be fair and reasonable.

Historical transaction amount

Set out below are the approximate historical sharing costs paid by our Group to Linkz Industries during the Track Record Period:

	<i>HK\$'000</i>
Year ended 31 March 2015	1,980
Year ended 31 March 2016	662
Year ended 31 March 2017	662
Four months ended 31 July 2017	333

CONTINUING CONNECTED TRANSACTIONS

Proposed annual caps and basis

The proposed annual caps for the sharing costs payable by our Group to Linkz Industries are set out below:

	<i>HK\$'000</i>
Year ending 31 March 2018	1,000
Year ending 31 March 2019	1,100
Year ending 31 March 2020	1,200

In determining the annual caps, we have considered the historical transaction amounts between our Group and Linkz Industries taking into account the aforesaid pricing policy and the prevailing market rates of the same or similar properties in the same locality. The increasing annual caps reflect the rising rental trend anticipated in the coming years. We have also consulted an independent property valuer regarding the fairness and reasonableness of such proposed annual caps. The independent property valuer has reviewed the Linkz Property Sharing Agreement and considers that the sharing costs payable by our Group to the Linkz Group are fair and reasonable and are consistent with the prevailing market rates for similar premises in similar locations.

Reasons for and benefits of the transaction

We had been sharing a portion of the Hong Kong office of Linkz Industries for use as our headquarters since 1994. We currently do not, and in a foreseeable future will not, have any plan to relocate our headquarters. The annual sharing costs were determined after arms' length negotiations between the parties thereto with reference to the prevailing market rates in respect of the same or similar properties in the same district. Our Directors are of the view that such transaction has been and will be entered into in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Implications under the Listing Rules

Our Directors currently expect that each of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules will be less than 5% and the total consideration will be less than HK\$3,000,000, the transactions contemplated under the Linkz Property Sharing Agreement qualify under Rule 14A.76(1) of the Listing Rules as a de minimis transaction exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Linkz Industries Framework Agreement

The following sets forth certain particulars of the Linkz Industries Framework Agreement:

Parties

- (a) Linkz Industries; and
- (b) our Company.

a. Sales of cable assembly products by our Group to members of Linkz Group

Principal terms

Pursuant to the Linkz Industries Framework Agreement, our Group will sell a variety of cable assembly products, pursuant to the specifications and requirements, to Linkz Group, for a term commencing from the Listing Date and ending on 31 March 2020.

Pricing policy

The terms of the sales will be determined with reference to prevailing market terms and on terms no less favourable to our Group than those made available to Independent Third Parties for similar products. In particular, the prices will be determined based on the standard price range of the relevant products set by our Group in accordance with our pricing policy. If a standard price range does not exist, pricing should be determined a cost-plus basis, which is determined by the direct costs of producing the products (including materials, labour, rental, utilities, equipment depreciation and subcontracting fees, if any) plus a profit margin to be agreed upon. In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, we will obtain and compare selling prices to other customers, who are Independent Third Party requiring supply of similar cable assembly products from us, not less frequently than on a monthly basis. Our Group shall have the right to accept the orders from Linkz Group or not and would accept orders only if our Group will profit from the sales and would consider our Group's capacity to undertake purchase orders which are more profitable.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amount

Set out below are the approximate historical sales amounts of cable assembly products by our Group to members of Linkz Group during the Track Record Period:

	<i>HK\$'000</i>
Year ended 31 March 2015	25,104
Year ended 31 March 2016	8,099
Year ended 31 March 2017	7,516
Four months ended 31 July 2017	1,351

Proposed annual caps and basis

The proposed annual caps for the aggregate sales amount of cable assembly products by our Group to members of Linkz Group are set out below:

	<i>HK\$'000</i>
Year ending 31 March 2018	8,500
Year ending 31 March 2019	9,000
Year ending 31 March 2020	9,500

In determining the proposed annual caps, we have considered:

- (i) the historical sales of our cable assembly products to Linkz Group; and
- (ii) the expected demand of our cable assembly products of Linkz Group.

Reasons for and benefits of the transaction

Linkz Group manufactures and sells networking cables and LED video display screens as well as leasing of LED video display screens. Linkz Group applies our cable assembly products with its specifications and requirements for manufacturing LED video display screens. The entering into of the Linkz Industries Framework Agreement will enhance the sales of our Group. Moreover, riding on the reputation of Linkz Group as an experienced manufacturer of LED video display screens and networking cables in the PRC, we believe our job reference would be strengthened.

Our Directors are of the view that the Linkz Industries Framework Agreement entered into between our Group and Linkz Industries have been entered into in the ordinary and usual course of our business and on normal commercial terms that are fair, reasonable and in the interest of our Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Implications under the Listing Rules

Our Directors currently expect that each of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules will not exceed 5% on an annual basis. Under Rule 14A.76(2)(a) of the Listing Rules, the supply of cable assembly products to member of Linkz Group as contemplated under the Linkz Industries Framework Agreement will be subject to the reporting, announcement and annual review requirements but will be exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

b. Purchase of materials by our Group from members of Linkz Group

Principal terms

Pursuant to the Linkz Industries Framework Agreement, our Group will purchase copper cable products from Linkz Group, for a term commencing from the Listing Date and ending on 31 March 2020.

Pricing policy

The price payable for copper cable products under Linkz Industries Framework Agreement by our Group to Linkz Group shall be determined after arm's length negotiation. In order to ensure that the prices are fair and reasonable and in line with prevailing market rate, we will obtain quotations from providers which provide similar materials and are Independent Third Parties not less frequently than on a monthly basis.

Historical transaction amount

Set out below are the approximate historical purchase amount of materials by our Group from Linkz Group:

	<i>HK\$'000</i>
Year ended 31 March 2015	18,328
Year ended 31 March 2016	62,650
Year ended 31 March 2017	9,073
Four months ended 31 July 2017	4,077

For the fluctuation of the historical amount, please refer to the section headed "Financial Information – Related party transactions and balances – (II) Purchase of materials from subsidiaries of Linkz Group" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

Proposed annual caps and basis

The proposed annual caps for the aggregate purchase amount of materials by our Group from Linkz Group are set out below:

	<i>HK\$'000</i>
Year ending 31 March 2018	17,500
Year ending 31 March 2019	21,000
Year ending 31 March 2020	22,000

In determining the proposed annual caps, we have considered:

- (i) the historical quantity of the copper cable products purchased from Linkz Group;
- (ii) the potential sales orders from a major customer for certain type of our cable assembly products in which the networking cables from Linkz Group have satisfied the raw materials requirements and specifications for the production of such cable assembly product and that Linkz Group is a qualified supplier of this customer. Taking into account the demand of our cable assembly products from this major customer for the four months ended 31 July 2017 and the purchase order forecast provided by this customer, our Directors estimate that additional purchases of approximately RMB10 million from Linkz Group will be required for the year ending 31 March 2018 in order to cater to sales orders from this customer; and
- (iii) the expected increase in the use of the materials to cater for the production needs of our Group driven by our business growth together with our planned expansion of our production capacity as described in the section headed “Business – Business strategies” in this prospectus.

Reasons for and benefits of the transaction

Linkz Group manufactures and sells networking cables and LED video display screens as well as leasing of LED video display screens, and Linkz Group has been providing materials to our Group for almost ten years. Linkz Group is also one of the largest manufacturers for certain networking cables in the PRC. Based on the established long-term co-operation relationship between the Linkz Group and our Group, the Linkz Group has a track record of providing reliable, efficient and satisfactory cable materials to our Group as certain principal raw materials for certain cable assembly products. As compared to many other cable manufacturers which are Independent Third Parties, for the specified products we require, Linkz Group has more extensive experience in coping with our specifications. Furthermore, there had not been any material disputes between our Group and Linkz Group with regard to settlement or quality of the products delivered by the Linkz Group, our Directors are therefore of the view that the Linkz Group has consistently delivered, on a timely basis, cable products that meet the quality standard satisfactory to our Group.

CONTINUING CONNECTED TRANSACTIONS

Our Directors are of the view that the Linkz Industries Framework Agreement has been entered into in the ordinary and usual course of our business and on normal commercial terms that are fair, reasonable and in the interest of our Company and the Shareholders as a whole.

Implications under the Listing Rules

As our Directors currently expect that the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rule 14.07 of the Listing Rules will be more than 5% and such proposed annual caps are more than HK\$10 million on an annual basis, the purchase of materials from members of Linkz Group as contemplated under the Linkz Industries Framework Agreement will be subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In respect of the transactions described under the paragraph headed "Non-exempt continuing connected transactions" above, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the requirements under Chapter 14A of the Listing Rules for the Linkz Industries Framework Agreement, subject to the conditions that:

- (i) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of the prospectus relating to the continuing connected transactions, our Company will take necessary action to ensure compliance with such requirements;
- (ii) such transactions will continue to be subject to the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules; and
- (iii) upon expiry of the waiver granted in respect of the announcement and independent shareholders' approval requirements for the period ending 31 March 2020, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

DIRECTORS' VIEWS

Having taken into account the information set out above, our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section, which have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better to our Group and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps for the continuing connected transactions

CONTINUING CONNECTED TRANSACTIONS

described under the paragraph headed “Non-exempt continuing connected transactions” above are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Directors with conflicted interest in the continuing connected transactions described in this section shall be required to abstain from voting on relevant Board resolutions in relation to such continuing connected transactions.

CONFIRMATION FROM THE SPONSOR

Having taken into account the information set out above, the Sponsor is of the view that the continuing connected transactions as described in the paragraph headed “Non-exempt continuing connected transactions” above have been entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better to our Group; and (iii) in accordance with the Connected Transaction Agreements governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Sponsor is also of the view that the proposed annual caps for such non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our Group's business. Our Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information of our Directors:

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Mr. Cua Tin Yin Simon (柯天然)	56	Chief Executive Officer and executive Director	29 December 1992	15 June 2017	Overall strategic management and development of our Group's business and operations; overseeing our Group's operation, business development, and human resources	None
Mr. Wong Chi Kuen (黄志权)	52	Chief Financial Officer and executive Director	2 July 2010	15 June 2017	Overseeing our Group's operation, business development, human resources, finance and administration	None
<i>Non-executive Director</i>						
Mr. Lo Chung Wai Paul (羅仲焯)	69	Chairman and non-executive Director	29 December 1992	15 June 2017	Overall strategic management and corporate development	None
<i>Independent Non-executive Directors</i>						
Mr. Ho Hin Shun (何顯信)	52	Independent non-executive Director	24 January 2018	24 January 2018	Serving on the Audit Committee, the Remuneration Committee and the Nomination Committee, and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	None
Mr. Luk Wai Shing (陸偉成)	49	Independent non-executive Director	24 January 2018	24 January 2018	Serving on the Audit Committee, the Remuneration Committee, and the Nomination Committee and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	None
Mr. Chan Chung Shun Eric (陳忠信)	52	Independent non-executive Director	24 January 2018	24 January 2018	Serving on the Audit Committee, the Remuneration Committee and the Nomination Committee, and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EXECUTIVE DIRECTORS

Mr. Cua Tin Yin Simon(柯天然) (“**Mr. Cua**”), aged 56, is the Chief Executive Officer and an executive Director of our Company. Mr. Cua is responsible for overall strategic management and development of our Group’s business and operations and overseeing our Group’s operation, business development, and human resources. Mr. Cua was appointed as Director on 15 June 2017 and re-designated as our Chief Executive Officer and executive Director on 10 July 2017. Mr. Cua is currently a director of Time Interconnect HK and Huizhou TIME and holds directorships in certain subsidiaries of Linkz Group and United Luminous Group.

Mr. Cua completed the Master of Business Administration from The University of Western Ontario, Canada in October 2005 and was further awarded honorary Doctorate of Laws (LL.D.) from The University of Western Ontario, Canada in May 2015. Mr. Cua has gathered experience in the electronic industry in the PRC since the 1980s. Mr. Cua started his career with Gold Peak Group and has later become the director of Linkz Industries, the Controlling Shareholder, since May 1990. From June 2007 to December 2014, Mr. Cua was a director of Lingsen Precision Industries, Ltd. (stock code: 2369), a company listed on the Taiwan Stock Exchange Corporation. Mr. Cua plays a critical role in formulating our Group’s corporate and business strategies and driving the sustainable growth of our Group with new opportunities.

Mr. Cua was honoured with the Young Industrialist Awards of Hong Kong in December 2001 and became an awardee member of Hong Kong Young Industrialists Council. Mr. Cua is one of the founding members of the China Overseas Chinese Entrepreneurs Association (“COCEA”) and has been a member of COCEA since January 2008. Mr. Cua has been elected as a council member of International Cablemakers Federation since 2014. He is currently a member of Hong Kong-Shanghai Economic Development Association and the director of Shanghai Chinese Overseas Friendship Association. He is also the executive committee member of Hong Kong Electronic Industries Association and Hong Kong Electronics Industry Council.

Mr. Cua was a director of the following companies incorporated in Hong Kong prior to their respective dissolution (but not due to member’s voluntary winding-up) with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
Kenly Investments Limited (吉利投資有限公司) ^(Note)	Ceased business	15 February 2013
ULI Strategic Investments Limited ^(Note)	Ceased business	1 June 2012

Note: Kenly Investments Limited and ULI Strategic Investments Limited were deregistered under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if: (a) all the members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) such company has no outstanding liabilities.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Cua confirmed that (i) the above companies were solvent immediately prior to their dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the above companies; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the above companies.

Mr. Wong Chi Kuen (黃志權) (“Mr. Wong”), aged 52, is the Chief Financial Officer and an executive Director of our Company. Mr. Wong is responsible for overseeing our Group’s operation, business development, human resources, finance and administration. Mr. Wong was appointed as Director on 15 June 2017 and re-designated as our Chief Financial Officer and executive Director on 10 July 2017. Mr. Wong is currently a director of Time Interconnect HK and Huizhou TIME.

Mr. Wong obtained his Bachelor of Business Administration degree from The Open University of Hong Kong in June 2002. In June 2004, Mr. Wong was admitted as an associate of the Association of International Accountants (“AIA”). Mr. Wong has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since October 2004 and a fellow member of the AIA since July 2009. He was admitted as International Accountant (FAIA) jointly by Association of International Accountants and China Association of Chief Financial Officers in December 2016.

Mr. Wong has over 20 years of experience in management accounting and operation management. He is particularly familiar with accounting and enterprise resource planning management system in Hong Kong and the PRC. Mr. Wong worked for Linkz Industries from 1994 to 2007, where he worked in a number of positions over the years including assistant accounting manager, accounting manager and chief accountant. In March 2007, the employment of Mr. Wong was transferred to a subsidiary of Linkz Industries (formerly known as LTK Industries Limited), Genuine Care Limited (later renamed as LTK International Limited). In March 2007, Genuine Care Limited was acquired by Belden Inc., a company listed on the Stock Exchange of New York (stock code: BDC), where he was initially the financial controller and was further promoted to the position of accounting director, Asia Pacific division in 2008 and finance director for OEM business group in 2009, respectively.

Mr. Wong re-joined Linkz Industries as financial controller in July 2010 prior to becoming the Chief Financial Officer of our Group in July 2017.

NON-EXECUTIVE DIRECTOR

Mr. Lo Chung Wai Paul (羅仲煒) (“Mr. Paul Lo”), aged 69, is our Chairman and non-executive Director. Mr. Paul Lo is responsible for the overall strategic management and corporate development. He was appointed as Director on 15 June 2017 and re-designated as our Chairman and non-executive Director on 10 July 2017. Mr. Paul Lo is currently the director of Time Interconnect HK and holds directorships in certain subsidiaries of Linkz Group and United Luminous Group.

Mr. Paul Lo has over 40 years of experience in the electronics industry. He has extensive experience in global marketing and has been instrumental in the corporate and business development of our Group, particularly in the formulation of corporate strategies as

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

well as market positioning of significant products. Mr. Paul Lo is the chairman of Linkz Industries. He is one of the co-founders of and served as an executive director for Gold Peak, a company listed on the Main Board of the Stock Exchange, from 1977 to 2011. From July 1990 to August 1997, Mr. Paul Lo was a director of GP Batteries International Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (stock code: GD8). From March 1998 to December 2014, Mr. Paul Lo was a supervisor of Lingsen Precision Industries, Ltd., a company listed on the Taiwan Stock Exchange Corporation (stock code: 2369). Mr. Paul Lo is currently the general councilor of the Sixth Council of Guangdong Association of Enterprises with Foreign Investment and the Vice President of the Sixth Council of Huizhou Association of Enterprises with Foreign Investment of China.

Mr. Paul Lo was a director of the following companies incorporated in Hong Kong prior to their respective dissolution (but not due to members' voluntary winding-up) with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
ULI Strategic Investments Limited ^(Note)	Ceased business	1 June 2012
Maingo Investments Limited (盟高投資有限公司) ^(Note)	Ceased business	7 October 2011
Whitehill Investment Limited (惠山投資有限公司) ^(Note)	Ceased business	20 May 2011
Lacosta Industrial Development Limited (利高達工業發展有限公司) ^(Note)	Ceased business	25 September 2009
Roctec Toys & Gifts Limited (鷹達玩具及禮品有限公司) ^(Note)	Ceased business	24 December 2003
Swan Square Limited (天鵝廣場有限公司) ^(Note)	Ceased business	19 July 2002
Dragon Giftwares Manufacturing Limited (龍滙精品製造廠有限公司) ^(Note)	Ceased business	19 July 2002

Note: ULI Strategic Investments Limited, Maingo Investments Limited, Whitehill Investment Limited, Lacosta Industrial Development Limited, Roctec Toys & Gifts Limited, Swan Square Limited and Dragon Giftwares Manufacturing Limited were deregistered under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if: (a) all the members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) such company has no outstanding liabilities.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Paul Lo confirmed that (i) the above companies were solvent immediately prior to their dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the above companies; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the above companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Hin Shun (何顯信) (“**Mr. Ho**”), aged 52, was appointed as our independent non-executive Director on 24 January 2018. Mr. Ho is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group. Mr. Ho has over 20 years of experience in sales and marketing on electronics components and over 15 years of management experience.

Mr. Ho obtained his Bachelor of Science in Engineering from the University of Hong Kong in November 1987. He further obtained his Master of Business Administration from The Chinese University of Hong Kong in December 1994.

Mr. Ho’s primary working experience includes:

Name of organisation	Principal business activity	Last position	Period of service
Comex Tech Holdings Limited (formerly known as SSL Design and Consultancy Limited)	Components distribution mainly focusing on LED lighting market	Director	September 2014 – present
Comex Technology Limited	Components distribution mainly focusing on LED lighting market	Director	November 2009 – March 2017
Future Electronics (Hong Kong) Limited	Electronics components distribution	Vice president	January 2007 – January 2009
Silver Wing Holdings (China) Limited	Components distribution	Sales director	July 2001 – December 2006
Arrow/Components Agent Limited	Components distribution	Sales director	May 1997 – March 2001
Components Agent Limited	Components distribution	Product marketing manager	April 1989 – December 1996

Mr. Luk Wai Shing (陸偉成) (“**Mr. Luk**”), aged 49, was appointed as our independent non-executive Director on 24 January 2018. Mr. Luk is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Luk had worked for Nanyang Commercial Bank Limited (“NCB”) from July 1992 to March 2017 and held a number of positions during his course of employment at NCB with his last position held as chief relationship manager in cross-border business team. Mr. Luk’s responsibilities in NCB included business development, marketing, customers relationship and compliance.

Mr. Luk obtained his Bachelor of Business Administration from The Chinese University of Hong Kong in December 1992. Mr. Luk has been a certified financial planner accredited by the Institute of Financial Planners of Hong Kong since October 2010.

Mr. Chan Chung Shun Eric (陳忠信) (“**Mr. Eric Chan**”), aged 52, was appointed as our independent non-executive Director on 24 January 2018. Mr. Eric Chan is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group.

Mr. Eric Chan obtained his Master of Management Sciences from University of Hull in December 1992. Mr. Eric Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since February 1996 and a fellow of The Association of Chartered Certified Accountants since January 1998.

Mr. Eric Chan has served as an assistant accounting manager at FTB Packaging Limited from April 1993 to August 1996 and a finance controller at Asia Management Services Limited from November 1996 to November 2002. Mr. Eric Chan has also been a financial controller at Chen Hsong Holdings Limited (stock code: 57), a company listed on the Main Board, since January 2003.

Save as disclosed in this prospectus, each of our Directors (i) had no interest in the Shares within the meaning of part XV of the SFO as at the Latest Practicable Date; (ii) is independent from, and not related to, any Directors, substantial shareholders, Controlling Shareholders, or senior management of our Company; and (iii) did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

The following table sets forth certain information of the senior management of our Group:

Name	Age	Present Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Chan Ting Hei (陳庭禧)	53	Director of Materials	29 December 1992	1 February 2000	Overseeing our Group's supply chain management and purchasing functions	None
Mr. Zhan Yangwang (占陽旺)	45	Assistant Financial Controller	1 April 2012	1 April 2012	Overseeing the functions of finance, accounting, and internal control of our Group	None
Mr. Zhou Yinfa (周銀發)	53	Assistant General Manager of Project and Administration	1 October 2005	1 October 2005	Overseeing the functions of human resources, infrastructure and automation projects of our Group	None
Mr. Li Yuezhong (李岳忠)	48	Assistant General Manager of Supply and R&D	1 September 2003	1 September 2003	Overseeing production planning and control, supply chain management, procurement, warehouse management and technology development of our Group	None
Mr. Tan Dehua (譚德華)	55	Assistant General Manager of Manufacturing and Production Technology	8 August 2002	1 January 2007	Overseeing production, manufacturing engineering, and quality control of our Group	None
Mr. Zhong Xilin (鍾喜林)	38	Assistant General Manager of Sales	1 September 2003	1 January 2009	Identifying new customers and market, formulating and implementing sales plans and maintaining customer relationship of our Group	None

Mr. Chan Ting Hei (陳庭禧) (“Mr. Chan”), aged 53, is the Director of Materials of our Group. Mr. Chan is primarily responsible for overseeing our Group's supply chain management and purchasing functions. Mr. Chan has over 20 years of experience in various domains including sales and marketing, supply chain management and purchasing and factory management. Mr. Chan has worked for our Group since the founding of our Group and is currently a director of Huizhou TIME.

Mr. Chan obtained his Higher Diploma in Production and Industrial Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1988. Subsequently he obtained his Master of Science in Management of Manufacture from Coventry Polytechnic (now known as Coventry University) in October 1989. Mr. Chan obtained his Master of Business Administration from the University of South Australia in September 1999. Subsequently he obtained his Master of Arts in International Business Management in November 2001 from the City University of Hong Kong.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Zhan Yangwang (占陽旺) (“**Mr. Zhan**”), aged 45, has been the Assistant Financial Controller of our Group since April 2012. He is primarily responsible for overseeing the functions of finance, accounting and internal control of our Group.

Mr. Zhan obtained his Associate Degree of Industrial Management Engineering in Industrial Accounting from Nanchang University in July 1995. He then obtained his Master of Business Administration from the Hong Kong Baptist University in November 2010.

Mr. Zhan worked for the Subcontracting Factory from August 1995 to March 2012 and held a number of positions during his course of employment with the Subcontracting Factory with his last position held as assistant financial controller. Mr. Zhan’s main responsibilities in the Subcontracting Factory were accounting and administration.

Mr. Zhou Yinfa (周銀發) (“**Mr. Zhou**”), aged 53, is the Assistant General Manager of Project and Administration of our Group. Mr. Zhou joined our Group as assistant general manager in October 2005 and was redesignated to his current position in July 2013. He is primarily responsible for overseeing the functions of human resources, infrastructure and automation projects of our Group.

Mr. Zhou obtained his Bachelor of Engineering from South China University of Technology in July 1988. He was admitted as an electrical and mechanical engineer and obtained the Guangdong Province professional and technical qualification certificate in March 1995 and October 2002, respectively.

Mr. Zhou joined LTK Electric Wire (Huizhou) Limited (樂庭電線工業(惠州)有限公司) as technician from August 1988 to July 2002 with his last position held as assistant to director. He then joined Huizhou GP Wiring Technology Limited (a subsidiary of Gold Peak) as assistant general manager from August 2002 to September 2005.

Mr. Li Yuezhong (李岳忠) (“**Mr. Li**”), aged 48, is the Assistant General Manager of Supply and R&D of our Group. Mr. Li first joined as a customer service manager in September 2003 and was promoted to his current position in July 2013. He is primarily responsible for overseeing our Group’s production planning and control, supply chain management, procurement, warehouse management and technology development.

Mr. Li obtained his Associate Degree in Secretarial Studies from Xiangtan University in August 1993. Mr. Li obtained his National Marketing Manager Qualification Certificate from the Marketing Professional Committee of China Business Manager Association in July 2004.

Mr. Li worked for Coretech Industries (Huizhou) Limited (高達(惠州)電纜制品有限公司) from April 1993 to July 1998 as a sales officer. He then worked for LTK Electric Wire (Huizhou) Limited from July 1998 to June 1999 as assistant supervisor. Prior to joining our Group, Mr. Li worked for the Subcontracting Factory from June 1999 with his last position held as assistant customer service manager.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Tan Dehua (譚德華) (“**Mr. Tan**”), aged 55, is our Assistant General Manager of Manufacturing and Production Technology. Mr. Tan first joined our Group as quality supervisor in August 2002 and was promoted to his current position in September 2014. He is primarily responsible for overseeing production, manufacturing engineering and quality control which support our Group’s strategic direction.

Mr. Tan obtained his Bachelor of Engineering from Central South University (formerly known as Central South University of Technology) in July 1987. Mr. Tan has been qualified as a geotechnical engineer since October 1992. Mr. Tan qualified as a PRC lawyer in October 1993.

Mr. Tan worked for Xikuangshan Mining Administration (錫礦山礦務局) from August 1988 to October 1992 with his last position as production technology supervisor. He then worked for Dongguan Nanya Electrical Products Factory (東莞南雅電業製品廠) from October 1992 to August 1993 as a production planning supervisor and Pinghu Zhihe Cable Electric Product (Shenzhen) Limited (平湖至禾電線電業製品(深圳)有限公司) from October 1993 to August 1995 with his last position held as production supervisor. Prior to joining our Group, Mr. Tan worked for the Subcontracting Factory from August 1995 with his last position held as quality supervisor.

Mr. Zhong Xilin (鍾喜林) (“**Mr. Zhong**”), aged 38, is the Assistant General Manager of Sales of our Group. Mr. Zhong first joined our Group as a sales engineer in September 2003 and was promoted to his current position in July 2013. Prior to joining our Group, Mr. Zhong worked for the Subcontracting Factory from November 1999 to August 2003 as a production development technician. He is primarily responsible for identifying new customers and markets, formulating and implementing sales plans and maintaining customer relationships as to drive the sustainable growth of our business.

Mr. Zhong obtained a professional training in Plants Protection from Hengyang City Agricultural School in July 1999.

COMPANY SECRETARY

Ms. Tam Kwai Heung (譚桂香) (“**Ms. Tam**”), aged 35, was appointed as the Company Secretary of our Company on 10 July 2017. She obtained a degree of Bachelor of Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University in December 2006 and has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since January 2010.

Ms. Tam has over 10 years of experience in auditing, accounting and financial reporting. She worked as an accountant in PKF Hong Kong from June 2006 to February 2008 and subsequently became a senior auditor of Deloitte Touche Tohmatsu from February 2008 to June 2009. From June 2009 to September 2010, Ms. Tam worked as an accountant in Rich China Industries Holdings Limited, a private group of companies engaged in toy manufacturing. From September 2010 to February 2017, Ms. Tam was the assistant finance manager of Gammon Construction Limited, a subsidiary of the Jardine Matheson Group which specialises in the provision of building and construction services. Ms. Tam is currently a company secretarial manager at Blooming (HK) Business Limited, a company

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

primarily engaged in corporate advisory and company secretarial services. She is also a company secretary of Ling Yui Holdings Limited (stock code: 784), a company listed on the Main Board of the Stock Exchange, since December 2017 and Lai Group Holding Company Limited (stock code: 8455), a company listed on the Growth Enterprise Market of the Stock Exchange, since June 2017.

AUDIT COMMITTEE

Our Company has established the Audit Committee on 24 January 2018 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, namely Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric. Mr. Chan Chung Shun Eric is the chairman of the Audit Committee.

REMUNERATION COMMITTEE

Our Company has established the Remuneration Committee on 24 January 2018 with written terms of reference in compliance with paragraph B.1.2 of the Code. The Remuneration Committee comprises four members, namely Mr. Wong Chi Kuen, Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric. Mr. Ho Hin Shun is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, among other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

NOMINATION COMMITTEE

Our Company has established the Nomination Committee on 24 January 2018 with written terms of reference in compliance with paragraph A.5.2 of the Code. The Nomination Committee comprises four members, namely Mr. Wong Chi Kuen, Mr. Ho Hin Shun, Mr. Luk Wai Shing, and Mr. Chan Chung Shun Eric. Mr. Luk Wai Shing is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Code and the associated Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) to our Directors for each of the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 was nil, nil, nil and approximately HK\$922,000, respectively. Our executive Directors, namely Mr. Cua and Mr. Wong, and non-executive Director, namely Mr. Paul Lo, did not receive any remuneration from our Group during the three years ended 31 March 2017, Mr. Cua's and Mr. Wong's remuneration were reimbursed by Linkz Industries through charge of management fee to our Group. Mr. Paul Lo received remuneration from Linkz Group but not reimbursed by our Group. Set out below is the remuneration (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) received by each of Mr. Cua, Mr. Wong and Mr. Paul Lo in relation to their positions in our Group during the three years ended 31 March 2017:

	Year ended 31 March		
	2015	2016	2017
	HK\$'	HK\$'	HK\$'
Mr. Cua	2,511,000	1,592,000	1,255,000
Mr. Wong	1,322,000	1,322,000	1,322,000
Mr. Paul Lo	-	-	-

After Listing, the annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of Mr. Cua, Mr. Wong and Mr. Paul Lo will be approximately HK\$1,200,000, HK\$1,167,000 and HK\$240,000, respectively.

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) to the above senior management of our Group for each of the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 was approximately HK\$2,887,000, HK\$3,114,000, HK\$3,180,000 and HK\$1,629,000, respectively.

The aggregate amount of contributions to retirement benefits scheme paid by our Group to our Directors for each of the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 was nil, nil, nil and HK\$36,000, respectively.

Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and the time devoted to our Group. Further details of the remuneration of our Directors are set out in the section headed "Statutory and General Information – D. Further information about substantial shareholders, Directors and experts – 3. Directors' remuneration" in Appendix IV to this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The emoluments of our Group's five highest paid individuals (including Directors and a resigned staff) in aggregate for each of the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 was approximately HK\$3,172,000, HK\$3,410,000, HK\$3,831,000 and HK\$1,870,000, respectively. During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors, employees and a resigned staff) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 11 in the Accountants' Report set out in Appendix I to this prospectus.

MANDATORY PROVIDENT FUND SCHEME AND PRC CONTRIBUTION PLANS

Our Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and our Directors confirm that our Group has made the relevant contributions in accordance with the aforesaid laws and regulations. As required under PRC laws and regulations, our Group also participates in various defined contribution plans organised by relevant provincial and municipal government authorities and welfare schemes for our PRC employees.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of our Shareholders passed on 24 January 2018. The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentives or rewards for their contribution to it. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the paragraph headed "Statutory and General Information – E. Share Option Scheme" in Appendix IV to this prospectus.

SHARE CAPITAL

SHARE CAPITAL

Without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately following the Share Offer will be as follows:

Authorised share capital:

	<i>HK\$</i>
<u>3,000,000,000</u> Shares	<u>30,000,000</u>

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:

	<i>HK\$</i>
10,000 Shares in issue at the date of this prospectus	100
1,517,990,000 Shares to be issued pursuant to the Capitalisation Issue	15,179,900
<u>322,000,000</u> Shares to be issued pursuant to the Share Offer	<u>3,220,000</u>
<u>1,840,000,000</u> Total	<u>18,400,000</u>

RANKING

The Offer Shares will rank identical in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on 24 January 2018, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors are authorised to allot and issue a total of 1,517,990,000 Shares credited as fully paid at par to the holder of Shares on the register of members of our Company at the close of business on 24 January 2018 (or as they may direct) in proportion to their shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$15,179,900 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer – Conditions of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and
- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed “General mandate to repurchase shares” in this section below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of any option which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “A. Further information about our Company – 3. Written resolutions of our Shareholders passed on 24 January 2018” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer – Conditions of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “A. Further information about our Company – 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraphs headed “A. Further information about our Company – 3. Written resolutions of our Shareholders passed on 24 January 2018” and headed “A. Further information about our Company – 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” set out in Appendix III to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in the Shares

Name of Shareholder	Capacity/nature	Number of Shares held/interested as at 26 July 2017 <i>(Note 9)</i>	Percentage of shareholding as at 26 July 2017 <i>(Note 9)</i>	Number of Shares held/interested immediately following completion of the Share Offer	Percentage of shareholding immediately following completion of the Share Offer
Time Holdings	Beneficial owner	8,650	86.5%	1,175,070,000	63.86%
Linkz Industries <i>(Note 1)</i>	Interest of controlled corporation	8,650	86.5%	1,175,070,000	63.86%
Mr. Paul Lo <i>(Note 2)</i>	Interest of controlled corporation/others	8,650	86.5%	1,175,070,000	63.86%
Ms. Ho Hsiu Lan <i>(Note 3)</i>	Interest of spouse	8,650	86.5%	1,175,070,000	63.86%
Nickson Holdings <i>(Note 4)</i>	Interest of controlled corporation	8,650	86.5%	1,175,070,000	63.86%
Gold Peak <i>(Note 5)</i>	Interest of controlled corporation	8,650	86.5%	1,175,070,000	63.86%
GP Industries <i>(Note 6)</i>	Interest of controlled corporation	8,650	86.5%	1,175,070,000	63.86%
Datatech Investment	Beneficial owner	1,350	13.5%	204,930,000	11.14%
Mr. Kwong <i>(Note 7)</i>	Interest of controlled corporation	1,350	13.5%	204,930,000	11.14%
Ms. Chan Kit Sum <i>(Note 8)</i>	Interest of spouse	1,350	13.5%	204,930,000	11.14%

Notes:

- These 1,175,070,000 Shares are held by Time Holdings, which is wholly-owned by Linkz Industries. Therefore, Linkz Industries is deemed, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
- These 1,175,070,000 Shares are held by Time Holdings. Mr. Paul Lo beneficially owns the entire issued share capital of Nickson Holdings. Nickson Holdings and Mr. Paul Lo hold 20.14% and 39.68% of the issued ordinary share capital of Linkz Industries, respectively, and Time Holdings is wholly-owned by Linkz Industries. Therefore, Mr. Paul Lo is deemed to, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.

SUBSTANTIAL SHAREHOLDERS

Mr. Paul Lo beneficially owns 2.84% of the issued shares capital of Gold Peak.

3. Ms. Ho Hsiu Lan is the spouse of Mr. Paul Lo. Under the SFO, Ms. Ho Hsiu Lan is deemed to be, or taken to be, interested in the same number of Shares in which Mr. Paul Lo is interested.
4. These 1,175,070,000 Shares are held by Time Holdings. Nickson Holdings holds 20.14% of the issued ordinary share capital of Linkz Industries, and Time Holdings is wholly-owned by Linkz Industries. Therefore, Nickson Holdings is deemed to, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
5. These 1,175,070,000 Shares are held by Time Holdings. Gold Peak holds 85.47% of the issued share capital of GP Industries. GP Industries holds 38.13% of the issued ordinary share capital of Linkz Industries, and Time Holdings is wholly-owned by Linkz Industries. Therefore, Gold Peak is deemed to, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
6. These 1,175,070,000 Shares are held by Time Holdings. GP Industries holds 38.13% of the issued ordinary share capital of Linkz Industries, and Time Holdings is wholly-owned by Linkz Industries. Therefore, GP Industries is deemed to, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
7. These 204,930,000 Shares are held by Datatech Investment. Mr. Kwong beneficially owns the entire issued share capital of Datatech Investment. Therefore, Mr. Kwong is deemed, or taken to be, interested in all the Shares held by Datatech Investment for the purpose of the SFO. Mr. Kwong is the sole director of Datatech Investment.
8. Ms. Chan Kit Sum is the spouse of Mr. Kwong. Under the SFO, Ms. Chan Kit Sum is deemed to be, or taken to be, interested in the same number of Shares in which Mr. Kwong is interested.
9. The date of filing of application proof and prior to completion of the Reorganisation.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited consolidated financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information have been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and development will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a well-established supplier of custom cable assemblies with around 20 years of experience in the cable assembly industry. We are headquartered in Hong Kong and have production facilities in Huizhou, Guangdong Province, the PRC. We primarily manufacture and supply cable assemblies on a CMS basis, which our products are produced based on the specifications and designs provided by individual customers. Our cable assemblies are used by a number of established PRC and international customers in a variety of market sectors including telecommunication, data centre, industrial and medical equipment. According to the CRI Report, we were ranked second in China's market of cable assemblies manufacture for communication equipment and data centre in 2016 in terms of sales revenue.

For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we recorded revenue of approximately HK\$941,482,000, HK\$911,593,000, HK\$864,571,000 and HK\$394,599,000, respectively, and net profit of approximately HK\$66,717,000, HK\$71,599,000, HK\$81,684,000 and HK\$47,425,000, respectively. If the effect of the imputed financial guarantee income, which was non-cash and non-operating in nature, were excluded for illustration purpose only, our net profit would be approximately HK\$54,894,000, HK\$55,360,000, HK\$64,385,000 and HK\$42,091,000, for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 June 2017 under the Companies Law. In preparation of the Share Offer, the companies comprising our Group underwent the Reorganisation as described in the section headed "History, Development and Reorganisation".

Our Group resulting from the Reorganisation continued to be controlled by Linkz Industries and is regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the Track Record Period have been prepared to include the results and cash flows of the

FINANCIAL INFORMATION

companies now comprising our Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment where this is a shorter period. The consolidated statements of financial position of our Group prior to completion of the Reorganisation have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at that date taking into account their respective dates of incorporation/establishment or their respective dates of disposal whichever is applicable.

For more information on the basis of preparation of the financial information included herein, please refer to Note 2 to the Accountants' Report set out in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

General economic and market conditions of our products

We derive substantially all of our revenue from the sales of cable assemblies in both the PRC and international markets. The PRC and global economic growth has a significant impact on all aspects of our operations, including but not limited to the demand for and pricing of our products.

Cost of raw materials and labour cost

Cost of raw materials and labour cost are the major components of our cost of goods sold. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, cost of raw materials accounted for 80.8%, 81.0%, 79.9% and 83.1% of our cost of goods sold, respectively, and salaries and employee benefits expenses accounted for 13.8%, 14.2%, 14.3% and 11.9% of our cost of goods sold, respectively. Any unfavourable fluctuation in the market price of our raw materials or labour costs may have a material adverse impact on our cost of goods sold. If we are unable to pass on the increased costs to our customers, our business, results of operations, financial condition and profitability may also be materially and adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in costs of raw materials and salaries and employee benefits expenses on our profit before taxation during the Track Record Period, holding all other variables constant.

FINANCIAL INFORMATION

To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our profit before taxation with a 1.3% and 46.7% increase or decrease in the costs of raw materials for the periods as indicated, which correspond to the historical percentage changes in our costs of raw materials during the Track Record Period:

Hypothetical fluctuations	-46.7%	-1.3%	1.3%	46.7%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Decrease)/increase in cost of raw materials</i>				
Year ended 31 March 2015	(294,707)	(8,204)	8,204	294,707
Year ended 31 March 2016	(290,900)	(8,098)	8,098	290,900
Year ended 31 March 2017	(264,060)	(7,351)	7,351	264,060
Four months ended 31 July 2017	(118,319)	(3,294)	3,294	118,319
<i>Increase/(decrease) in profit before taxation</i>				
Year ended 31 March 2015	294,707	8,204	(8,204)	(294,707)
Year ended 31 March 2016	290,900	8,098	(8,098)	(290,900)
Year ended 31 March 2017	264,060	7,351	(7,351)	(264,060)
Four months ended 31 July 2017	118,319	3,294	(3,294)	(118,319)

To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our profit before taxation with a 0.6% and 7.2% increase or decrease in the salaries and employee benefits expenses for the periods as indicated, which correspond to the historical percentage changes in our salaries and employee benefits expenses during the Track Record Period:

Hypothetical fluctuations	-7.2%	-0.6%	0.6%	7.2%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Decrease)/increase in salaries and employee benefits expenses</i>				
Year ended 31 March 2015	(7,792)	(649)	649	7,792
Year ended 31 March 2016	(7,839)	(653)	653	7,839
Year ended 31 March 2017	(7,275)	(606)	606	7,275
Four months ended 31 July 2017	(2,614)	(218)	218	2,614
<i>Increase/(decrease) in profit before taxation</i>				
Year ended 31 March 2015	7,792	649	(649)	(7,792)
Year ended 31 March 2016	7,839	653	(653)	(7,839)
Year ended 31 March 2017	7,275	606	(606)	(7,275)
Four months ended 31 July 2017	2,614	218	(218)	(2,614)

FINANCIAL INFORMATION

Production capacity and utilisation rate

Our results of operations have been and are expected to continue to be affected by our production capacity. We measure our production capacity based on number of production lines and maximum number of operating hours per month. We plan to enhance our existing production facility with a view to increasing our production capacity and level of automation with the proceeds from the Share Offer.

For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the utilisation rates of our production facilities were 88.3%, 92.8%, 94.9% and 98.9% for the respective periods, approaching to the designed production capacity.

If our production capacity is being utilised at its highest level, we may need to give up further sales orders and hence damage our reputation, forego growth opportunities and lose the trust of our customer. On the other hand, if the production facilities utilisation rate is too low, the fixed costs in operating our production facilities may not be covered by the profit and adversely affect our results of operations.

For additional information regarding the expansion plan, please refer to the section headed “Business – Business strategies” in this prospectus.

Competition

The cable assemblies industry is highly competitive. The principal competitive factors in the cable assemblies industry include pricing, technology innovation, timeliness of delivery and product quality. Price competition occurs on a market-by-market basis. The increasing labour and raw material costs, demand for cable assemblies with high performance and quality standards, environmental compliance costs and the continued emphasis on environmental protection in the production process may have significant impact on manufacturers. Our competitiveness in the enhanced competitive environment will be a key factor to our future market share expansion and improvement in our results of operations.

Foreign exchange

Our consolidated financial statements are prepared in Hong Kong Dollars. In connection with the preparation of our consolidated financial statements, the results of operations of our PRC subsidiaries, which adopt RMB as their reporting currency, were translated into Hong Kong Dollars using average rates. Fluctuations in the value of these exchange rates from one year to the next impact our consolidated results of operations and, depending on the magnitude of these fluctuations, could obscure underlying trends that would have been apparent if consolidated financial statements had been prepared on a constant basis. For instance, although our consolidated revenue as presented in Hong Kong Dollars decreased by 5.2% for the year ended 31 March 2017, our consolidated revenue for the same period, if presented in RMB, would increase by 0.2% as compared to the year ended 31 March 2016.

FINANCIAL INFORMATION

In addition, as sales to our customers for our products are generally denominated in RMB, US\$ and HK\$ while our major costs for our operations are denominated in Renminbi, we are exposed to exchange rate risk. Certain of items in our statement of financial position are also denominated in currencies other than the currencies our group entities used to prepare for its financial statements. As a result, any significant fluctuations in the exchange rate in future will also have an impact on our reported costs and earnings, and therefore, our operation results as a result of the foreign exchanges gain or loss recognised in our financial statements. For the years ended 31 March 2015, 2016 and 2017, our net foreign exchange losses amounted to approximately HK\$267,000, HK\$3,811,000, HK\$2,029,000, respectively, while we recorded foreign exchange gain of approximately HK\$2,818,000 for the four months ended 31 July 2017.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our foreign exchange rate on our profit before taxation during the Track Record Period, holding all other variables constant.

To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our profit before taxation with a 2.5% and 5.3% increase or decrease in the net foreign exchange losses for the periods as indicated, which correspond to the historical percentage changes in average exchange rates of Renminbi against Hong Kong Dollar during the Track Record Period:

Hypothetical fluctuations	-5.3%	-2.5%	2.5%	5.3%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Decrease)/increase in net foreign exchange gain or exchange loss</i>				
Year ended 31 March 2015	(14)	(7)	7	14
Year ended 31 March 2016	(202)	(95)	95	202
Year ended 31 March 2017	(108)	(51)	51	108
Four months ended 31 July 2017	149	70	(70)	(149)
<i>Increase/(decrease) in profit before taxation</i>				
Year ended 31 March 2015	14	7	(7)	(14)
Year ended 31 March 2016	202	95	(95)	(202)
Year ended 31 March 2017	108	51	(51)	(108)
Four months ended 31 July 2017	(149)	(70)	70	149

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified below the accounting policies that we believe are the most critical to our consolidated financial statements. Notes 4 and 5 to the Accountants' Report included in Appendix I to this prospectus sets out in detail our significant accounting policies and accounting judgments and estimates. These accounting policies require our Directors to make judgments, estimates and assumptions, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors,

FINANCIAL INFORMATION

including expectation of future events, that we believe are reasonable under the circumstances. The following paragraphs summarise the critical accounting policies and estimates applied in the preparation of our Group's consolidated financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of returns, discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to our Group and when specific criteria have been met for each of our Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method or reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

FINANCIAL INFORMATION

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by our Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with Hong Kong Accounting Standard 37 – Provisions, Contingent Liabilities and Contingent Assets; and
- (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

In accordance with our Group's accounting policies, financial guarantee contracts are initially recognised at fair value and calculated by using the default risk method for the banking facilities obtained by Linkz Industries, certain of its subsidiaries and our Group. The fair values were based on certain key assumptions on credit strength of the borrowers and default rate.

For the fair value of the financial guarantee contracts provided to the guaranteed counterparties, assumptions are made by the management of our Group at date of initial recognition, based on the guaranteed amount and the credit spread of the guaranteed counterparties, of which was determined according to their estimated default probability with reference to their credit ratings. The credit spread and risk of default were, therefore, of significant estimation uncertainty.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS OF OUR GROUP

The following table presents the results of operations of our Group during the Track Record Period, which are derived from the consolidated statements of profit or loss and other comprehensive income as set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000
				<i>(unaudited)</i>	
Revenue	941,482	911,593	864,571	259,243	394,599
Cost of goods sold	<u>(781,435)</u>	<u>(769,037)</u>	<u>(707,927)</u>	<u>(219,428)</u>	<u>(304,959)</u>
Gross profit	160,047	142,556	156,644	39,815	89,640
Other income	3,185	1,475	2,504	581	539
Other gains and losses	(254)	(166)	(2,703)	(1,271)	3,211
Distribution and selling expenses	(21,088)	(18,114)	(16,915)	(5,349)	(6,623)
Administrative expenses	(52,358)	(30,725)	(27,985)	(9,297)	(8,843)
Research and development expenses	(24,263)	(24,542)	(28,223)	(9,753)	(12,349)
Listing expenses	–	–	–	–	(10,658)
Imputed financial guarantee income	11,823	16,239	17,299	5,187	5,334
Finance costs	<u>(4,881)</u>	<u>(3,604)</u>	<u>(3,277)</u>	<u>(874)</u>	<u>(607)</u>
Profit before taxation	72,211	83,119	97,344	19,039	59,644
Taxation	<u>(5,494)</u>	<u>(11,520)</u>	<u>(15,660)</u>	<u>(2,696)</u>	<u>(12,219)</u>
Profit for the year/period	66,717	71,599	81,684	16,343	47,425
Other comprehensive income/ (expense)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
– Exchange difference arising on translating foreign operations	870	(1,463)	(5,910)	(3,026)	3,000
– Translation reserve reclassified to profit or loss upon dissolution or deregistration of subsidiaries	<u>–</u>	<u>(3,587)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year/period	<u><u>67,587</u></u>	<u><u>66,549</u></u>	<u><u>75,774</u></u>	<u><u>13,317</u></u>	<u><u>50,425</u></u>

FINANCIAL INFORMATION

SELECTED LINE ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue from the manufacture and sales of cable assemblies, either in optical fibre or copper as the transmission medium. Our revenue primarily represents the amount received and receivable for our goods sold, net of discount and sales related taxes.

The table below sets forth our revenue by cable transmission medium during the Track Record Period:

	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
	(unaudited)														
Cable assembly products															
Optical fibres	2,663	405,789	43.1	2,546	308,359	33.8	3,552	361,204	41.8	1,247	86,535	33.4	951	220,541	55.9
Copper	25,803	535,693	56.9	25,094	603,234	66.2	16,491	503,367	58.2	6,281	172,708	66.6	7,815	174,058	44.1
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,528	259,243	100.0	8,766	394,599	100.0

Sales of optical fibre cable assemblies and the copper cable assemblies generally varied according to the demand of our customers in different market sectors. Our cable assemblies are applied in telecommunication, data centre, industrial equipment and medical equipment sectors. The following table sets forth our revenue based on sectors in which our products were applied to and the percentage to total revenue during the Track Record Period:

	Year ended 31 March									Four months ended 31 July					
	2015			2016			2017			2016			2017		
	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue	'000 units	HK\$'000	% of revenue
	(unaudited)														
Market sector															
Telecommunication	18,052	547,105	58.1	21,234	630,649	69.2	15,697	486,240	56.3	5,719	177,875	68.6	7,338	172,338	43.7
Data centre	1,117	254,414	27.0	330	154,167	16.9	791	278,477	32.2	223	45,444	17.5	341	183,404	46.5
Industrial equipment	7,400	77,657	8.3	4,243	61,979	6.8	3,396	61,726	7.1	1,535	21,989	8.5	998	23,346	5.9
Medical equipment	1,897	62,306	6.6	1,833	64,798	7.1	159	38,128	4.4	50	13,935	5.4	89	15,511	3.9
Total	28,466	941,482	100.0	27,640	911,593	100.0	20,043	864,571	100.0	7,527	259,243	100.0	8,766	394,599	100.0

During the Track Record Period, our cable assemblies were sold to customers in the PRC and exported to overseas customers. Our revenue by geographical regions is accounted for based on the billing address of the specific customer entities for which the invoices are

FINANCIAL INFORMATION

rendered irrespective of the headquarters of such customers. The following table sets forth the breakdown of revenue by geographical regions and the corresponding percentage to our total revenue during the Track Record Period:

	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	<i>(unaudited)</i>									
The PRC	603,266	64.1	706,338	77.5	543,937	62.9	197,721	76.3	196,549	49.8
The United States	196,238	20.8	105,429	11.6	202,626	23.5	31,946	12.3	140,714	35.7
Europe	70,439	7.5	65,845	7.2	73,790	8.6	17,196	6.6	43,600	11.0
Hong Kong	30,037	3.2	18,465	2.0	29,806	3.4	10,473	4.0	8,283	2.1
North America (except the United States)	14,122	1.5	11,231	1.2	273	-	236	0.1	-	-
Others	27,380	2.9	4,285	0.5	14,139	1.6	1,671	0.7	5,453	1.4
Total	<u>941,482</u>	<u>100.0</u>	<u>911,593</u>	<u>100.0</u>	<u>864,571</u>	<u>100.0</u>	<u>259,243</u>	<u>100.0</u>	<u>394,599</u>	<u>100.0</u>

Cost of goods sold

Our cost of goods sold primarily includes raw materials, labour costs and various manufacturing overheads. The following table sets forth the breakdown of our cost of goods sold, for the periods indicated:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(unaudited)</i>				
Cost of raw materials	631,064	622,912	565,438	172,740	253,360
Salaries and employee benefits expenses	108,216	108,875	101,045	34,130	36,301
Subcontracting expenses	15,122	9,996	14,087	3,335	6,160
Consumable expenses	3,425	4,442	3,976	1,633	1,296
Rental expenses	4,852	5,057	4,750	1,705	1,529
Utilities expenses	4,350	3,651	3,077	1,138	1,243
Depreciation	6,902	8,706	8,066	2,884	2,300
Other tax surcharges	4,844	3,302	5,285	1,114	2,083
Other miscellaneous expenses	2,660	2,096	2,203	749	687
Total	<u>781,435</u>	<u>769,037</u>	<u>707,927</u>	<u>219,428</u>	<u>304,959</u>

FINANCIAL INFORMATION

Cost of raw materials

Raw materials primarily used in our production are optical fibres, copper wires and connectors. The following table sets forth our cost of raw materials by nature for the periods indicated:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Optical fibres	145,821	113,508	124,131	31,721	79,498
Copper wires	234,768	283,313	217,468	72,692	78,411
Connectors	213,579	197,528	192,603	56,520	79,308
Others	<u>36,896</u>	<u>28,563</u>	<u>31,236</u>	<u>11,807</u>	<u>16,143</u>
Total	<u>631,064</u>	<u>622,912</u>	<u>565,438</u>	<u>172,740</u>	<u>253,360</u>

Salaries and employee benefits expenses

Salaries and employee benefits expenses represent the salaries, bonuses, retirement benefits such as social insurance and housing provident fund contribution related to our production personnel.

Subcontracting expenses

Subcontracting expenses represent the charges incurred to our subcontractors for outsourcing of certain production processes.

Consumable expenses

Consumable expenses represent the expenses for the usage of small tools, metal parts and other consumables used under the production of our cable assemblies.

Rental expenses

Rental expenses were the rental fees incurred to the landlord of Huizhou Factory for our production.

Utilities expenses

Utilities expenses include expenses related to items such as electricity usage, water usage and other utilities expenses of our Huizhou Factory.

FINANCIAL INFORMATION

Depreciation

Depreciation represents the depreciation expenses of the property, plant and equipment used in production processes in the Huizhou Factory.

Other tax surcharges

Other tax surcharges represent the other tax expenses to the PRC government authorities in accordance with local laws and regulations in connection with our business activities.

Other miscellaneous expenses

Other miscellaneous expenses include various expenses for our production such as transportation expenses as well as repair and maintenance costs for our production machinery.

Gross profit and gross profit margin

Our overall gross profit for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 amounted to approximately HK\$160,047,000, HK\$142,556,000, HK\$156,644,000 and HK\$89,640,000, respectively, and the corresponding gross profit margin was 17.0%, 15.6%, 18.1% and 22.7%, respectively. The following table sets forth a breakdown of gross profit and gross profit margin by cable transmission medium for the periods indicated:

	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Cable assembly products										
Optical fibres	111,526	27.5	76,174	24.7	102,053	28.3	18,838	21.8	72,444	32.8
Copper	<u>48,521</u>	9.1	<u>66,382</u>	11.0	<u>54,591</u>	10.8	<u>20,977</u>	12.1	<u>17,196</u>	9.9
Total	<u>160,047</u>	17.0	<u>142,556</u>	15.6	<u>156,644</u>	18.1	<u>39,815</u>	15.4	<u>89,640</u>	22.7

FINANCIAL INFORMATION

The gross profit margin of the optical fibre cable assemblies and copper cable assemblies varied across different market sectors which set different product specifications and requirements. In general, the optical fibre cable assemblies would have a higher gross profit margin than copper cable assemblies for the production process and specifications.

Market sector	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Telecommunication	37,773	6.9	34,707	5.5	24,016	4.9	12,598	7.1	8,734	5.1
Data centre	97,922	38.5	66,431	43.1	106,900	38.4	17,971	39.5	72,285	39.4
Industrial equipment	13,824	17.8	20,523	33.1	12,138	19.7	4,345	19.8	3,619	15.5
Medical equipment	<u>10,528</u>	16.9	<u>20,895</u>	32.2	<u>13,590</u>	35.6	<u>4,901</u>	35.2	<u>5,002</u>	32.3
Total	<u>160,047</u>	17.0	<u>142,556</u>	15.6	<u>156,644</u>	18.1	<u>39,815</u>	15.4	<u>89,640</u>	22.7

(i) Telecommunication sector

The gross profit margin in the telecommunication sector was relatively low as purchase orders from customer are large and competition is greater. Cable assemblies we offer for this sector are mainly copper-based. Our largest customer in this sector is a reputable and leading telecommunication equipment player that we need to offer competitive prices for our products.

During the Track Record Period, one of our major customers in this sector ordered LAN cables from us. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the revenue derived from the sales of LAN cables to such major customer amounted to approximately HK\$4,978,000, HK\$58,850,000, HK\$5,976,000 and HK\$2,284,000, respectively. The gross margin of LAN cables sold to the major customer was around 2%.

(ii) Data centre sector

The gross profit margin of the data centre sector was relatively higher as cable assemblies used in data centre need to meet the high and stringent quality and reliability requirements set by the customers. Cable assemblies we offer for this sector are mainly optical fibre-based.

(iii) Industrial equipment sector

The gross profit margin of the industrial equipment sector was 17.8%, 33.1%, 19.7% and 15.5% for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. The majority of cable assemblies we offer for this sector are copper-based. As the industrial equipment sector covers broad industry groups, the gross

FINANCIAL INFORMATION

profit margin could be fluctuating due to the different usage and hence different specifications and requirements. The gross profit margin for the year ended 31 March 2016 was apparently high as we received orders from a US customer which manufactures display cases, refrigeration systems and power systems at relatively higher gross profit margin of around 53.9%, having taken into account the higher performance requirement demanded for its products. The revenue contributed by such US customer amounted to approximately HK\$10,855,000 for the year ended 31 March 2016.

(iv) Medical equipment sector

The gross profit margin of the medical equipment sector was 16.9%, 32.2%, 35.6% and 32.3% for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. The majority of cable assemblies we offer for this sector are copper-based. During the Track Record Period, we raised the overall selling price of medical equipment cables in view of the high utilisation rates of our production capacity, stringent quality and reliability requirements and hence the gross margin showed an increasing trend.

Other income

The following table sets forth the breakdown of other income during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
				<i>(unaudited)</i>	
Bank interest income	237	370	285	93	43
Government grants	409	520	846	–	–
Compensation from customers	1,696	322	1,328	478	486
Management fee income	391	173	–	–	–
Handling income	345	69	45	10	10
Sundry income	107	21	–	–	–
	<u>107</u>	<u>21</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>3,185</u>	<u>1,475</u>	<u>2,504</u>	<u>581</u>	<u>539</u>

FINANCIAL INFORMATION

Other gains and losses

The following table sets forth the breakdown of other gains and losses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Net foreign exchange (loss)/gain	(267)	(3,811)	(2,029)	(1,271)	2,818
Gain/(loss) on disposal/write off of property and equipment	13	58	(674)	–	393
Gain on deregistration of subsidiaries	–	3,587	–	–	–
	<u>–</u>	<u>3,587</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>(254)</u>	<u>(166)</u>	<u>(2,703)</u>	<u>(1,271)</u>	<u>3,211</u>

Distribution and selling expenses

The following table sets forth the breakdown of distribution and selling expenses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Salaries and employee benefits expenses	7,139	4,763	5,024	1,675	1,704
Insurance expenses	2,045	2,162	1,957	608	831
Travelling and entertainment expenses	5,382	5,284	4,650	1,544	1,467
Motor vehicles expenses	494	505	485	164	152
Freight charges	4,891	5,071	4,646	1,307	2,423
Rental expenses	221	88	48	16	15
Depreciation	9	2	–	–	–
Others	907	239	105	35	31
	<u>907</u>	<u>239</u>	<u>105</u>	<u>35</u>	<u>31</u>
Total	<u>21,088</u>	<u>18,114</u>	<u>16,915</u>	<u>5,349</u>	<u>6,623</u>

FINANCIAL INFORMATION

Administrative expenses

The following table sets forth the breakdown of administrative expenses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Salaries and employee benefits expenses	9,375	8,517	8,253	2,796	3,410
Rental expenses	893	921	877	311	263
Utilities expenses	1,222	1,112	1,175	439	405
Insurance expenses	144	147	139	48	50
Travelling and entertainment expenses	465	590	438	138	290
Motor vehicles expenses	504	387	215	67	59
Legal and professional fee	518	461	698	144	780
Office expenses	2,593	1,549	788	261	337
Depreciation	1,875	2,070	1,839	621	607
Bank charges	873	766	613	200	226
Other taxes expenses	510	458	413	135	176
Management fee ^(Note)	20,207	6,053	6,053	2,018	–
Administrative services fee ^(Note)	7,140	3,570	3,570	1,190	1,250
Office sharing expenses ^(Note)	1,980	662	662	221	333
Others	4,059	3,462	2,252	708	657
	<u>52,358</u>	<u>30,725</u>	<u>27,985</u>	<u>9,297</u>	<u>8,843</u>
Total	<u>52,358</u>	<u>30,725</u>	<u>27,985</u>	<u>9,297</u>	<u>8,843</u>

Note: The management fee, administrative services fee and office sharing expenses were charged by Linkz Industries.

FINANCIAL INFORMATION

Our executive Directors, namely Mr. Cua and Mr. Wong, and non-executive Director, namely Mr. Paul Lo, did not receive any remuneration from our Group during the three years ended 31 March 2017. Mr. Cua's and Mr. Wong's remuneration were reimbursed by Linkz Industries through charge of management fee to our Group. Mr. Paul Lo received remuneration from Linkz Group but not reimbursed by our Group. Set out below is the remuneration (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) received by each of Mr. Cua, Mr. Wong and Mr. Paul Lo in relation to their position in our Group during the three years ended 31 March 2017:

	Year ended 31 March		
	2015	2016	2017
	<i>HK\$'</i>	<i>HK\$'</i>	<i>HK\$'</i>
Mr. Cua	2,511,000	1,592,000	1,255,000
Mr. Wong	1,322,000	1,322,000	1,322,000
Mr. Paul Lo	-	-	-

After Listing, the annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of Mr. Cua, Mr. Wong and Mr. Paul Lo will be approximately HK\$1,200,000, HK\$1,167,000 and HK\$240,000, respectively.

R&D expenses

The following table sets forth the breakdown of R&D expenses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and employee benefits expenses	8,813	10,400	12,233	3,661	5,809
Material and design costs	10,701	9,963	11,583	5,017	4,578
Rental expenses	233	241	279	81	133
Utilities expenses	224	204	184	68	71
Testing expenses	2,871	2,505	2,875	704	950
Depreciation	315	305	682	101	627
Others	1,106	924	387	121	181
Total	<u>24,263</u>	<u>24,542</u>	<u>28,223</u>	<u>9,753</u>	<u>12,349</u>

FINANCIAL INFORMATION

Imputed financial guarantee income

During the Track Record Period, our Group provided guarantees to financial institutions in order to secure certain general banking facilities granted to Linkz Group and us. The fair value of providing the financial guarantees to Linkz Group in favour of the financial institutions for these banking facilities is at first recognised as financial liability. As Linkz Group had not defaulted on the banking facilities granted by the financial institutions, our Group did not make any payment arising from the guarantees, and therefore, our Group recognised imputed financial guarantee income, representing the reduction of the financial liability over the guarantee period. There was no cash impact arising from the guarantee provided by our Group. Our imputed financial guarantee income amounted to approximately HK\$11,823,000, HK\$16,239,000, HK\$17,299,000 and HK\$5,334,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

Finance costs

Our finance costs comprise interest on export trade borrowings, import trade borrowings, term borrowings as well as revolving borrowings. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our finance costs amounted to approximately HK\$4,881,000, HK\$3,604,000, HK\$3,277,000 and HK\$607,000, respectively.

Taxation

Taxation consists of current and deferred tax expenses for jurisdictions in which our Company and our subsidiaries are subject to tax. During the Track Record Period, our Group had operations in several jurisdictions and the income tax expenses arising in each jurisdiction was calculated at the prevailing rates in each relevant jurisdiction.

(i) Cayman Islands and BVI profits tax

Pursuant to the rules and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI during the Track Record Period.

(ii) Hong Kong profits tax

Under the Hong Kong law, our subsidiary in Hong Kong is subject to Hong Kong profits tax at the statutory tax rate of 16.5%.

(iii) PRC enterprise income tax

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the PRC companies in our Group during the Track Record Period.

FINANCIAL INFORMATION

We recorded taxation of approximately HK\$5,494,000, HK\$11,520,000, HK\$15,660,000 and HK\$12,219,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. Our effective tax rate for the same period was 7.6%, 13.9%, 16.1% and 20.5%, respectively. The relatively lower effective tax rate for the years ended 31 March 2015, 2016 and 2017 was due to the utilisation of carried forward tax loss being utilised during the year ended 31 March 2015 as further described below and the imputed financial guarantee income is non-taxable income. If the effect of the imputed financial guarantee income is excluded for illustration purpose only, the effective tax rate would be 9.1%, 17.2%, 19.6% and 22.5% for the years ended 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

Prior to the Track Record Period, Huizhou TIME, Kunshan Time and Time Japan had unutilised tax losses which were carried forward to the Track Record Period. Huizhou TIME fully utilised its tax losses of HK\$29.2 million for the year ended 31 March 2015, which is a primary reason that our Group's effective tax rate was relatively low for the year. As at 31 March 2015, the remaining unutilised tax losses of HK\$31.3 million were attributable to Kunshan Time and Time Japan, which were deregistered and wound up, respectively, during the year ended 31 March 2016 and their respect unutilised tax losses were deemed vanished upon deregistration or dissolution. Accordingly, our Group had nil and nil tax losses as at 31 March 2016 and 2017.

Huizhou TIME's business significantly picked up and turned around for its financial year ended 31 December 2014, which contributed significantly to our Group's profit during the year ended 31 March 2015. The improvement in Huizhou TIME is attributable to (i) the relocation of Huizhou TIME's factory to the existing Huizhou Factory in November 2012, which had subsequently been equipped with new production facilities and equipment capable of customisation in production for "small batches of a wide variety"; (ii) the merger and absorption of Huizhou Cabletech's assets and liabilities initiated in September 2013 and completed in March 2015, which had streamlined our operations and improved our efficiency gradually; and (iii) the recognition of our efforts in improving our production capacity, production processes and facilities and gaining of trust and confidence of our major customers (both existing and new customers) which placed substantial purchase orders to us during Huizhou TIME's financial year ended 31 December 2014.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and have not had any unresolved tax issues or disputes with the relevant tax authorities.

FINANCIAL INFORMATION

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four months ended 31 July 2017 compared to four months ended 31 July 2016

Revenue

Our revenue increased by approximately HK\$135,356,000, or 52.2%, from approximately HK\$259,243,000 for the four months ended 31 July 2016 to approximately HK\$394,599,000 for the four months ended 31 July 2017. Such increase was mainly due to an increase in total sales volume by 16.5% for the four months ended 31 July 2017 as compared to the four months ended 31 July 2016 and the increase in revenue from the data centre sector. Sales performance in each of the market sectors is discussed below:

(i) Telecommunication sector

Our revenue derived from telecommunication sector remained stable at approximately HK\$177,875,000 and HK\$172,338,000 for the four months ended 31 July 2016 and 2017, respectively, as a result of the combined effect of an increase in sales volume by 28.3% but a decrease in average selling price for the four months ended 31 July 2017.

(ii) Data centre sector

Our revenue derived from data centre sector increased from approximately HK\$45,444,000 for the four months ended 31 July 2016 to approximately HK\$183,404,000 for the four months ended 31 July 2017. Such increase was mainly due to the robust increase in sales orders from one of our major customers which placed orders for cable assemblies with higher performance in terms of signal transfer speed than cable assemblies previously procured from us.

(iii) Industrial equipment sector

Our revenue generated from the industrial equipment sector remained relatively flat at approximately HK\$21,989,000 and HK\$23,346,000 for the four months ended 31 July 2016 and 2017, respectively, as a result of the combined effect of an increase in sales orders from one of our major customers with which we commenced business relationship during the year ended 31 March 2017, and the decrease in sales from various smaller customers in the same sector.

(iv) Medical equipment sector

Our revenue derived from medical equipment sector slightly increased from approximately HK\$13,935,000 for the four months ended 31 July 2016 to approximately HK\$15,511,000 for the four months ended 31 July 2017. There was an increase in total sales volume by 11.3% for the four months ended 31 July 2017 as compared to the four months ended 31 July 2016.

FINANCIAL INFORMATION

Cost of goods sold

Our cost of goods sold increased by approximately HK\$85,531,000, from approximately HK\$219,428,000 for the four months ended 31 July 2016 to approximately HK\$304,959,000 for the four months ended 31 July 2017, representing an increase of 39.0%, which was lower than the growth rate of our revenue of approximately 52.2%, primarily as a result of the combined effect of (i) the increase in gross profit margin for optical fibres cable assembly products from 21.8% to 32.8% as discussed below, and (ii) the decrease in sales volume of optical fibres cable assembly products by approximately 23.7%.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$49,825,000, or 125.1%, from approximately HK\$39,815,000 for the four months ended 31 July 2016 to approximately HK\$89,640,000 for the four months ended 31 July 2017. Our gross profit margin increased from 15.4% to 22.7% for the period of comparison, primarily due to the increase in revenue from data centre sector for optical fibre products, which have relatively higher profit margin due to the higher technical performance requirements specified by the major customer.

Other income

Our other income remained stable at approximately HK\$581,000 and HK\$539,000 for the four months ended 31 July 2016 and 2017, respectively.

Other gains and losses

We recorded other gains of approximately HK\$3,211,000 for the four months ended 31 July 2017 as compared to other loss of approximately HK\$1,271,000 recognised for the four months ended 31 July 2016. The gains were mainly due to the net foreign exchange gain of approximately HK\$2,818,000 for the year ended 31 July 2017. In contrast, we recorded a net foreign exchange loss of approximately HK\$1,271,000 for the four months ended 31 July 2016.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately HK\$1,274,000, or 23.8%, from approximately HK\$5,349,000 for the four months ended 31 July 2016 to approximately HK\$6,623,000 for the four months ended 31 July 2017 as a result of the increase in freight charges of approximately HK\$1,116,000 incurred for the increasing sales orders during the period of comparison.

Administrative expenses

Our administrative expenses remained stable at approximately HK\$9,297,000 for the four months ended 31 July 2016 and approximately HK\$8,843,000 for the four months ended 31 July 2017. The difference was mainly made up by the increased salaries and employee benefits expenses and the discontinuing of the management fee charged by the Linkz Group.

FINANCIAL INFORMATION

R&D expenses

Our R&D expenses increased by approximately HK\$2,596,000, or 26.6%, from approximately HK\$9,753,000 for the four months ended 31 July 2016 to approximately HK\$12,349,000 for the four months ended 31 July 2017. The increase was primarily due to the increase in the salaries and employee benefits expenses of approximately HK\$2,148,000 as a result of joining of R&D staff.

Listing expenses

We incurred expenses in relation to the Listing of approximately HK\$10,658,000 for the four months ended 31 July 2017.

Imputed financial guarantee income

Our imputed financial guarantee income arising from the financial guarantee provided by our Group remained stable at approximately HK\$5,187,000 and HK\$5,334,000 for the four months ended 31 July 2016 and 2017, respectively. Imputed financial guarantee income is affected by the initial recognition at fair value, which was determined by independent external valuer, and the amortisation of financial guarantee liabilities for the period.

Finance costs

Our finance costs decreased by approximately HK\$267,000, or 30.5%, from approximately HK\$874,000 for the four months ended 31 July 2016 to approximately HK\$607,000 for the four months ended 31 July 2017. The decrease was primarily due to the decrease in utilisation of revolving borrowings for the four months during 31 July 2017 as compared to the four months ended 31 July 2016.

Taxation

Our taxation increased by approximately HK\$9,523,000, or 353.2%, from approximately HK\$2,696,000 for the four months ended 31 July 2016 to approximately HK\$12,219,000 for the four months ended 31 July 2017. This increase was mainly attributable to the increase profit before taxation for the four months ended 31 July 2017 by approximately HK\$40,605,000 as a result of the reasons discussed above. Our effective tax rate increased from 14.2% for the four months ended 31 July 2016 to 20.5% for the four months ended 31 July 2017. If the non-taxable imputed financial guarantee income and the tax non-deductable listing expenses, were excluded for illustration purpose only, our effective tax rate would be 19.5% and 18.8% for the four months ended 31 July 2016 and 2017, respectively.

Profit for the period and net profit margin

As a result of the foregoing, our profit for the period increased by approximately HK\$31,082,000, or 190.2%, from approximately HK\$16,343,000 for the four months ended 31 July 2016 to approximately HK\$47,425,000 for the four months ended 31 July 2017. Our net profit margin increased from 6.3% for the four months ended 31 July 2016 to 12.0% for

FINANCIAL INFORMATION

the four months ended 31 July 2017. If the imputed financial guarantee income and listing expenses were excluded for illustration purpose only, our net profit would be approximately HK\$11,156,000 and HK\$52,749,000 for the four months ended 31 July 2016 and 2017, respectively, and our net profit margin would be 4.3% and 13.4%, respectively for the four months ended 31 July 2016 and 2017, respectively. Such increase was primarily due to an increase in our gross profit and gross profit margin as discussed above.

Year ended 31 March 2017 compared to year ended 31 March 2016

Revenue

Our revenue decreased by approximately HK\$47,022,000, or 5.2%, from approximately HK\$911,593,000 for the year ended 31 March 2016 to approximately HK\$864,571,000 for the year ended 31 March 2017. Such decrease was mainly due to different sales performance of different market sectors and the overall decrease in units of products sold. Sales performance in each of the market sectors as discussed below:

(i) Telecommunication sector

Our revenue derived from telecommunication sector decreased from approximately HK\$630,649,000 for the year ended 31 March 2016 to approximately HK\$486,240,000 for the year ended 31 March 2017. Such decrease was due to (i) the decrease in sales volume by 26.1% resulting from the decrease in sales orders from our largest customer as the largest customer had sudden larger demand in previous year, resulting in decrease of revenue from this customer by 16.2% and (ii) the translation of RMB, the currency of the sales in the PRC and was in general depreciating, to Hong Kong Dollars, our reporting currency.

In addition, during the year ended 31 March 2016, one of our major customers purchased from us, together with our cable assembly products, a large quantity of LAN cables, which we sourced from the Linkz Group. The purchase of LAN cables from this major customer became insignificant during the year ended 31 March 2017. For details of the purchase of copper cable products from Linkz Group by our Group, please refer to the paragraph headed “Continuing Connected Transactions – Non-exempt continuing connected transactions – Linkz Industries Framework Agreement” in this prospectus.

(ii) Data centre sector

Revenue generated from the data centre sector varied according to the demand of our customers. Our revenue derived from data centre sector increased from approximately HK\$154,167,000 for the year ended 31 March 2016 to approximately HK\$278,477,000 for the year ended 31 March 2017. Such increase was mainly due to the increase in sales volume by 139.7% in relation to the delivery schedule of products to our major customers in this sector. Our Directors consider that overall amount of orders from customers in the two years remained relatively stable and the increase in revenue was the result of uneven orders and shipments, and the revenue recognition, throughout the year.

FINANCIAL INFORMATION

(iii) Industrial equipment sector

Our revenue generated from the industrial equipment sector remained flat at approximately HK\$61,979,000 and HK\$61,726,000 for the year ended 31 March 2016 and 2017, respectively, primarily due to the decrease in sales orders from one of our customers, which is a manufacturer of refrigeration systems, offset by the increase in sales to various smaller customers in this sector, including ASM Pacific Technology Limited, a new customer we started to do business during the year.

(iv) Medical equipment sector

Our revenue derived from medical equipment sector decreased from approximately HK\$64,798,000 for the year ended 31 March 2016 to approximately HK\$38,128,000 for the year ended 31 March 2017, due to the decrease in sales volume by 91.3%. In particular, one of our major customers in this sector had decreased demand on our products as medical equipment generally have longer product life cycle, and our products used by the customer should follow the customer's product development schedule.

Cost of goods sold

Our cost of goods sold decreased by approximately HK\$61,110,000, or 7.9%, from approximately HK\$769,037,000 for the year ended 31 March 2016 to approximately HK\$707,927,000 for the year ended 31 March 2017. The decrease in cost of goods sold is generally in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$14,088,000, or 9.9%, from approximately HK\$142,556,000 for the year ended 31 March 2016 to approximately HK\$156,644,000 for the year ended 31 March 2017. During the year ended 31 March 2016, one of our major customers ordered from us large quantity of LAN cables, apart from other cable assembly products. The sales of LAN cables are regarded as sales of copper cable assemblies in the telecommunication sector. The LAN cables required minimal additional work from us and profit margin realised from the sales of LAN cables was marginal, around 2%, hence the overall gross profit margin for the year ended 31 March 2016 was lowered. If sales of LAN cables to the major customer were not taken into account, the gross margin of our Group for the year ended 31 March 2016 would improve to 16.6%. Although at a low margin, our Directors consider that the sales of these LAN cables to the major customer could open new business with it which may order other products of higher profitability. That major customer had also placed orders for other cable assembly products from us. The amount of similar sales of low margin products conducted by our Group for the year ended 31 March 2017 was insignificant. Further, a larger proportion of our products sold during the year ended 31 March 2017 were optical fibre cables for the data centre, which had higher complexity that required longer time or extra steps to produce such that we were able to apply higher profit margin for these more complex products.

FINANCIAL INFORMATION

Other income

Our other income increased by approximately HK\$1,029,000, or 69.8%, from approximately HK\$1,475,000 for the year ended 31 March 2016 to approximately HK\$2,504,000 for the year ended 31 March 2017. Such increase was primarily due to the increase in the compensation for obsolete stocks from customers of approximately HK\$1,006,000 for the year ended 31 March 2017. The compensation was made by our customers due to their cancellation of orders.

Other gains and losses

We recorded other loss of approximately HK\$2,703,000 for the year ended 31 March 2017 as compared to other loss of approximately HK\$166,000 recognised for the year ended 31 March 2016, which was mainly due to the reclassification of translation reserve to profit or loss upon deregistration of Time Japan and Kunshan Time of approximately HK\$3,587,000 recognised for the year ended 31 March 2016.

Distribution and selling expenses

Our distribution and selling expenses decreased by approximately HK\$1,199,000, or 6.6%, from approximately HK\$18,114,000 for the year ended 31 March 2016 to approximately HK\$16,915,000 for the year ended 31 March 2017 as a result of decrease in travelling and entertainment expenses of approximately HK\$634,000 and the decrease in freight charges of approximately HK\$425,000.

Administrative expenses

Our administrative expenses decreased by approximately HK\$2,740,000 or 8.9%, from approximately HK\$30,725,000 for the year ended 31 March 2016 to approximately HK\$27,985,000 for the year ended 31 March 2017, partly due to the translation of RMB to Hong Kong Dollars and decrease in office expenses.

R&D expenses

Our R&D expenses increased by approximately HK\$3,681,000, or 15.0%, from approximately HK\$24,542,000 for the year ended 31 March 2016 to approximately HK\$28,223,000 for the year ended 31 March 2017. The increase was primarily due to the increase in the salaries and employee benefits expenses with increased R&D staff and hence increased activities that incurred higher material and design costs.

Imputed financial guarantee income

Our imputed financial guarantee income arising from the financial guarantee provided by our Group remained stable at approximately HK\$16,239,000 and HK\$17,299,000 for the year ended 31 March 2016 and 2017, respectively. Imputed financial guarantee income is affected by the initial recognition at fair value, which was determined by independent external valuer, and the amortisation of financial guarantee liabilities for the year.

FINANCIAL INFORMATION

Finance costs

Our finance costs slightly decreased by approximately HK\$327,000, or 9.1%, from approximately HK\$3,604,000 for the year ended 31 March 2016 to approximately HK\$3,277,000 for the year ended 31 March 2017. The decrease was primarily due to decrease in interest on revolving borrowings as a result of the net repayment for the year ended 31 March 2017.

Taxation

Our taxation increased by approximately HK\$4,140,000, or 35.9%, from approximately HK\$11,520,000 for the year ended 31 March 2016 to approximately HK\$15,660,000 for the year ended 31 March 2017. This increase was mainly attributable to the increase profit before taxation for the year ended 31 March 2017 by approximately HK\$14,225,000 as a result of the reasons discussed above. Our effective tax rate increased from 13.9% for the year ended 31 March 2016 to 16.1% for the year ended 31 March 2017. If the imputed financial guarantee income, which is non-taxable in nature, were excluded for illustration purpose only, our effective tax rate would be 17.2% and 19.6% for the year ended 31 March 2016 and 2017, respectively.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased by approximately HK\$10,085,000, or 14.1%, from approximately HK\$71,599,000 for the year ended 31 March 2016 to approximately HK\$81,684,000 for the year ended 31 March 2017. Our net profit margin increased from 7.9% for the year ended 31 March 2016 to 9.4% for the year ended 31 March 2017. If the imputed financial guarantee income were excluded for illustration purpose only, our net profit would be approximately HK\$55,360,000 and HK\$64,385,000 for the years ended 31 March 2016 and 2017, respectively, and our net profit margin would be 6.1% and 7.4%, respectively for the years ended 31 March 2016 and 2017, respectively. Such increase was primarily due to an increase in our gross profit and gross profit margin as discussed above.

FINANCIAL INFORMATION

Year ended 31 March 2016 compared to year ended 31 March 2015

Revenue

Our revenue decreased by approximately HK\$29,889,000, or 3.2%, from approximately HK\$941,482,000 for the year ended 31 March 2015 to approximately HK\$911,593,000 for the year ended 31 March 2016. During the year ended 31 March 2016, total number of units sold dropped by 2.9%. The sales performance in each of the market sectors as discussed below:

(i) Telecommunication sector

Our revenue derived from telecommunication sector increased from approximately HK\$547,105,000 for the year ended 31 March 2015 to approximately HK\$630,649,000 for the year ended 31 March 2016. Such increase was primarily due to the increase in sales volume by 17.6% in this sector resulting from the increase in demand from our largest customer and large orders from a major customer for the purchase of LAN cables.

(ii) Data centre sector

Our revenue derived from data centre sector decreased from approximately HK\$254,414,000 for the year ended 31 March 2015 to approximately HK\$154,167,000 for the year ended 31 March 2016. The decrease was mainly due to the decrease in sales volume by 70.5% arising from uneven orders and shipments to customers between the years ended 31 March 2015 and 2016, despite overall amount of sales orders from customers remaining relatively stable.

(iii) Industrial equipment sector

Our revenue derived from industrial equipment sector decreased from approximately HK\$77,657,000 for the year ended 31 March 2015 to approximately HK\$61,979,000 for the year ended 31 March 2016. Such decrease was mainly attributable to the dissolution of Time Japan, which focused on sales in this sector, to opt out from the Japan's market as a result of the stagnant economy in Japan. In addition, we received less orders of HDMI cables in this sector as our Directors consider that the market was saturated.

(iv) Medical equipment sector

Our revenue derived from the medical equipment sector increased slightly from approximately HK\$62,306,000 for the year ended 31 March 2015 to approximately HK\$64,798,000 for the year ended 31 March 2016 as a result of the increase in sales orders for medical equipment from one of our major customers offset by decrease in sales from various small customers in the same sector.

FINANCIAL INFORMATION

Cost of goods sold

Our cost of goods sold decreased by approximately HK\$12,398,000, or 1.6%, from approximately HK\$781,435,000 for the year ended 31 March 2015 to approximately HK\$769,037,000 for the year ended 31 March 2016. The decrease in cost of goods sold was primarily in line with the decrease in our revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$17,491,000, or 10.9%, from approximately HK\$160,047,000 for the year ended 31 March 2015 to approximately HK\$142,556,000 for the year ended 31 March 2016. Our gross profit margin also decreased from 17.0% for the year ended 31 March 2015 to 15.6% for the year ended 31 March 2016. For the year ended 31 March 2016, one of our major customers ordered from us large quantity of LAN cables, apart from other cable assembly products. The LAN cables required minimal additional work from us and profit margin realised from the sales of LAN cables was marginal, hence the overall gross margin for the year ended 31 March 2016 was lowered.

Other income

Our other income decreased by approximately HK\$1,710,000, or 53.7%, from approximately HK\$3,185,000 for the year ended 31 March 2015 to approximately HK\$1,475,000 for the year ended 31 March 2016. The decrease was primarily due to the decrease in the compensation from customers of approximately HK\$1,374,000 recognised in the year ended 31 March 2016 for cancellation of orders.

Other gains and losses

We recorded other losses of approximately HK\$166,000 for the year ended 31 March 2016 as compared to other losses of approximately HK\$254,000 recognised for the year ended 31 March 2015. Such decrease was primarily due to the combined effect of (i) the non-recurring gain on deregistration of Time Japan and Kunshan Time of approximately HK\$3,587,000 recognised for the year ended 31 March 2016; and (ii) the increase in net foreign exchange loss of approximately HK\$3,544,000 for the year ended 31 March 2016.

Distribution and selling expenses

Our distribution and selling expenses decreased by approximately HK\$2,974,000, or 14.1%, from approximately HK\$21,088,000 for the year ended 31 March 2015 to approximately HK\$18,114,000 for the year ended 31 March 2016, primarily attributable to the decrease in salaries and employee benefits expenses as a result of dissolution of Time Japan for the year ended 31 March 2016.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses decreased by approximately HK\$21,633,000, or 41.3%, from approximately HK\$52,358,000 for the year ended 31 March 2015 to approximately HK\$30,725,000 for the year ended 31 March 2016. As corporate restructuring completed during the year ended 31 March 2015 required administrative resources and support from Linkz Industries, management fees charged by Linkz Industries, on cost basis, was higher for the year ended 31 March 2015. After the corporate restructuring, Huizhou Cabletech was merged into and absorbed by Huizhou TIME in March 2015.

R&D expenses

Our R&D expenses remained stable at approximately HK\$24,263,000 and HK\$24,542,000 for the year ended 31 March 2015 and 2016, respectively.

Imputed financial guarantee income

Our imputed financial guarantee income increased by approximately HK\$4,416,000, or 37.4%, from approximately HK\$11,823,000 for the year ended 31 March 2015 to approximately HK\$16,239,000 for the year ended 31 March 2016, as determined by the independent valuer with the amount being affected by the initial recognition at fair value and subsequently the amortisation of financial guarantee liabilities for the year.

Finance costs

Our finance costs decreased by approximately HK\$1,277,000, or 26.2%, from approximately HK\$4,881,000 for the year ended 31 March 2015 to approximately HK\$3,604,000 for the year ended 31 March 2016. The decrease was primarily due to the repayment of our bank borrowings, in particular, the full settlement of our term borrowings during the year ended 31 March 2016.

Taxation

Our taxation increased by approximately HK\$6,026,000, or 109.7%, from approximately HK\$5,494,000 for the year ended 31 March 2015 to approximately HK\$11,520,000 for the year ended 31 March 2016. This increase was mainly attributable to the increase in profit before taxation for the year ended 31 March 2016 by approximately HK\$10,908,000 as a result of the reasons discussed. Our effective tax rate increased from 7.6% for the year ended 31 March 2015 to 13.9% for the year ended 31 March 2016. If the imputed financial guarantee income, which is non-taxable in nature, were excluded for illustration purpose only, our effective tax rate would be 9.1% and 17.2% for the year ended 31 March 2015 and 2016, respectively. The lower effective tax rate for the year ended 31 March 2015 was mainly due to the utilisation of tax loss of by Huizhou TIME for the year ended 31 March 2015.

FINANCIAL INFORMATION

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased by approximately HK\$4,882,000, or 7.3%, from approximately HK\$66,717,000 for the year ended 31 March 2015 to approximately HK\$71,599,000 for the year ended 31 March 2016. Our net profit margin increased from 7.1% for the year ended 31 March 2015 to 7.9% for the year ended 31 March 2016. If the imputed financial guarantee income were excluded for illustration purpose only, our net profit would be approximately HK\$54,894,000 and HK\$55,360,000 for the year ended 31 March 2015 and 2016, respectively, and our net profit margin would be 5.8% and 6.1% for the year ended 31 March 2015 and 2016, respectively. Such increase was primarily due to decrease in our administrative expenses and partially offset by the decrease in gross profit for the year ended 31 March 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our primary use of cash is to pay for purchase of raw materials for production, employee salaries and purchase of equipment, to fund our working capital and other operating expenses, and to repay our borrowings as well as related interest expenses. We have historically financed our operations primarily through a combination of cash flow generated from our operating activities and external borrowings. We were able to repay our obligations under bank borrowings when they became due. We did not experience any difficulties in rolling over our bank borrowings during the Track Record Period. In the future, we expect that our working capital and other liquidity requirements will be satisfied through a combination of cash generated from our operating activities, banking facilities made available to us and the proceeds from the Share Offer.

Our cash and bank balance amounted to approximately HK\$81,864,000, HK\$68,038,000, HK\$42,823,000 and HK\$86,174,000, respectively, as at 31 March 2015, 2016 and 2017 and 31 July 2017. Our cash and bank balance are denominated primarily in Renminbi, U.S. Dollars, Euro, Japanese Yen and Hong Kong Dollars.

FINANCIAL INFORMATION

Cash flows

The following table sets forth a summary of our cash flows information for the periods indicated.

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Net cash from operating activities	79,711	70,177	11,515	4,822	71,410
Net cash (used in) from investing activities	(50,631)	41,934	17,503	(58,288)	(8,032)
Net cash (used in) from financing activities	<u>(2,653)</u>	<u>(129,340)</u>	<u>(57,770)</u>	<u>17,686</u>	<u>(20,636)</u>
Net increase/(decrease) in cash and cash equivalents	26,427	(17,229)	(28,752)	(35,780)	42,742
Effect of foreign exchange rate change	371	3,403	3,537	1,546	609
Cash and cash equivalents at beginning of the year/period	<u>55,066</u>	<u>81,864</u>	<u>68,038</u>	<u>68,038</u>	<u>42,823</u>
Cash and cash equivalents at the end of the year/period	<u><u>81,864</u></u>	<u><u>68,038</u></u>	<u><u>42,823</u></u>	<u><u>33,804</u></u>	<u><u>86,174</u></u>

Net cash generated from operating activities

We derive cash inflow from operating activities primarily from the receipts from sales of our cable assemblies. Our cash outflow from operating activities primarily includes purchases of raw materials, staff costs and all other manufacturing overhead costs. During the Track Record Period, our net cash flows from operating activities represented profit before tax adjusted for income tax paid, interest paid, non-cash items and change in working capital.

For the four months ended 31 July 2017, our net cash generated from operating activities was approximately HK\$71,410,000, as a result of operating cash inflow before movements in working capital of approximately HK\$60,471,000 adjusting for the increase in working capital of approximately HK\$18,236,000 and tax payment of approximately HK\$7,297,000. Net decrease in working capital was primarily the combined effects of (i) the increase in trade and other payables of approximately HK\$86,047,000; and (ii) the increase in rental deposits and trade and other receivables of approximately HK\$67,551,000.

For the year ended 31 March 2017, our net cash generated from operating activities was approximately HK\$11,515,000, as a result of operating cash inflow before movements in working capital of approximately HK\$98,392,000 adjusting for the decrease in working capital of approximately HK\$69,710,000 and tax payment of approximately HK\$17,167,000.

FINANCIAL INFORMATION

Net decrease in working capital was primarily the combined effects of (i) the increase in inventories of approximately HK\$20,122,000; and (ii) the decrease in trade and other payables of approximately HK\$42,030,000.

For the year ended 31 March 2016, our net cash generated from operating activities was approximately HK\$70,177,000, as a result of operating cash inflow before movements in working capital of approximately HK\$80,483,000 adjusting for the increase in working capital of approximately HK\$2,223,000 and tax payment of approximately HK\$12,529,000. The slightly net increase in working capital was primarily the net effect of (i) the decrease in rental deposits and trade and other receivables of approximately HK\$32,899,000; and (ii) the decrease in trade and other payables of approximately HK\$29,483,000.

For the year ended 31 March 2015, our net cash generated from operating activities was approximately HK\$79,711,000, as a result of operating cash inflow before movements in working capital of approximately HK\$74,913,000 adjusting for the increase in working capital of approximately HK\$6,662,000 and tax payment of approximately HK\$1,864,000. Net increase in working capital was primarily the net effect of (i) the increase in trade and other payables of approximately HK\$53,926,000; and (ii) the increase in rental deposits and trade and other receivables of approximately HK\$48,143,000.

Explanations of fluctuation of the aforesaid items from the consolidated statements of financial position during the Track Record Period are set out in the paragraph headed "Discussion of certain consolidated statements of financial position items" in this section.

Net cash (used in)/generated from investing activities

Our cash outflow in investing activities mainly consists of the advance to a subsidiary of Linkz Group, the placement of pledged bank deposits, deposits paid and the payment for purchase of property, plant and equipment. Our cash flow from investing activities mainly represents the repayment from a subsidiary of Linkz Group, the release of pledged bank deposits, the interest received from bank deposits, the refund of deposits paid for as well as the proceeds from disposal of the property, plant and equipment.

For the four months ended 31 July 2017, our net cash used in investing activities was approximately HK\$8,032,000, which primarily consisted of the net amounts paid for pledged bank deposits of approximately HK\$6,381,000, and the payment for the purchase of property, plant and equipment of approximately HK\$2,047,000.

For the year ended 31 March 2017, our net cash generated from investing activities was approximately HK\$17,503,000, which primarily consisted of net amounts received from the repayment of a subsidiary of Linkz Group of approximately HK\$22,510,000 and the net amounts received from the release of pledged bank deposits of approximately HK\$2,120,000, less the payment for the purchase of property, plant and equipment of approximately HK\$6,921,000.

For the year ended 31 March 2016, our net cash generated from investing activities was approximately HK\$41,934,000, which primarily consisted of net amounts received from the repayment of a subsidiary of Linkz Group of approximately HK\$56,684,000, less the net

FINANCIAL INFORMATION

amounts pledged to the banks for securing banking facilities of approximately HK\$2,132,000 and the payment for the purchase of property, plant and equipment of approximately HK\$13,317,000.

For the year ended 31 March 2015, our net cash used in investing activities was HK\$50,631,000, which primarily consisted of net amounts advanced to a subsidiary of Linkz Group of approximately HK\$79,194,000, the net amounts pledged to the banks for securing bank borrowings of approximately HK\$6,683,000 and the payment for the purchase of property, plant and equipment of approximately HK\$13,552,000, less the refund of deposits paid for the acquisition of property, plant and equipment of approximately HK\$50,132,000. To cope with the business expansion and high utilisation rate of our Group's production facilities, our Directors had expansion plan for constructing new production facilities and placed the deposit of approximately HK\$50,132,000 to contractors during the year ended 31 March 2014. However, we subsequently decided to put the expansion plan on hold due to the uncertainties arising from some unexpected major world incidents including the rapid plunge of oil price from more than US\$100 per barrel to less than US\$60 per barrel, the outbreak of Ebola virus and the Ukrainian crisis. No works were done by the contractors and the deposit was refunded to our Group during the year ended 31 March 2015.

Net cash used in financing activities

Our cash inflow from financing activities mainly consist of proceeds from bank borrowings and the advances from Linkz Industries as well as subsidiaries of Linkz Group. Our cash used in financing activities mainly consist of payment of interest on the bank borrowings, repayments of bank borrowings and repayment to Linkz Industries as well as subsidiaries of Linkz Group.

For the four months ended 31 July 2017, our net cash used in financing activities was approximately HK\$20,636,000, which primarily consisted of net amounts repaid to Linkz Industries of approximately HK\$63,797,000, less the net borrowings from banks of approximately HK\$3,268,000 and the proceeds from issuance of shares pursuant to Pre-IPO Investment of HK\$40,500,000.

For the year ended 31 March 2017, our net cash used in financing activities was HK\$57,770,000, which primarily consisted of net amounts repaid to Linkz Industries as well as subsidiaries of Linkz Group of approximately HK\$67,600,000 and the payment of interest on bank borrowings of approximately HK\$3,227,000, less the net borrowings from banks of approximately HK\$13,057,000.

For the year ended 31 March 2016, our net cash used in financing activities was HK\$129,340,000, which primarily consisted of net amounts repaid to Linkz Industries as well as subsidiaries of Linkz Group of approximately HK\$72,356,000, the payment of interest on bank borrowings of approximately HK\$3,604,000 and the net repayment of bank borrowings of approximately HK\$53,380,000.

FINANCIAL INFORMATION

For the year ended 31 March 2015, our net cash used in financing activities was HK\$2,653,000, which primarily consisted of net amounts repaid to Linkz Industries as well as subsidiaries of Linkz Group of approximately HK\$1,143,000, the payment of interest on bank borrowings of approximately HK\$4,881,000, less the net bank borrowings of approximately HK\$3,371,000.

NET CURRENT ASSETS

The following table sets forth details of our current assets and current liabilities as at the dates indicated.

	As at 31 March			As at 31 July	As at 31 December
	2015	2016	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)
Current assets					
Inventories	114,219	110,773	123,134	124,371	164,471
Trade and other receivables	256,111	221,675	226,171	298,454	374,597
Amount due from a fellow subsidiary	79,194	22,510	–	–	–
Pledged bank deposits	9,795	11,486	8,731	15,472	22,538
Bank balances and cash	<u>81,864</u>	<u>68,038</u>	<u>42,823</u>	<u>86,174</u>	<u>135,852</u>
	<u>541,183</u>	<u>434,482</u>	<u>400,859</u>	<u>524,471</u>	<u>697,458</u>
Current liabilities					
Trade and other payables	307,983	272,628	227,715	322,311	415,667
Amount due to ultimate holding company	58,367	–	65,340	1,543	2,357
Amounts due to fellow subsidiaries	19,027	2,940	–	–	–
Taxation payable	3,117	1,961	327	5,281	16,397
Unsecured bank borrowings	121,060	66,654	78,420	81,962	96,379
Financial guarantee liability	<u>8,955</u>	<u>7,816</u>	<u>8,712</u>	<u>3,095</u>	<u>–</u>
	<u>518,509</u>	<u>351,999</u>	<u>380,514</u>	<u>414,192</u>	<u>530,800</u>
Net current assets	<u><u>22,674</u></u>	<u><u>82,483</u></u>	<u><u>20,345</u></u>	<u><u>110,279</u></u>	<u><u>166,658</u></u>

Our net current assets increased from approximately HK\$22,674,000 as at 31 March 2015 to approximately HK\$82,483,000 as at 31 March 2016, primarily due to significant decrease in balance of unsecured bank borrowings of approximately HK\$54,406,000, in particular the full settlement of terms borrowings for the year ended 31 March 2016.

FINANCIAL INFORMATION

Our net current assets decreased from approximately HK\$82,483,000 as at 31 March 2016 to approximately HK\$20,345,000 as at 31 March 2017. The decrease in net current assets was mainly attributable to the declaration and settlement of interim dividend of approximately HK\$130,000,000 during the year, resulting in the increase in the amount due to Linkz Industries as at 31 March 2017. In view of our Group's available reserve, the dividend was declared in March 2017 and settled through the current account with Linkz Industries, namely the amount due from/to the ultimate holding company. Linkz Industries, as the holding company of Linkz Group and our Group, had the function of central treasurer which had been collecting and assigning funds within Linkz Group and our Group based on the prioritisation of different subsidiaries' cashflow requirement and for their operating needs as well as general working capital. The collection and assignment of funds by Linkz Industries during the Track Record Period aimed to minimise overall finance costs of Linkz Group and our Group by utilising liquid funds of subsidiaries to support each other and reduce the needs of external borrowings. Our Group received and provided funds to Linkz Group under its central treasurer function during the Track Record Period. For the year ended 31 March 2015, our Group had net financing cash inflow in the amount of approximately HK\$22,435,000, adding the amount due to Linkz Industries to approximately HK\$58,367,000 as at 31 March 2015. The abovementioned fund collection and assignment exercises occurred frequently and although there were overall net financing cash outflows from our Group for the years ended 31 March 2016 and 2017, the fund flows were bidirectional that there were continuously financing cash inflows and outflows to and from our Group. The allocation of funds by Linkz Industries had been based on prioritisation of different subsidiaries' cashflow requirements, including general working capital as well as capital expenditures. Following the Listing, there would not be further injection or withdrawal of funds between our Group and Linkz Group, and all non-trade related balances between Linkz Industries and our Group will be settled.

Our net current assets further increased to HK\$110,279,000 as at 31 July 2017 primarily due to our profitable operation which enhanced our overall assets base for the period and the increase in bank balances and cash from the proceeds received from the Pre-IPO Investment.

As at 31 December 2017, being the latest practicable date for ascertaining our net current position, we recorded net current assets of approximately HK\$166,658,000 which was HK\$56,379,000 higher than the net current assets as at 31 July 2017.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

The following table sets out the respective carrying values of our Group's property, plant and equipment as at the respective dates as indicated:

	Leasehold improvements (HK\$'000)	Plant and machinery (HK\$'000)	Tools and moulds (HK\$'000)	Furniture, fixtures and equipment (HK\$'000)	Motor vehicles (HK\$'000)	Total (HK\$'000)
As at:						
31 July 2017	<u>58,274</u>	<u>26,452</u>	<u>7,577</u>	<u>8,091</u>	<u>774</u>	<u>101,168</u>
31 March 2017	<u>58,262</u>	<u>25,470</u>	<u>7,400</u>	<u>8,144</u>	<u>532</u>	<u>99,808</u>
31 March 2016	<u>67,194</u>	<u>25,915</u>	<u>8,172</u>	<u>8,481</u>	<u>740</u>	<u>110,502</u>
31 March 2015	<u>74,329</u>	<u>24,675</u>	<u>8,320</u>	<u>7,059</u>	<u>758</u>	<u>115,141</u>

The decrease in net book value from 31 March 2015 to 31 March 2016 and from 31 March 2016 to 31 March 2017 were mainly attributable to the depreciation of our property, plant and equipment as well as the downward currency realignment as a result of the depreciation of the exchange rate of RMB against HK\$ throughout the periods. The net book value of our property, plant and equipment increased as at 31 July 2017, primarily due to the appreciation of the exchange rate of RMB against HK\$ and the acquisition of property, plant and equipment. For details of our addition and disposal of property, plant and equipment during the Track Record Period, please refer to Note 15 of the Accountants' Report in Appendix I to this prospectus.

Deposits paid for acquisition of property, plant and equipment

As at 31 March 2015, 2016 and 2017 and 31 July 2017, we had deposits paid for acquisition of property, plant and equipment of approximately HK\$1,869,000, nil, HK\$478,000 and HK\$401,000, respectively. Such deposits primarily related to the purchase of machinery as well as equipment.

Rental deposits

As at 31 March 2015, 2016 and 2017 and 31 July 2017, our rental deposits amounted to approximately HK\$1,001,000, HK\$960,000, HK\$902,000 and HK\$927,000, respectively. Such rental deposits primarily related to the deposits paid to the landlords for leasing of Huizhou Factory.

FINANCIAL INFORMATION

Inventories

Our inventories consist of raw materials, work-in-progress and finished goods. Our raw materials mainly include connectors, copper wires and optical fibres. Work-in-progress mainly comprises semi-finished products. Finished goods represent our cable assemblies which are ready to be sold. The following table sets forth the components of our inventories as at the dates indicated:

	As at 31 March			As at 31 July
	2015	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	64,423	53,134	59,712	56,198
Work-in-progress	9,095	7,410	9,511	12,912
Finished goods	<u>40,701</u>	<u>50,229</u>	<u>53,911</u>	<u>55,261</u>
	<u>114,219</u>	<u>110,773</u>	<u>123,134</u>	<u>124,371</u>

We generally determine raw materials and components based on the amount of the actual or projected purchase orders and our procurement cycle for raw materials and components. Our inventories decreased by approximately HK\$3,446,000, or 3.0%, from approximately HK\$114,219,000 as at 31 March 2015 to HK\$110,773,000 as at 31 March 2016, primarily because of the combined effect of the following:

- (i) near the year ended 31 March 2015, we stocked up raw materials in accordance with customers' production forecast, resulting in a balance of raw materials and work-in-progress as at 31 March 2015 approximately HK\$12,974,000 higher than 31 March 2016; and
- (ii) we delivered finished goods to fulfill the purchase order of our customers near the end of the year ended 31 March 2015, resulting in a balance of finished goods as at 31 March 2015 approximately HK\$9,528,000 lower than 31 March 2016.

Inventories increased by approximately HK\$12,361,000, or 11.2%, from approximately HK\$110,773,000 as at 31 March 2016 to approximately HK\$123,134,000 as at 31 March 2017, primarily because we stocked up our inventories to cope with the sales orders of our major customers. As at 31 July 2017, we maintained our inventories at approximately HK\$124,371,000.

To minimise the risk of building up inventory, we review our inventory level on a monthly basis. We believe that maintaining appropriate level of inventories can help us deliver our products to meet the market demand in a timely manner without straining our liquidity. We also periodically review the condition of our inventories and make provision or write-off for obsolete and slow-moving inventory items. Provision or write-off was made against when the net realisable value of inventories falls below the cost or any of the

FINANCIAL INFORMATION

inventories is identified obsolete or slow-moving. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we have written off inventories of approximately HK\$793,000, HK\$2,931,000, HK\$4,144,000 and HK\$2,456,000, respectively.

As at Latest Practicable Date, approximately HK\$102,013,000 or 82.0% of our inventory as at 31 July 2017 had been used or consumed subsequently.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended 31 March		Four months ended	
	2015	2016	2017	31 July 2017
Average inventory turnover days ^(Note)	53.7 days	53.5 days	60.3 days	49.5 days

Notes: Average inventory turnover days is equal to the average inventory divided by cost of goods sold and multiplied by 365, 366, 365 and 122 days for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. Average inventory equals inventories at the beginning of the year plus inventories at the end of the year and divided by two.

Our average inventory turnover days remained stable at approximately 53.7 days and 53.5 days for the years ended 31 March 2015 and 2016, respectively. Our average inventory turnover days then increased to approximately 60.3 days, primarily due to the high year end balance of inventories as at 31 March 2017 as a result of stocking up of inventories as explained above. Our average inventory turnover days decreased to 49.5 days as a result of higher utilisation of inventories to cope with the sales orders of our major customers during the four months ended 31 July 2017.

FINANCIAL INFORMATION

Trade and other receivables

Our trade and other receivables consisted of trade and bills receivables as well as deposits, prepayments and other receivables. The following table sets out the breakdown of trade and other receivables as at the dates indicated.

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	219,337	201,020	195,795	262,653
Trade receivables from subsidiaries of Linkz Group	5,870	3,884	4,101	618
Trade receivables from a related company	–	–	–	41
Bills receivables	<u>1,001</u>	<u>2,212</u>	<u>1,156</u>	<u>984</u>
 Trade and bills receivables	 <u>226,208</u>	 <u>207,116</u>	 <u>201,052</u>	 <u>264,296</u>
 Value added tax receivables	 22,853	 10,597	 21,205	 28,735
Other receivables	1,876	808	670	517
Deposits and prepayments	5,174	3,154	3,244	1,983
Deferred and prepaid listing expenses	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,923</u>
 Deposits, prepayments and other receivables	 <u>29,903</u>	 <u>14,559</u>	 <u>25,119</u>	 <u>34,158</u>
 Trade and other receivables	 <u><u>256,111</u></u>	 <u><u>221,675</u></u>	 <u><u>226,171</u></u>	 <u><u>298,454</u></u>

Trade and bills receivables

During the Track Record Period, our trade and bill receivables represented amounts receivable from our customers, related parties as well as subsidiaries of Linkz Group, less any identified impairment losses, for goods sold to them.

Our trade and bills receivables decreased from approximately HK\$226,208,000 as at 31 March 2015 to approximately HK\$207,116,000 as at 31 March 2016 and further to HK\$201,052,000 as at 31 March 2017. Such decrease was primarily in line with the trend of revenue in the Track Record Period. Our trade and bills receivables increased to approximately HK\$264,296,000 as at 31 July 2017 primarily due to the significant amount of sales made near the period end of the four months ended 31 July 2017.

FINANCIAL INFORMATION

Ageing analysis of trade receivables

We grant different credit periods, usually ranging from 30 days to 120 days, to our normal customers. Before accepting orders from any new customers, we will internally assess the credit quality of the potential customers and determine appropriate credit limits. The following table sets forth the aging analysis of our trade and bills receivables based on the invoice date, net of provision, as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2017
0 to 30 days	102,501	100,443	88,010	113,279
31 to 60 days	53,510	35,084	57,644	90,921
61 to 90 days	61,061	62,939	41,680	58,351
91 to 180 days	9,136	8,650	13,718	1,745
	<u>226,208</u>	<u>207,116</u>	<u>201,052</u>	<u>264,296</u>

To certain extent, our trade and bills receivables were concentrated to certain of our debtors. As at 31 March 2015, 2016 and 2017 and 31 July 2017, our largest debtor amounted to approximately HK\$116,059,000, HK\$129,060,000, HK\$114,737,000 and HK\$135,844,000, respectively, representing 51.3%, 62.3%, 57.1% and 51.4% of our total trade and bills receivables, respectively, and our top five largest debtors amounted to approximately HK\$177,321,000, HK\$163,363,000, HK\$169,394,000 and HK\$229,174,000, respectively, representing 78.4%, 78.9%, 84.3% and 86.7% of total trade and bills receivables, respectively. We strictly control outstanding receivables to contain credit risk. Overdue balances are reviewed regularly by our senior management. We do not hold any collateral or other credit enhancements over the balances.

Our Group has procedure in place to monitor the risk of our trade and bills receivables. In determining whether an allowance for bad and doubtful debts is required, we take into consideration the aging status and the likelihood of collection of the trade and bills receivables. Following the identification of doubtful debts, the responsible sales personnel will discuss with the relevant customers and report on the recoverability. Specific allowance is only made for trade and bills receivables that are unlikely to be collected. Our management closely reviews the trade and receivables balance and any overdue balances on an ongoing basis. No provision for bad debt was made during the Track Record Period.

FINANCIAL INFORMATION

The following table sets forth the aging analysis of trade and bills receivables that are past due but not impaired for the dates indicated:

	As at 31 March			As at 31 July
	2015	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:				
0 to 30 days	12,059	16,822	21,080	28,898
31 to 60 days	2,914	1,112	770	104
61 to 90 days	<u>1,837</u>	<u>405</u>	<u>244</u>	<u>140</u>
	<u><u>16,810</u></u>	<u><u>18,339</u></u>	<u><u>22,094</u></u>	<u><u>29,142</u></u>

Our trade and bills receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no history of default. Our trade receivables that were past due but not impaired related to a number of independent customers that had a good payment history with us. Our Directors believe that no impairment allowance is necessary in respect of these balances as there have not been any significant change in credit quality and the balances are still considered fully recoverable.

As at the Latest Practicable Date, approximately HK\$263,993,000 or 99.9% of trade receivables as at 31 July 2017 were settled.

Debtors' turnover days

The following table sets forth our debtors' turnover days for the periods indicated:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
	Debtors' turnover days ^(Note)	81.3 days	87.0 days	86.2 days

Notes: Debtors' turnover days is equal to the average trade and bills receivables divided by revenue and multiplied by 365, 366, 365 and 122 days for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017. Average trade and bills receivables equals trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year and divided by two.

In general, the fluctuation of our debtors' turnover days was mainly due to the different credit periods granted to different customers. Our debtor's turnover days increased from approximately 81.3 days for the year ended 31 March 2015 to approximately 87.0 days for the year ended 31 March 2016, primarily due to the increase in sales to our major customers which have a credit period of 90 days. Thereafter, our debtors' turnover days remained

FINANCIAL INFORMATION

stable at approximately 86.2 days for the year ended 31 March 2017. Our debtors' turnover days decreased to 71.9 days primarily due to an increase in portion of sales to one of our major customers which were granted a credit period of 30 days.

Deposits, prepayments and other receivables

Our deposits, prepayments and other receivables consisted of (i) value added tax receivables; (ii) other receivables; (iii) deposits and prepayments; and (iv) deferred and prepaid listing expenses. Our value added tax receivables represented the tax recoverable for the value added tax in the PRC. Our other receivables primarily represented the advances to staff for the payment of expenses for our operations. Our deposits and prepayments primarily represented the prepayment to our suppliers and the prepayment of various expenses such as insurance, motor vehicle expenses as well as office expenses. Our deferred and prepaid listing expenses represented the prepayment of professional fees in relation to the Listing.

Our deposits, prepayments and other receivables decreased by approximately HK\$15,344,000, or 51.3%, from approximately HK\$29,903,000 as at 31 March 2015 to approximately HK\$14,559,000 as at 31 March 2016. Such decrease was mainly due to the combined effect of (i) the decrease of value added tax receivables of approximately HK\$12,256,000; and (ii) the decrease of deposits and prepayments of approximately HK\$2,020,000.

Our deposits, prepayments and other receivables increased by approximately HK\$10,560,000, or 72.5%, from approximately HK\$14,559,000 as at 31 March 2016 to approximately HK\$25,119,000 as at 31 March 2017 as a result of the increase of value added tax receivables of approximately HK\$10,608,000.

Our deposits, prepayments and other receivables increased by approximately HK\$9,039,000, or 36.0%, from approximately HK\$25,119,000 as at 31 March 2017 to approximately HK\$34,158,000 as at 31 July 2017 as a result of the increase of value added tax receivables of approximately HK\$7,530,000 and the increase in deferred and prepaid listing expenses of approximately HK\$2,923,000.

Pledged bank deposits

Our pledged bank deposits represented the bank deposits placed in the bank in order to secure the bills payables issued by the bank under the general banking facilities granted to us. Such deposits carried fixed interest rate of 1.15% per annum and our bank deposits was pledged to the bank at an amount of 20% or 30% of the outstanding bills payables granted to us. The fluctuation of our pledged bank deposits corresponded to the change of the balance of bills payables as at each of the end of reporting periods. Our pledged bank deposits amounted to approximately HK\$9,795,000, HK\$11,486,000, HK\$8,731,000 and HK\$15,472,000 as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively, with corresponding balance of bills payables of approximately HK\$34,662,000, HK\$38,287,000, HK\$29,104,000 and HK\$51,574,000, respectively.

FINANCIAL INFORMATION

Trade and other payables

Our trade and other payables consisted of (i) trade and bills payables; and (ii) accruals and other payables. The following table sets out the breakdown of trade and other payables as at the dates indicated.

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	224,409	146,057	160,573	219,249
Trade payables from subsidiaries of Linkz Group	9,904	52,350	3,354	7,982
Bills payables	<u>34,662</u>	<u>38,287</u>	<u>29,104</u>	<u>51,574</u>
Trade and bills payables	<u>268,975</u>	<u>236,694</u>	<u>193,031</u>	<u>278,805</u>
Other payables	5,228	6,142	5,319	5,147
Salaries and staff related payables	28,326	28,219	24,676	27,096
Payables for acquisition of property, plant and equipment	3,834	–	–	–
Accrued charges	1,620	1,573	4,689	6,169
Accrued listing expenses	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,094</u>
Accruals and other payables	<u>39,008</u>	<u>35,934</u>	<u>34,684</u>	<u>43,506</u>
Trade and other payables	<u><u>307,983</u></u>	<u><u>272,628</u></u>	<u><u>227,715</u></u>	<u><u>322,311</u></u>

Trade and bills payables

Our trade and bills payables primarily consist of payables for the purchase of raw materials for production from our suppliers as well as subsidiaries of Linkz Group. We generally receive credit terms of 30 days to 120 days from our suppliers.

Our trade and bills payables decreased from approximately HK\$268,975,000 as at 31 March 2015 to approximately HK\$236,694,000 as at 31 March 2016 and further to approximately HK\$193,031,000 as at 31 March 2017, primarily reflected the decrease in cost of raw materials throughout the Track Record Period. Our trade and bills payables increased by approximately HK\$85,774,000, or 44.4%, from approximately HK\$193,031,000 as at 31 March 2017 to approximately HK\$278,805,000 as at 31 July 2017 increase in credit purchase made near the end of the four months ended 31 July 2017 for the sales made near the end of the period.

FINANCIAL INFORMATION

The following table below sets forth an aging analysis of our trade and bills payables, based on the invoice date, as at the dates indicated.

	As at 31 March			As at 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	88,984	54,917	80,678	106,934
31 to 60 days	49,853	20,572	33,465	83,622
61 to 90 days	56,539	38,899	18,891	41,571
91 to 180 days	69,725	95,389	59,519	45,250
181 days to 1 year	1,886	26,572	254	1,408
Over 1 year	1,988	345	224	20
Total	<u>268,975</u>	<u>236,694</u>	<u>193,031</u>	<u>278,805</u>

As at Latest Practicable Date, approximately HK\$254,529,000 or 94.6% of our trade payables as at 31 July 2017 were settled.

The following table below sets forth our creditors' turnover days for the periods indicated.

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
	Creditors' turnover days ^(Note)	114.0 days	120.3 days	110.8 days

Note: Creditors' turnover days is equal to the average trade and bills payables divided by cost of goods sold and multiplied by 365, 366, 365 and 122 days for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017. Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year and divided by two.

Our creditors' turnover days increased from approximately 114.0 days for the year ended 31 March 2015 to approximately 120.3 days for the year ended 31 March 2016 and decreased to approximately 110.8 days for the year ended 31 March 2017 and further decreased to 94.4 days for the four months ended 31 July 2017. We recorded higher creditors' turnover days for the year ended 31 March 2016, primarily due to more purchase from major supplier which granted a credit period of 120 days to us and the increase in the year end balance of the trade payables from subsidiaries of Linkz Group resulting from the increase in purchase for the period.

FINANCIAL INFORMATION

Accruals and other payables

Our accruals and other payables consisted of (i) other payables; (ii) salaries and staff related payables; (iii) payables for acquisition of property, plant and equipment; (iv) accrued charges; and (v) accrued listing expenses. Our other payables primarily represented other expenditures payable for Huizhou TIME. Our salaries and staff related payables primarily represented salaries payable to our staff and the accruals of the retirement benefits costs such as social insurance as well as housing provident fund. Our payables for acquisition of property, plant and equipment represented capital expenditure payable for acquisition of property, plant and equipment. Our accrued charges primarily represented the accruals of various expenses for our operation such as accrued transportation expenses, staff welfare and finance costs. Our accrued listing expenses represented the accrual charge payable for the professional fees in relation to the Listing.

Our accruals and other payables decreased by approximately HK\$3,074,000, or 7.9%, from approximately HK\$39,008,000 as at 31 March 2015 to approximately HK\$35,934,000 as at 31 March 2016. Such decrease was mainly due to the decrease in other payables of approximately HK\$2,920,000 due to the settlement of the capital expenditure payable for acquisition of property, plant and equipment of approximately HK\$3,834,000 as at 31 March 2016. Thereafter, our accruals and other payables remained stable at approximately HK\$34,684,000 as at 31 March 2017. Thereafter, our accruals and other payables increased by approximately HK\$8,822,000, or 25.4%, to approximately HK\$43,506,000 as at 31 July 2017, primarily due to the increase in the accrued listing expenses of approximately HK\$5,094,000 in relation to the Listing.

FINANCIAL INFORMATION

Amount due from/(to) subsidiaries of Linkz Group

The following table sets forth the details of the amount due from/(to) subsidiaries of Linkz Group as at the dates indicated.

	As at 31 March			As at
	2015	2016	2017	31 July
	HK\$'000	HK\$'000	HK\$'000	2017 HK\$'000
Amount due from a subsidiary of Linkz Group:				
Linkz International Limited	79,194	22,510	–	–
Amounts due to subsidiaries of Linkz Group:				
Linkz, Inc.	5,269	2,940	–	–
Linkz Industries (Shanghai) Limited* (領迅電線工業(上海)有限公司)	13,758	–	–	–
	<u>19,027</u>	<u>2,940</u>	<u>–</u>	<u>–</u>

The amounts due from/(to) subsidiaries of Linkz Group are non-trade in nature, unsecured, interest-free and recoverable/repayable on demand. The balance of the amounts due from/(to) fellow subsidiaries will be settled prior to or upon the Listing.

Amount due to ultimate holding company

As at 31 March 2015, 2016 and 2017 and as at 31 July 2017, we had balance of the amount due to our ultimate holding company, Linkz Industries, of approximately HK\$58,367,000, nil, HK\$65,340,000 and HK\$1,543,000, respectively. The amounts due to ultimate holding company is non-trade in nature, unsecured, interest-free and repayable on demand. The balance of the amounts due to ultimate holding company will be settled prior to or upon the Listing.

* For identification purpose only

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the Track Record Period, we had certain related party transactions in the normal course of business. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on arm's length basis. Our Directors have further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance, having taken into account:

1. Linkz Group is not our Group's sole supplier for the products and our Group could purchase similar materials from Independent Third Parties at comparable terms. The copper network cables purchased by our Group from Linkz Group represented less than 10% of our Group's cost of goods sold during the Track Record Period;
2. Linkz Group confirmed that its products are sold to our Group at prices comparable to those offered to Independent Third Parties and that sales to our Group was only accounted for less than 5% of its revenue; and
3. the cable assemblies sold to Linkz Group accounted for less than 3% of our Group's revenue and was priced at an arm's length basis whereby our Directors confirm that the arrangement with Linkz Group was in line with our Group's practice with other independent customers.

For details, please refer to Note 31 to the Accountants' Report as set out in Appendix I to this prospectus.

(I) Sales of cable assemblies to Linkz Group

During the Track Record Period, our Group from time to time sold cable assemblies to Linkz Group to accommodate its business needs. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the sales of cable assemblies to Linkz Group amounted to approximately HK\$25,104,000, HK\$8,099,000, HK\$7,516,000 and HK\$1,351,000, respectively. Our products are mainly used by Lighthouse Technologies (Huizhou) Limited, which is a subsidiary of Linkz Industries that engages in manufacturing and sales of LED display panels, to incorporate in its products. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our Group recorded sales to Lighthouse Technologies (Huizhou) Limited amounted to approximately HK\$9,791,000, HK\$6,167,000, HK\$7,101,000 and HK\$1,274,000, respectively, and realising gross margin of around 33.8%, 33.7%, 26.2% and 20.8% in the respective period. Our Directors are of the view that the gross margin realised from the sales of cable assemblies to Lighthouse Technologies (Huizhou) Limited was fair and reasonable as compared to the sales to the independent customer of our Group which manufactured LED display products. We also sell our products to other members of Linkz Group for their use. The sales amount to Linkz Group for the year ended 31 March 2015 was particularly high, as Linkz Group's US sales office arranged the sales of our cable assemblies to an external customer in the US. In the

FINANCIAL INFORMATION

year ended 31 March 2015, such external US customer had an account with the Linkz Group but not with our Group. Understanding our relationship with Linkz Group, the US customer placed orders for our products with Linkz Group, which made the re-sale arrangement with our Group. Our Group realised gross margin of 7.8% from these sales after a handling charge of 3.5% was charged by Linkz Group to compensate its administrative costs. Subsequently, the US customer opened direct accounts with our Group and had been able to make direct purchases from us. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our Group recorded sales to such US customer through Linkz Group's US sales office amounted to approximately HK\$13,885,000, HK\$431,000, nil and nil, realising gross margin of around 7.8%, 15.6%, N/A and N/A, respectively, and our Group recorded sales to such US customer through our direct accounts amounted to approximately nil, HK\$5,023,000, HK\$658,000 and nil, realising gross margin of around N/A, 18.8%, 20.3% and N/A, respectively. Having taken into account the transition of the US customer's accounts from Linkz Group's US sales office to our Group directly and the comparable gross margin realised during the year ended 31 March 2016, our Directors are of the view that our Group has been able to conclude the transactions without involvement of Linkz Group with comparable profitability. Given (i) the sales to Linkz Group represented only 2.7%, 0.9%, 0.9% and 0.3% of our total revenue for the years ended 31 March 2015, 2016, 2017 and four months ended 31 July 2017, respectively; (ii) the cable assemblies sold to Linkz Group were agreed on an arm's length basis whereby our Directors confirm that the sales arrangement with Linkz Group was similar to our Group's independent customers; and (iii) the gross profit margin of these sales were between 7.8% and 39.5% which did not deviate significantly from the sales to independent customers, our Directors are of the view that the sales to Linkz Group would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Following the Listing, we intend to continue to sell cable assemblies to Linkz Group. Since Linkz Group is a connected person of our Company, pursuant to Chapter 14A of the Listing Rules, the sales to Linkz Group will constitute continuing connected transactions of our Company. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for details.

(II) Purchase of materials from subsidiaries of Linkz Group

During the Track Record Period, we purchased materials from Linkz Group from time to time. Linkz Group is a leading cable manufacturer in the PRC and are one of the largest LAN cables manufacturers in the PRC, too. We purchase copper cables (including LAN cables) from the Linkz Group as raw materials for our certain cable assembly products. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our purchase from Linkz Group amounted to approximately HK\$18,328,000, HK\$62,650,000, HK\$9,073,000 and HK\$4,077,000, respectively. For the year ended 31 March 2016, the purchase from Linkz Group was particularly high as our Group received large purchase orders for LAN cables from a major customer, which also purchased other cable assemblies from us, and we determined that LAN cables from Linkz Group can satisfy the product specifications and requirements of the major customer. Having considered that our Group purchased LAN cables from suppliers other than Linkz Group in the amount of approximately HK\$14,415,000, HK\$12,268,000, HK\$12,713,000 and HK\$4,294,000 for the years ended 31 March 2015, 2016, 2017 and four months ended 31 July 2017, representing

FINANCIAL INFORMATION

44.0%, 16.4%, 58.4% and 51.4% of the total purchase of LAN cables of the respective period, and as at the Latest Practicable Date, other than Linkz Group, our Group had 12 suppliers which supply similar LAN cables at comparable prices, our Directors confirm that our Group can source similar LAN cables from independent suppliers at similar costs without much difficulty and the sales to this major customer could be made with comparable profitability without involvement of Linkz Group. Given (i) the purchase from Linkz Group represented only 2.3%, 8.1%, 1.3% and 1.3% of our total cost of goods sold for the years ended 31 March 2015, 2016, 2017 and four months ended 31 July 2017, respectively, with the amount inflated by the purchase of LAN cables for the year ended 31 March 2016; (ii) the purchase of materials from Linkz Group were made on an arm's length basis; (iii) we have other suppliers which can supply same or similar products that the Linkz Group supplies to us at comparable terms; and (iv) Linkz Group has confirmed to us that its products are sold to our Group at prices comparable to those offered to its independent customers. As such, our Directors are of the view that the purchase of materials from Linkz Group would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Following the Listing, we intend to continue to purchase materials from Linkz Group. Since Linkz Group is a connected person of our Company, pursuant to Chapter 14A of the Listing Rules, the purchase from Linkz Group will constitute continuing connected transactions of our Company. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for details.

(III) Transactions with Huizhou Light Engine

(i) Sales of cables assemblies

We sold cables assemblies to Huizhou Light Engine, a company 80% owned by Light Engine Technologies Limited. As Huizhou Light Engine engages in manufacturing of LED related products which incorporate our cables assembly products. The sales to Huizhou Light Engine were approximately nil, nil, HK\$247,000 and HK\$35,000 for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively.

Following the Listing, we intend to continue to sell our products to Huizhou Light Engine. Since Huizhou Light Engine is an associate of Mr. Paul Lo, our Chairman, non-executive Director and a Controlling Shareholder, it is a connected person of our Company pursuant to Chapter 14A of the Listing Rules, the sales to Huizhou Light Engine will constitute continuing connected transactions of our Company. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for details.

FINANCIAL INFORMATION

(ii) Subcontracting fee

During the Track Record Period, we paid subcontracting fee to Huizhou Light Engine for labour intensive work such as packaging and labelling. The subcontracting fee amounted to approximately nil, nil, HK\$934,000 and nil for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. We do not intend to engage United Luminous Group to be our subcontractor after Listing.

(IV) Transactions with Linkz Industries

(i) Service fees

During the Track Record Period, we paid administrative services fee to Linkz Industries for the provision of information technology support and/or other services to our Group. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we incurred administrative services fees of approximately HK\$7,140,000, HK\$3,570,000, HK\$3,570,000 and HK\$1,250,000, respectively.

Following the Listing, we intend to continue to obtain administrative services from Linkz Industries. Since Linkz Industries is a connected person of our Company, pursuant to Chapter 14A of the Listing Rules, the administrative services provided by Linkz Group will constitute continuing connected transactions of our Company. Please refer to the section headed “Continuing Connected Transactions” in this prospectus for details.

(ii) Office sharing expenses

During the Track Record Period, we shared the Hong Kong office with Linkz Industries as our headquarters. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we incurred the office sharing expenses of approximately HK\$1,980,000, HK\$662,000, HK\$662,000 and HK\$333,000, respectively.

Following the Listing, we intend to continue to share the office with Linkz Industries. Since Linkz Industries is a connected person of our Company, pursuant to Chapter 14A of the Listing Rules, the office sharing will constitute continuing connected transactions of our Company. Please refer to the section headed “Continuing Connected Transactions” of this prospectus for details.

(iii) Management fee

During the Track Record Period, Linkz Industries, provided central management to Linkz Group and our Group, the costs of the management services were allocated to each member of Linkz Group and our Group on actual time spent by central management staff on the provision of services. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, the management fee amounted to approximately HK\$20,207,000, HK\$6,053,000, HK\$6,053,000 and nil, respectively. Management fee for the year ended 31 March 2015 was higher because our Group

FINANCIAL INFORMATION

completed a corporate restructuring in which Huizhou TIME merged and absorbed Huizhou Cabletech and Linkz Industries dedicated extra management time to ensure the smooth restructuring process which involved transfer of assets, labour, customers and suppliers.

In respect of the various administrative and management arrangements, the Directors consider that they would have incurred similar expenses as those administrative and management are charged based on actual consumption or time spent by those staff on the provision of services. Since 1 April 2017, our Group has independent and delineated management team such that central management from Linkz Industries will no longer apply to our Group, we will not incur management fee payable to Linkz Industries.

Balances with related parties

Please refer to Notes 17, 18, 20 and 21 to the Accountants' Report as set out in Appendix I to this prospectus for the details of balances with related parties. The Directors consider that the current accounts with members of Linkz Group would not distort the Group's financial performance as there was a net amount due from Linkz Group during the Track Record Period which was interest-free.

Guarantee made to/by a related party

As at 31 March 2015, 2016 and 2017, we provided and received the cross guarantee with Link Industries and certain subsidiaries of Linkz Group for the banking facility granted by financial institutions. We expect to release the corporate guarantees made to or by the related company prior to Listing. Please refer to Notes 28 and 31 to the Accountants' Report as set out in Appendix I to this prospectus for the details of guarantees with related parties.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as at 31 March 2015, 2016 and 2017, 31 July 2017 and 31 December 2017, being the latest practicable date for the purpose of this indebtedness in this prospectus.

	As 31 March			As at 31 July	As at 31 December
	2015	2016	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount due to ultimate holding company (<i>Note</i>)	58,367	–	65,340	1,543	2,357
Amounts due to fellow subsidiaries	19,027	2,940	–	–	–
Unsecured bank borrowings	<u>121,060</u>	<u>66,654</u>	<u>78,420</u>	<u>81,962</u>	<u>96,379</u>
	<u>198,454</u>	<u>69,594</u>	<u>143,760</u>	<u>83,505</u>	<u>98,736</u>

Note: The amount due to ultimate holding company is unsecured and unguaranteed.

FINANCIAL INFORMATION

Unsecured bank borrowings

The following table sets forth a breakdown of our unsecured bank borrowings as at the dates indicated:

	As 31 March			As at 31 July	As at 31 December
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)
Import trade borrowings	27,484	13,843	33,105	38,216	88,374
Export trade borrowings	42,312	28,823	28,404	37,950	7,992
Bank overdrafts	–	–	–	–	13
Term borrowings	26,250	–	–	–	–
Revolving borrowings	25,014	23,988	16,911	5,796	–
	<u>121,060</u>	<u>66,654</u>	<u>78,420</u>	<u>81,962</u>	<u>96,379</u>

As at 31 December 2017, we had unutilised banking facilities of approximately HK\$124,532,000 available for drawdown.

Our bank borrowings decreased from approximately HK\$121,060,000 as at 31 March 2015 to approximately HK\$66,654,000 as at 31 March 2016 as a result of repayment of our bank borrowings, in particular the full settlement of term borrowings during the year ended 31 March 2016. Our bank borrowings then increased to approximately HK\$78,420,000 as at 31 March 2017 generally due to the increase in our import trade borrowings to finance the purchase of raw materials. Our bank borrowings further increased to approximately HK\$81,962,000 as at 31 July 2017 due to the increase in import trade borrowings and the export trade borrowings. As at 31 December 2017, our bank borrowings increased to approximately HK\$96,379,000 as a result of the increase in import trade borrowings.

Our bank borrowings were denominated in Hong Kong Dollars, Euro and Renminbi. The range of effective interest rates on our borrowings as at 31 March 2015, 2016 and 2017, 31 July 2017 and 31 December 2017, respectively, is as follows:

	As at 31 March			As at 31 July	As at 31 December
	2015	2016	2017	2017	2017 (unaudited)
Effective interest rate:					
Fixed-rate borrowings	6.15% to 7.20%	5.00% to 5.87%	5.00% to 5.87%	5.22%	–
Variable-rate borrowings	1.85% to 3.22%	2.10% to 3.19%	1.90% to 3.11%	1.93% to 2.97%	2.48% to 3.07%

FINANCIAL INFORMATION

As at 31 March 2015, 2016 and 2017, 31 July 2017 and 31 December 2017, we had pledged bank deposits placed in a bank to secure general banking facilities granted to our Group.

Except for our bank overdrafts, which was unguaranteed as at 31 December 2017, as at 31 March 2015, 2016 and 2017 and 31 July 2017, our bank borrowings are secured by:

- (i) personal guarantee executed by Mr. Paul Lo;
- (ii) corporate guarantee executed by Linkz Industries; and
- (iii) corporate guarantee executed by Linkz International Limited.

For details of these securities, please refer to Notes 19, 22 and 31 to the Accountants' Report as set out in Appendix I of this prospectus. As at 31 December 2017, our bank borrowings are only secured by personal guarantee executed by Mr. Paul Lo and the corporate guarantee executed by Linkz Industries. All aforementioned personal and corporate guarantees executed will be released prior to the Listing.

Our bank borrowings contain certain standard covenants that are commonly found in lending arrangements with commercial banks. Our Directors have confirmed that we had not defaulted or delayed in any payment or breached any of the material covenants pertaining to our bank borrowings during the Track Record Period and up to the Latest Practicable Date.

Save for the indebtedness as disclosed above, we currently do not have an external financing plan.

Financial guarantee and contingent liabilities

Financial guarantee and contingent liabilities represent the financial guarantee liability recognised in respect of guarantees provided by our Group to financial institutions in relation to banking facilities granted to Linkz Industries and its subsidiaries. Our financial guarantee liabilities amounted to approximately HK\$8,955,000, HK\$7,816,000, HK\$8,712,000, HK\$3,095,000 and nil as at 31 March 2015, 2016 and 2017, 31 July 2017 and 31 December 2017, respectively. For details regarding to our contingent liabilities, please refer to Note 28 of the Accountants' Report in Appendix I to this prospectus. All guarantees given by/to Linkz Group will be released or replaced upon Listing.

Disclaimer

Save as disclosed herein and apart from intra-group liabilities, at the close of business on 31 December 2017, being the latest practicable date for determining our indebtedness, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness and contingent liabilities since 31 December 2017 up to the date of this prospectus.

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions or arrangements.

COMMITMENTS

Capital commitments

Our capital commitment primarily related to acquisition of machinery and equipment for our production contracted for but not delivered as at the end of each reporting period. These commitments would be financed by our internal resources. The following table sets forth the total amounts of our capital commitments as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2017</i> <i>HK\$'000</i>
Property, plant and equipment	<u>394</u>	<u>–</u>	<u>740</u>	<u>602</u>

Operating lease commitment

We lease our Huizhou Factory under non-cancellable operating lease arrangement for a term of fifteen years from 2012. The following table sets forth our commitments for future minimum lease payments as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2017</i> <i>HK\$'000</i>
Within one year	5,531	5,513	5,182	5,995
In the second to fifth year inclusive	23,912	23,485	22,929	23,950
Over five years	<u>52,810</u>	<u>44,577</u>	<u>35,864</u>	<u>34,726</u>
	<u>82,253</u>	<u>73,575</u>	<u>63,975</u>	<u>64,671</u>

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

The following table sets out our capital expenditures for the periods indicated:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditures				
Property, plant and equipment	<u>17,386</u>	<u>11,309</u>	<u>6,921</u>	<u>2,234</u>

Our capital expenditures during the Track Record Period principally representing the addition to property, plant and equipment. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, we incurred capital expenditures of approximately HK\$17,386,000, HK\$11,309,000, HK\$6,921,000 and HK\$2,234,000, respectively, primarily used for (i) the leasehold improvements for our Huizhou Factory; (ii) the purchase of plant and machinery; and (iii) the purchase of furniture, fixtures and equipment.

We have capital expenditure plan for the expansion plan of production capacity and enhancing automation amounted to approximately HK\$112.4 million for the year ending 31 March 2018 and HK\$8.9 million for the year ending 31 March 2019. Such capital expenditures would be financed by the internal resources and the proceeds from the Share Offer. Please refer to sections headed “Business – Business strategies – Enhance and increase our production capacity” and “Future Plans and Use of Proceeds” in this prospectus for further details.

FINANCIAL INFORMATION

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as at the dates or for the periods indicated.

	As at or year ended			As at or four
	31 March			months
	2015	2016	2017	ended
				31 July
				2017
Current ratio ⁽¹⁾	1.0	1.2	1.1	1.3
Quick ratio ⁽²⁾	0.8	0.9	0.7	1.0
Gearing ratio ⁽³⁾	141.3%	35.9%	118.6%	39.3%
Net debt to equity ratio ⁽⁴⁾	83.0%	0.8%	83.2%	N/A ⁽⁸⁾
Return on equity ⁽⁵⁾	47.5%	37.0%	67.4%	66.8% ⁽⁹⁾
Return on total assets ⁽⁶⁾	10.1%	13.1%	16.3%	22.6% ⁽⁹⁾
Interest coverage ⁽⁷⁾	15.8 times	24.1 times	30.7 times	99.3 times

Notes:

- (1) Current ratio is calculated as total current assets divided by total current liabilities.
- (2) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.
- (3) Gearing ratio is calculated as total debt (summation of amount due to ultimate holding company, amounts due to subsidiaries of Linkz Group and unsecured bank borrowings) divided by total equity and multiplied by 100%.
- (4) Net debt to equity ratio is calculated as total debt (summation of amount due to ultimate holding company, amounts due to subsidiaries of Linkz Group and unsecured bank borrowings) less cash and cash equivalents divided by total equity and multiplied by 100%.
- (5) Return on equity equals profit for the annualised year/period divided by ending total equity and multiplied by 100%.
- (6) Return on total assets equals annualised profit for the year/period divided by ending total assets and multiplied by 100%.
- (7) Interest coverage equals profit before interest and tax divided by interest expenses.
- (8) The figure as at 31 July 2017 represents that we were in a net cash position.
- (9) These figures have been annualised to be comparable to prior years for reference only, but are not indicative of the actual results.

FINANCIAL INFORMATION

Current ratio

Attributable to the profit earned during the year ended 31 March 2016, our current ratio increased from 1.0 as at 31 March 2015 to 1.2 as at 31 March 2016, reflected by the improvement in our net current assets position for the year. Thereafter, our current ratio slightly decreased to 1.1 as at 31 March 2017 as a result of the declaration of interim dividend of approximately HK\$130,000,000, resulting in the increase of balance due to our ultimate holding company and reduced our net current assets position for the year. Our current ratio then rebounded to 1.3 as at 31 July 2017, primarily due to the increase in bank balances and cash from the proceeds of Pre-IPO Investment and our profitable operation which enhanced our overall assets base.

Quick ratio

Our quick ratio was 0.8, 0.9, 0.7 and 1.0 as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively. The increase in quick ratio for the year ended 31 March 2016 generally corresponded to our change in current ratio and mainly reflected our increase in net current assets position as a result of the profit we earned for the year. The decrease in our quick ratio as at 31 March 2017 primarily reflected the decrease in our net current assets position as a result of declaration and settlement of interim dividend. The increase in quick ratio for the four months ended 31 July 2017 was in line with the increase in current ratio as a result of proceeds from the Pre-IPO Investment and the improvement in our net current assets position for the period.

Gearing ratio

Our gearing ratio decreased from 141.3% as at 31 March 2015 to 35.9% as at 31 March 2016. Such decrease was mainly due to (i) the decrease in our total debt as a result of the repayment of our borrowings as well as the balance with ultimate holding company; and (ii) the increase in our total equity resulting from the profit generated during the year. In addition to the reduction of total equity due to the declaration of the interim dividend, our gearing ratio increased to 118.6% as at 31 March 2017 primarily attributable to the increase in balance due to our ultimate holding company resulting in the increase in our total debt. As at 31 July 2017, our gearing ratio decreased to 39.3%, primarily due to (i) the decrease in our total debt as a result of substantial repayment to our ultimate holding company; and (ii) the increase in our total equity resulting from the profit generated for the period as well as the issuance of shares pursuant to the Pre-IPO Investment.

Net debt to equity ratio

Our net debt to equity ratio amounted to 83.0%, 0.8% and 83.2% as at 31 March 2015, 2016 and 2017, respectively. The decrease in our net debt to equity ratio as at 31 March 2016 primarily due to the reduction in net debt as (i) unsecured bank borrowings decreased by approximately HK\$54,406,000; but (ii) bank balances and cash was only reduced by approximately HK\$13,826,000. Thereafter, the increase in our net debt to equity ratio as at 31 March 2017 was mainly attributable to the increase in our net debts for the year. As at 31 July 2017, we do not have any net debt to equity ratio as we were in net cash position as at 31 July 2017.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from 47.5% for the year ended 31 March 2015 to 37.0% for the year ended 31 March 2016, primarily due to the increase in our total equity resulting from the increase in reserves. Attributable to the significant reduction in our total equity due to declaration and settlement of the interim dividend, our return on equity increased to 67.4% for the year ended 31 March 2017. Our return on equity remained stable at 66.8% for the four months ended 31 July 2017.

Return on total assets

Our return on total assets increased from 10.1% for the year ended 31 March 2015 to 13.1% for the year ended 31 March 2016 primarily due to the decrease in our total assets as a result of the repayment of balance due from Linkz Group. Our return on total assets further increased to 16.3% for the year ended 31 March 2017 mainly due to further decrease in our total assets as a result of settlement of the interim dividend declared during the year. For the four months ended 31 July 2017, our return on total assets increased to 22.6%, primarily due to the increase in the annualised profit for the period.

Interest coverage

Our interest coverage was 15.8 times, 24.1 times and 30.7 times for the years ended 31 March 2015, 2016 and 2017, respectively. The increase in our interest coverage throughout the Track Record Period was mainly due to the increase in our net profit before interest and tax throughout the Track Record Period. For the four months ended 31 July 2017, our interest coverage further increased to 99.3 times, primarily due to the increase in the annualised profit as well as the decrease in finance costs for the period.

WORKING CAPITAL SUFFICIENCY

Taking into consideration our Group's existing balance of cash and cash equivalent, cash flows from operations, availability of bank facilities and estimated net proceeds from the Share Offer, our Directors believe, after due and careful inquiry, that we have sufficient working capital for at least the next 12 months commencing from the date of this prospectus.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

In the ordinary course of our business operation, we are exposed to various market risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. Our risk management strategy aims to minimise the potential adverse effects of such risks on our financial performances.

Interest rate risk

Our Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and variable rate bank borrowings. Interest charged on our Group's borrowings is mainly at variable rates and is mainly at the interest rate offered by the HIBOR. Our Group

FINANCIAL INFORMATION

currently does not have a policy on cash flow hedges of interest rate risk. However, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Our Group is also exposed to fair value interest rate risk in relation to the fixed rate pledged bank deposits and fixed rate borrowings. However, our management considers the fair value interest rate risk on the fixed deposits is insignificant as the fixed deposits are relatively short-term. Our management monitors interest rate exposure and will consider repaying the fixed rate bank borrowings when significant interest rate exposure is anticipated.

Please also see Note 33 to the Accountants' Report included in Appendix I to this prospectus for further details regarding our interest rate sensitivity analysis.

Foreign currency risk

Our Group is mainly exposed to the foreign currency risk arising from the carrying amounts of our Group's monetary assets (mainly including rental deposits, trade and other receivables, amount due from Linkz Group, pledged bank deposits and bank balances and cash) and monetary liabilities (mainly including trade and other payables, amount due to ultimate holding company, amounts due to Linkz Group and unsecured bank borrowings) denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period.

Our Group currently does not have a foreign currency hedging policy in respect of net foreign currency exposure. However, our management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

Please also see Note 33 to the Accountants' Report included in Appendix I to this prospectus for further details regarding our foreign currency rate sensitivity analysis.

Credit risk

As at 31 March 2015, 31 March 2016 and 31 March 2017 and 31 July 2017, other than those financial assets whose carrying amount best represent the maximum exposure to credit risk, our Group's maximum exposure to credit risk which will cause a financial loss to our Group arising from the amount of contingent liabilities relating to financial guarantees.

As at 31 March 2015, 2016 and 2017 and 31 July 2017, our Group has concentration of credit risk as 52%, 63%, 57% and 52% and 79%, 77%, 84%, 86% of trade receivables were due from our largest customer and five largest customers, respectively. Our Group's concentration of credit risk by geographical location is mainly in the PRC which accounted for 77%, 87%, 72% and 66% of trade receivables as at 31 March 2015, 2016, 2017 and 31 July 2017, respectively.

FINANCIAL INFORMATION

In order to minimise the credit risk, the management of our Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that our Group's credit risk is significantly reduced.

For the financial guarantees given to Linkz Industries, our Group and certain subsidiaries of Linkz Group, the management of our Group continuously monitors the credit quality and financial conditions of the guaranteed parties that our Group issued financial guarantee contracts in favour of Linkz Group to ensure that our Group will not suffer significant credit losses as a result of the failure of the guaranteed parties on the repayment of the relevant loans. In this regard, our Directors consider that our Group's credit risk is significantly reduced.

Our Group also has credit risk on liquid funds concentration as the funds are deposited with several banks. The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

Liquidity risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations. Our management also monitors the utilisation of borrowings and ensures compliance with loan covenants.

DIVIDENDS

During the Track Record Period, member of our Group declared and settled dividends of approximately HK\$130,000,000. The dividend was settled through the current account with Linkz Industries and the settlement of dividend was a non-cash transaction. There is no expected or predetermined dividend payout ratio after Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders' approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares.

Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

FINANCIAL INFORMATION

LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees, including underwriting commission, in relation to Listing. Assuming the Offer Price of HK\$0.375 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses are estimated to be approximately HK\$42,991,000, which will be borne by the Vendor and our Group on 30:70 proportion, amounted to approximately HK\$12,897,000 and HK\$30,094,000, respectively. Of such amount to be borne by the Vendor in connection with the sale of Sale Shares, approximately HK\$6,154,000 will be set-off against the listing expenses of our Group and approximately HK\$6,743,000 will be reimbursed by the Vendor in its capacity of a Shareholder and be accounted for as capital contribution to our Group. Of the aggregate listing expenses of approximately HK\$42,991,000, approximately HK\$10,658,000 was charged to the consolidated statements of profit or loss and other comprehensive income for the four months ended 31 July 2017. For the remaining amount of approximately HK\$32,333,000, approximately HK\$6,154,000 will be borne by the Vendor as stated above, and our Group expects to further charge approximately HK\$11,820,000 to profit or loss, while approximately HK\$14,359,000 is expected to be directly attributable to the issue of new Shares and be accounted for a deduction from equity in accordance with the relevant accounting standards. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

RECENT DEVELOPMENT AND FINANCIAL PERFORMANCE

Subsequent to the Track Record Period and according to the unaudited management accounts of our Group, our revenue for the five months ended 31 December 2017 increased as compared to the five months ended 31 December 2016. Sales from the telecommunication and data centre sectors are still dominant and sales from the data centre sector had been robust as compared to our total revenue for the five months ended 31 December 2016.

According to the CRI Report, the global market size of cable assembly is expected to reach approximately US\$220.3 billion in 2021, with the CAGR of 7.0% during 2017 to 2021. The major growth force came from the market of communication equipment and data centre, industrial and medical equipment, mobile phones, etc. Global cable assembly market expects a consistent growth during 2017 to 2021. Subsequent to the Track Record Period and up to the date of this prospectus, we had not experienced any significant changes in our pricing policy and there had been no material change in unit raw material costs. As far as we are aware, there had been no change in the general economic and market conditions in the cable assembly industry that had materially and adversely affected our business operations or trading prospect or financial condition.

DISTRIBUTABLE RESERVES

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that, in the case of dividends to be paid out of our share premium account, immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business.

FINANCIAL INFORMATION

As at 31 July 2017, our Company had share premium of approximately HK\$146,680,000 and accumulated losses of approximately HK\$3,015,000.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for details.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there have been no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares listed on the Stock Exchange.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 July 2017, the end of period reported in the Accountants’ Report set out in Appendix I to this prospectus, and there has been no event since 31 July 2017 which would materially affect the information shown in the Accountant’s Report set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the paragraph headed “Business – Business strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and based on an Offer Price of HK\$0.375, being the mid-point of the Offer Price range, of approximately HK\$90.7 million as follows:

- Approximately HK\$55.0 million or 60.6% of the net proceeds will be used for the expansion of our production capacity (the “**Expansion Plan**”) by acquiring a factory with a target cost of approximately HK\$88.6 million. The Expansion Plan is expected to increase our production capacity by 30%. We expect such portion of the net proceeds will be fully utilised during the year ending 31 March 2018. Apart from the funding from net proceeds from the Share Offer, we estimate that an additional fund of approximately HK\$33.6 million will be required to settle the purchase price of the factory, which will be funded by internal resources and banking facilities. In addition, approximately HK\$7.5 million or 8.3% of the net proceeds will be used for the purchase of production equipment and upgrades to existing production and quality equipment in order to meet the new product requirements of data centre and medical equipment and markets.

As at the Latest Practicable Date, the Huizhou Factory is a leased property with a basic monthly rent of approximately RMB464,000. The production capacity of Huizhou Factory has almost been fully utilised and in view of increasing business opportunities arising from the rapid change of technology, our Group plans to expand the production facilities for telecommunication, data centre and medical equipment sectors by dedicating sufficient resources. Our Directors consider that the acquisition of a factory instead of leasing it is more commercially justifiable given that (i) the ownership of the factory signifies long term commitment that will shore up our customers’ and suppliers’ confidence; (ii) the saving of rentals is expected to exceed the estimated annual depreciation and the owned factory will be free from rental upward adjustments in the future; (iii) ownership of the factory will also offer protection to our Group from being expelled by the landlord upon expiry of tenure; (iv) the enlarged non-current assets base would facilitate the negotiation with banks for financing; (v) there are certain restrictions in the tenancy agreement that would not be applicable to self-owned property, for instance, prior approval must be sought from the landlord to alter certain structure of the building, the process of which could be lengthy and the outcome may not be favourable; and (vi) the newly acquired factory can be furnished with modern technology outlook which could also boost potential customers’ confidence, as our Directors believe that potential customers will be impressed during factory inspection before approving our Group as their vendor. It is a general practice of our Group’s customers and potential customers to conduct regular inspection and/or factory audit of our production facilities to ensure we have the required

FUTURE PLANS AND USE OF PROCEEDS

facilities, sufficient control on production flow and quality assurance procedure to minimise defects, before renewing our Group's status or approving our Group to be on the list of their approved suppliers. Our Directors therefore consider that it is important for our Group to maintain our competitiveness by undergoing occasional upgrade of our production facilities, which is difficult to be implemented in the existing Huizhou Factory because the production facilities have almost reached full capacity and further addition of production facilities and modification of production processes will likely cause disruption of our Group's business and affect our ability to accept new orders and delay shipments.

In terms of cost-saving in choosing between leased and purchased factory, our Directors consider that the estimated annual depreciation expense of the proposed production facility (excluding leasehold improvements which are required in both acquisition or leasing scenarios) will be approximately HK\$1.6 million, and be lower than the leasing a production facility at approximately HK\$1.9 million per year calculated based on the effective rental per unit area of the Huizhou Factory (without taking into account the subsequent rental increment in subsequent renewal of lease), assuming that the production facility to be acquired will have an expected gross floor area of 30% of the Huizhou Factory, which will be acquired at a total cost of approximately HK\$77.2 million and depreciated over 50 years lease terms.

In acquiring a new factory, our Directors consider that the following criteria should be taken into account: (a) proximity to the Huizhou Factory to better accommodate the conduct of regular inspection and/or factory audit by our customers or prospective customers; (b) the plot ratio and green ratio restrictions; (c) stable supply of water and electricity; (d) easy access to highway; and (e) a long remaining land tenure.

As at the Latest Practicable Date, the short-term banking facilities granted to our Group without its limit shared with Linkz Group and guaranteed by the Linkz Group granted to our Group were approximately HK\$273 million, of which approximately HK\$132 million was unutilised, and our Group had bank borrowings of approximately HK\$81,962,000 and total current liabilities were approximately HK\$414,192,000 as at 31 July 2017. Our Directors consider that it would not be appropriate to finance the Expansion Plan wholly by bank borrowings, which will cause our Group's gearing ratio to rise substantially, from 39.3% to 81.0% if our total debt as at 31 July 2017 would be increased by HK\$88.6 million. In addition, after taking into consideration (a) the higher gearing ratio would adversely affect our Group's finance costs to support normal business operations and working capital need from time to time; and (b) short term bank financing will eventually need repayment, which will likely be either shareholders' funds or cash generated from operations, our Directors are therefore of the view that the net proceeds of the Share Offer, being an equity form of financing, is more appropriate to finance the Expansion Plan.

FUTURE PLANS AND USE OF PROCEEDS

We believe there could be sufficient customer demand to support the expected increased production capacity, taking into account (i) according to the CRI Report, the communication equipment and data centre, which are the main focus of our Group, have been growing at a CAGR of 10.7% from 2012 to 2016 and are forecast to grow faster at a CAGR of 16.2% between 2017 and 2021. Since 1 April 2016, our Group has demonstrated robust growth in revenue from the data centre sector and our Directors are of the view that this sector will remain as a dominant growth driver of our Group; (ii) according to the CRI Report, our Group merely accounted for approximately 2.3% of the market share for China's market of cable assemblies for communication equipment and data centre segment by revenue in 2016, our Directors consider that there will be room for our Group to gain larger market share; (iii) for the four months ended 31 July 2017, our total revenue increased by approximately 52% as compared to the same period last year with notable increase contributed from sales in the data centre sector; and (iv) our Group has been able to conclude sales to new customers since 2017, with total amount of purchase orders from these new customers of approximately HK\$11.4 million from 1 January 2017 to 30 November 2017 and our Directors expect there is likelihood of additional purchase orders placed by these customers. We believe that the additional production capacity can be absorbed by the increasing demand for our products. As at the Latest Practicable Date, we have not identified any specific acquisition targets;

- Approximately HK\$8.6 million or 9.5% of the net proceeds of which approximately HK\$8.0 million will be applied towards the research and development of advanced technology to meet future high speed cable testing requirement by the purchase of new laboratory and testing equipment and approximately HK\$0.6 million will be applied for the recruitment of a research and development staff and arranging technical training;
- Approximately HK\$15.9 million or 17.5% of the net proceeds will be used for enhancing our operational efficiency by upgrading our automation system throughout the production process and other information technology applications. Primary targets for automation are stitching, packaging and labeling processes;
- Approximately HK\$1.9 million or 2.1% of the net proceeds will be used for uplifting marketing effort, including enhancing the relationship with existing customers, setting up a regional sales offices in other cities in the PRC to explore new business opportunities, recruiting additional sales and marketing personnel and enhancing our customer and after-sales services;
- Approximately HK\$1.8 million or 2.0% of the net proceeds will be used as the general working capital of our Group.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$0.5 per Offer Share, the net proceeds we receive from the Share Offer will increase by approximately HK\$37.0 million. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$0.25 per Offer Share, the net proceeds we receive from the Share Offer will decrease by approximately HK\$37.0 million.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

To the extent that the net proceeds are not immediately applied to the above purposes due to any factors, and to the extent permitted by applicable laws and regulations as well as the Listing Rules, we will carefully evaluate the situations and it is our present intention to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

In each of the above scenarios, we will not receive any of the proceeds from the sale of the Sale Shares by the Vendor in the Share Offer. We estimate that the net proceeds to the Vendor from the Sale Shares (after deduction of proportional underwriting commission and estimated expenses payable by the Vendor in relation to the Share Offer, and assuming an Offer Price of HK\$0.375, being the mid-point of the Offer Price range) will be approximately HK\$38.9 million.

Reasons for the Listing

As provided in the section headed “History, Development and Reorganisation” of this prospectus, we were established by Linkz Industries to specialise in the manufacture and sales of cable assembly products. In the corporate organisation of Linkz Industries, our Group had been a distinctive arm of the Linkz Group to provide clearly delineated products. Such delineation had been in place since 1992. Linkz Industries and our Directors have noted that our business has grown and we would have reached maturity for the Listing. In addition, there are several key sectors in which we operate that convince our Directors there is substantial growth potential, they are telecommunication, data centre and medical equipment sectors. The following set out the reasons for our Group to list separately from Linkz Industries:

1. Create pure play and investor focus for our Group

The Listing will create a more defined business focus for both our Group and Linkz Group as our Group will be a pure play custom cable assemblies manufacturer with a focus on the cable assembly industry and Linkz Group will be an LED video display screens supplier and an upstream supplier of networking cables, thereby will offer clear branding and enhance market position of our Group and Linkz Group.

FUTURE PLANS AND USE OF PROCEEDS

2. *Better clarity and focus for management*

The Listing will allow us and the Linkz Group to adopt different business strategies and resources allocation in order to better suit their respective businesses and enhance their management focus, decision-making process and responsiveness to opportunities and/or market changes specific to the respective businesses.

3. *Better transparency for investors and public*

As there are clear strategic and operational differences between the businesses of our Group and the Linkz Group, the Listing will increase the operational and financial transparency of our Group and allow investors to appraise and assess the performance and potential of our Group and provide an investment opportunity for them to invest in the Company, which focuses in supplying custom cable assemblies.

4. *Better access to capital markets and increase financing flexibility*

The Listing will establish our shareholder base and provide a separate fund raising platform to finance the growth and expansion of the cable assemblies business of our Group.

5. *Other benefits*

We believe a separate listing status of our Company will not only enhance the profile among the customers, suppliers and other business associates; but also the ability to attract, recruit and retain key management personnel. During the Track Record Period, in obtaining loans from banks, Linkz Group and our Group provided and received cross guarantees for each other as required from the banks. Our Directors consider that the cross guarantees had the effect of increased finance costs, whether tangible or intangible, for each of the subsidiaries of Linkz Industries as well as our Group, including the costs of bearing the default risks of the Linkz Group by our Group and the impacts to our financial results due to the change of credit assessment of the Linkz Group. As at the Latest Practicable Date, all the cross guarantees have been released for the Listing.

Despite the sales and purchases made between our Group and the Linkz Group and the sharing of management and administration resources as stated in the section headed “Continuing Connected Transactions” of this prospectus, our Directors do not consider that our Group and the Linkz Group are integrated or mutually complementary to a material level. In terms of operating results, the sales to our Group by Linkz Group only represented 2.3%, 8.1%, 1.3% and 1.3% of the total cost of goods sold, while the purchase by Linkz Group from our Group represented 2.7%, 0.9%, 0.9% and 0.3% of our Group’s revenue for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively. In future, our Directors expect that transaction amounts between our Group and Linkz Group will not exceed the annual caps of each of the transactions as disclosed in the section headed “Continuing Connected Transactions” of this prospectus.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

Frontpage Capital Limited

Wealth Link Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Our Company, Controlling Shareholders (including the Vendor), the Sponsor, executive Directors, the Joint Lead Managers, the Joint Bookrunners, and the Public Offer Underwriters have entered into the Public Offer Underwriting Agreement.

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to initially offer 46,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly or jointly and severally, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. Wealth Link (for itself and on behalf of the Joint Lead Managers and the Public Offer Underwriters) shall have the absolute right to terminate the Public Offer Underwriting Agreement upon the occurrence of any of the following events by notice in writing to our Company (for itself and on behalf of the Vendor) with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Joint Lead Managers or any of the Public Offer Underwriters:

UNDERWRITING

- (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Sponsor and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of Wealth Link to be material in the context of the Share Offer; or
- (ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice and any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of Wealth Link to be material in the context of the Share Offer; or
- (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of Wealth Link to be material in the context of the Share Offer; or
- (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of Wealth Link, a material omission in the context of the Share Offer; or
- (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or the Vendor or any of the executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
- (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sponsor, the Joint Lead Managers and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of Wealth Link, is material; or

UNDERWRITING

- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
 - (iii) any change in the system under which the value of the Hong Kong Dollars is linked to that of the U.S. Dollars; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
 - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
 - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
 - (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
 - (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out involving or affecting the Relevant Jurisdictions; or

UNDERWRITING

- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group or the Vendor makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any member of our Group or the Vendor or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group or the Vendor; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against the Vendor or any member of our Group; or
- (xv) a contravention by the Vendor or any member of our Company of the Companies Ordinance, the SFO, or any of the Listing Rules; or
- (xvi) a prohibition on our Company and the Vendor for whatever reason from allotting or selling the Shares pursuant to the terms of the Share Offer;

which, in the sole and absolute opinion of Wealth Link:

- (i) is or will be, or is likely to be, adverse to the business, financial, trading or other conditions or prospects of our Group taken as a whole or any member of our Group; or
- (ii) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (iii) for any other reason makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Share Offer as a whole; or
- (iv) is or may have effect of making any part of the Public Offer Underwriting Agreement incapable of performance in accordance with its terms in any material respects.

UNDERWRITING

For the above purpose:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. shall be taken as an event resulting in a change in currency conditions; and
- (ii) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Lock-up undertakings to the Public Offer Underwriters

Each of our Controlling Shareholders has undertaken to our Company, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) that:

- (i) he/she/it will not, directly or indirectly, and will procure that none of his/her/its close associates (as defined in the Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) in respect of which he/she/it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the “**First Six-Month Period**”), subject always to compliance with the provisions of the Listing Rules, in the event of a disposal of any Shares or such securities or any interest therein at any time during the period of six months immediately after the expiry of the First Six Month Period (the “**Second Six-Month Period**”), (a) in respect of our Controlling Shareholders, such disposal shall not result in any of our Controlling Shareholders ceasing to be the controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-Month Period; and (b) he/she/it shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein; and

UNDERWRITING

- (ii) within the First Six-Month Period and the Second Six-Month Period he/she/it shall:
 - (a) if and when he/she/it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him/her/it, immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
 - (b) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company pledged or charged by him/her/it will be disposed of, immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such indications.

Our Company has undertaken to each of the Sponsor and the Joint Lead Managers (for itself and on behalf of the Public Offer Underwriters) that it will not:

- (i) except pursuant to the Share Offer, the Capitalisation Issue, the options that may be granted under the Share Option Scheme, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of our affiliates (as such term is defined under the Underwriting Agreements)), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the First Six Month Period;
- (ii) at any time during the First Six-Month Period, issue, or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any

UNDERWRITING

Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or to the options that may be granted under the Share Option Scheme;

- (iii) at any time within the Second Six-Month Period do any of the acts set out in paragraphs (i) and (ii) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and
- (iv) during a period of two years from the date of this prospectus, in the event that our Company does any of the acts set out in paragraphs (i) or (ii) after the expiry of the First Six-Month Period or the Second Six-Month Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Lock-up undertakings to the Stock Exchange

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, save as permitted under the Listing Rules, he/she/it shall not and shall procure that the relevant registered holder(s) shall not:

- (i) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; or
- (ii) in the period of six months commencing on the date on which the period referred to in (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) or they would cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has also undertaken to the Stock Exchange and our Company that he/she/it will, within the period commencing on the date by reference to which disclosure of his or her or its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date, immediately inform our Company of:

- (i) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of the Controlling Shareholders in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the

UNDERWRITING

Laws of Hong Kong)) pursuant to note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or securities of our Company so pledged or charged; and

- (ii) when he/she/it or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Our Company will inform the Stock Exchange as soon as we have been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of the Listing Rules.

Placing

In connection with the Placing, it is expected that our Company and the covenantors to be named therein (namely our Controlling Shareholders (including the Vendor) and the executive Directors) will enter into the Placing Underwriting Agreement with the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly and not jointly and severally, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in “Underwriting arrangements and expenses – Public Offer – Lock-up undertakings to the Public Offer Underwriters” above.

UNDERWRITING

Commission and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to receive a commission of 7.5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions. The underwriters will also receive an incentive fee at the discretion of our Company.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$0.375 per Share (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$30,094,000 in total, and are payable by our Company.

SPONSOR'S, JOINT LEAD MANAGERS' AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. The Joint Lead Managers and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under "Underwriting arrangements and expenses – Commission and expenses" above.

We have appointed Frontpage Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the despatch of our annual report for the first full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor, the Joint Lead Managers and the Underwriters is interested legally or beneficially in the shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members nor any interest in the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE STRUCTURE OF THE SHARE OFFER

Frontpage Capital Limited and Wealth Link Securities Limited are the Joint Bookrunners and the Joint Lead Managers to the Share Offer.

An aggregate of 46,000,000 Shares have been initially allocated to the Public Offer for subscription in Hong Kong at the Offer Price under the Public Offer (subject to re-allocation on the basis described in “Re-allocation between the Placing and The Public Offer” below) outside the United States (including to professional institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S. An aggregate of 414,000,000 Shares are initially offered under the Placing for subscription, subject to re-allocation as mentioned below and under the Listing Rules.

Investors are free to select to apply for the Public Offer Shares or the Placing Shares, but not both. Our Directors and the Joint Lead Managers will take all reasonable steps to identify any multiple applications under the Public Offer and the Placing which are not allowed and are bound to be rejected.

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 23,000,000 Public Offer Shares and Pool B will comprise 23,000,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK\$5.0 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK\$5.0 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 23,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICING AND ALLOCATION

The Offer Price will be not more than HK\$0.5 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable upon application for the Public Offer Shares

Investors of the Public Offer Shares will be required to pay the maximum indicative Offer Price of HK\$0.5 plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$4,040.31 for each board lot of 8,000 Shares. If the final Offer Price is less than the maximum indicative Offer Price, arrangements will be made to refund any excess amount to the investors, without interest.

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to, and to cease on or around the Price Determination Date. The Offer Price is expected to be fixed by agreement between Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) and our Company (for itself and on behalf of the Vendor), on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Tuesday, 6 February 2018 and in any event, no later than Friday, 9 February 2018.

The Offer Price shall be fixed on the Price Determination Date by agreement among our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and all the Underwriters) in Hong Kong Dollars after the market demand for the Offer Shares has been determined. The Offer Price range disclosed in this prospectus and the Application Forms is indicative only and Wealth Link (for itself and on behalf of the Joint Lead Managers and all the Underwriters) may, based on the level of interest expressed by prospective investors during the book building process and after consultation with our Company and with the written consent of our Company, reduce the indicative Offer Price range below that disclosed in this prospectus and the Application Forms at any time not later than the morning of the last day for lodging applications under the Public Offer. If the Offer Price range is reduced, the Sponsor shall assist our Company in arranging for, and our Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published in accordance with the Listing Rules a notice of reduction of the Offer Price range or to be announced in such manner as permitted under the Listing Rules and agreed between our Company, the Joint Lead Managers and the Sponsor. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by Wealth

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Link, on behalf of the Joint Lead Managers and the Underwriters, and us will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. Such notice shall also include confirmation or revision, as appropriate, of the working capital statement, offer statistics and any financial or other information in this prospectus which may change as a result of any such reduction. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If, for any reason, our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) are unable to reach agreement on the Offer Price on or before Friday, 9 February 2018, the Share Offer will not proceed and will lapse.

CONDITIONS OF THE SHARE OFFER

Acceptance of applications for the Offer Shares will be conditional upon:

- (i) the Listing Division granting the listing of, and permission to deal in, on the Stock Exchange, our Shares in issue, any Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the agreement on the final Offer Price between our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) being entered into on the Price Determination Date; and
- (iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming unconditional (including, if relevant, as a result of a waiver of any condition(s) by Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters)) and not being terminated in accordance with the terms and conditions of the respective agreements, in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If any of the above conditions has not been fulfilled or waived prior to the time(s) and date(s) specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be caused to be published by our Company on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.time-interconnect.com the next day following such lapse. In such event, all application money will be refunded, without interest. The terms on which the application money will be refunded are set forth under "Refund of your application monies" on the Application Forms. In the meantime, all application money received from the Public Offer will be held in a separate bank account (or separate bank accounts) with the receiving bank in Hong Kong.

We expect to issue share certificates for the Offer Shares on Monday, 12 February 2018. Share certificates for the Offer Shares will only become valid certificates of title at 8.00 a.m. on Tuesday, 13 February 2018 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting – Underwriting arrangements and expenses – Grounds for termination" has not been exercised.

THE PUBLIC OFFER

Our Company is initially offering 46,000,000 new Shares under the Public Offer, at the Offer Price, representing 10% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the re-allocation as mentioned below and under the Listing Rules. The Public Offer is managed by the Joint Lead Managers and is fully underwritten by the Public Offer Underwriters (subject to our Company (for itself and on behalf of the Vendor) and Wealth Link (for itself and on behalf of the Joint Lead Managers and the Underwriters) agreeing to the final Offer Price). Applicants for the Public Offer Shares are required to pay on application the maximum indicative Offer Price of HK\$0.5 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Public Offer is open to all members of the public in Hong Kong. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the Application Form that he has not taken up and will not indicate an interest to take up any Placing Shares nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is bound to be rejected. The Public Offer will be subject to the conditions stated under "Structure and Conditions of the Share Offer".

If the Public Offer is not fully subscribed for, Wealth Link (for itself and on behalf of the Joint Lead Managers and the Public Offer Underwriters) has the authority to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing, in such number as it deems appropriate to satisfy demand under the Placing. The total number of the Public Offer Shares to be allotted and issued may change as a result of the re-allocation as mentioned below.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

When there is over-subscription, allocation of the Public Offer Shares to investors under the Public Offer, will be based solely on the level of valid applications received under the Public Offer. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 46,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

THE PLACING

Our Company is initially offering 414,000,000 Shares (comprising 276,000,000 new Shares and 138,000,000 Sale Shares) (subject to reallocation) at the Offer Price, representing 90% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of the Placing, subject to re-allocation as mentioned below and under the Listing Rules.

The Placing is fully underwritten by the Placing Underwriters on a several basis upon and subject to the terms and conditions of the Placing Underwriting Agreement.

Investors subscribing for the Placing Shares are also required to pay brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid individual, professional, institutional shareholder base for the benefit of our Company and the Shareholders as a whole.

In addition, our Company and the Joint Lead Managers will use their best endeavours to observe the minimum public float requirement under the Listing Rules when making allocations of the Placing Shares to investors who are anticipated to have a sizeable demand for such Shares. The Placing is subject to the Public Offer being unconditional.

The total number of the Placing Shares to be allotted and issued may change as a result of re-allocation mentioned below and any re-allocation of the unsubscribed Public Offer Shares to the Placing as mentioned under "The Public Offer" above.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

RE-ALLOCATION BETWEEN THE PLACING AND THE PUBLIC OFFER

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment on the following basis:

- (i) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 138,000,000 Shares, representing 30.0% of the total number of the Offer Shares available under the Share Offer;
- (ii) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 184,000,000 Shares, representing 40.0% of total number of the Offer Shares available under the Share Offer; and
- (iii) if the number of Shares validly applied for under the Public Offer represents 100 times or more the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 230,000,000 Shares, representing 50.0% of the total number of the Offer Shares available under the Share Offer.

Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Monday, 12 February 2018.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Listing Division grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC may choose. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

LISTING DATE

Assuming that the Share Offer becomes unconditional, it is expected that dealings in our Shares on the Main Board will commence at 9:00 a.m. (Hong Kong time) on Tuesday, 13 February 2018.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** Application Form or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** Application Form or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a U.S. person (as defined in Regulation S).

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his/her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers, may accept it at its discretion, and on any conditions they thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or Chief Executive Officer of our Company and/or any of its subsidiaries;
- are an associate or a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 January 2018 until 12:00 noon on Friday, 2 February 2018 from:

- (a) any of the following offices of the Joint Lead Managers:

Name	Address
Frontpage Capital Limited	26/F, Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Wealth Link Securities Limited	Unit B1, 5/F Guangdong Investment Tower 148 Connaught Road Central Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(b) any of the following branches of Bank of China (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
Kowloon	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road
	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin
New Territories	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 January 2018 until 12:00 noon on Friday, 2 February 2018 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** Application Form or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – TIME INTERCONNECT TECHNOLOGY PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 30 January 2018 – 9:00 a.m. to 5:00 p.m.
Wednesday, 31 January 2018 – 9:00 a.m. to 5:00 p.m.
Thursday, 1 February 2018 – 9:00 a.m. to 5:00 p.m.
Friday, 2 February 2018 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on **Friday, 2 February 2018**, the last application day or such later time as described in the paragraph headed "9. Effect of Bad Weather on the Opening of the Application Lists" in this section below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms carefully; otherwise, your application may be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

By submitting an Application Form, among other things, you (or if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, the Vendor, the Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Vendor, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company (for itself and on behalf of the Vendor) and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Vendor, the Sponsor and the Joint Lead Managers, any of their respective directors, offices or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by anyone as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

for that person on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, the Vendor, the Sponsor and the Joint Lead Managers, and any of their respective directors, officers or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Vendor, the Sponsor, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Vendor, the Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Memorandum and Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 8,000 Public Offer Shares. Instructions for more than

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8,000 Public Offer Shares must be in one of the numbers set out in the table in the relevant Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 30 January 2018 – 9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 31 January 2018 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 1 February 2018 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 2 February 2018 – 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 30 January 2018 until 12:00 noon on Friday, 2 February 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 2 February 2018, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section below.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Vendor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Vendor, our Directors, the Sponsor, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** Application Form or **YELLOW** Application Form or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 2 February 2018.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“*Unlisted company*” means a company with no equity securities listed on the Stock Exchange.

“*Statutory control*” means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** Application Form and **YELLOW** Application Form and have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** Application Form or **YELLOW** Application Form in respect of a minimum of 8,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer – Determining the Offer Price” in this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 2 February 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 2 February 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expect to announce the final Offer Price, the level of indication of interest in the Placing, the results of applications and the level and the basis of allocation of the Public Offer Shares on Monday, 12 February 2018 on our website at www.time-interconnect.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.time-interconnect.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Monday, 12 February 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, 12 February 2018 to 12:00 midnight on Sunday, 18 February 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 12 February 2018 to Thursday, 15 February 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 12 February 2018 to Wednesday, 14 February 2018 at all the receiving bank designated branches.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If our Company accept your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated, (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.5 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Share Offer are not fulfilled in accordance with “Structure and Conditions of the Share Offer – Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 12 February 2018.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** Application Form, **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Form, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or about Monday, 12 February 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 13 February 2018 provided that the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised and the Share Offer has become unconditional. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/ or Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 February 2018 or such other date as notified by us at www.hkexnews.hk.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Monday, 12 February 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 12 February 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 12 February 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS participant (other than a CCASS investor participant)

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "10. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 12 February 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed “Publication of results” above on Monday, 12 February 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, 12 February 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 12 February 2018.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-59, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.**德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TIME INTERCONNECT TECHNOLOGY LIMITED AND FRONTPAGE CAPITAL LIMITED****Introduction**

We report on the historical financial information of Time Interconnect Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the statement of financial position of the Company as at 31 July 2017 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 January 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, of the Company's financial position as at 31 July 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 31 July 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing ("HKSA") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the group entities in respect of the Track Record Period and states that no dividends have been paid by the Company since its date of incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 January 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with HKSAs issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	NOTES	Year ended 31 March			Four months ended 31 July	
		2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Revenue	6	941,482	911,593	864,571	259,243	394,599
Cost of goods sold		<u>(781,435)</u>	<u>(769,037)</u>	<u>(707,927)</u>	<u>(219,428)</u>	<u>(304,959)</u>
Gross profit		160,047	142,556	156,644	39,815	89,640
Other income	7	3,185	1,475	2,504	581	539
Other gains and losses	8	(254)	(166)	(2,703)	(1,271)	3,211
Distribution and selling expenses		(21,088)	(18,114)	(16,915)	(5,349)	(6,623)
Administrative expenses		(52,358)	(30,725)	(27,985)	(9,297)	(8,843)
Research and development expenses		(24,263)	(24,542)	(28,223)	(9,753)	(12,349)
Listing expenses		–	–	–	–	(10,658)
Imputed financial guarantee income	28	11,823	16,239	17,299	5,187	5,334
Finance costs	9	<u>(4,881)</u>	<u>(3,604)</u>	<u>(3,277)</u>	<u>(874)</u>	<u>(607)</u>
Profit before taxation	10	72,211	83,119	97,344	19,039	59,644
Taxation	12	<u>(5,494)</u>	<u>(11,520)</u>	<u>(15,660)</u>	<u>(2,696)</u>	<u>(12,219)</u>
Profit for the year/period		66,717	71,599	81,684	16,343	47,425
Other comprehensive income (expense)						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translating foreign operations		870	(1,463)	(5,910)	(3,026)	3,000
Translation reserve reclassified to profit or loss upon dissolution or deregistration of subsidiaries		<u>–</u>	<u>(3,587)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year/period		<u>67,587</u>	<u>66,549</u>	<u>75,774</u>	<u>13,317</u>	<u>50,425</u>
Earnings per share						
Basic (HK cents)	14	<u>5.08</u>	<u>5.45</u>	<u>6.22</u>	<u>1.24</u>	<u>3.37</u>

STATEMENTS OF FINANCIAL POSITION

	NOTES	THE GROUP			THE COMPANY	
		As at 31 March			As at 31	As at 31
		2015	2016	2017	July	July
	HK\$'000	HK\$'000	HK\$'000	2017	2017	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets						
Investments in subsidiaries	34	–	–	–	–	146,680
Property, plant and equipment	15	115,141	110,502	99,808	101,168	–
Deposits paid for acquisition of property, plant and equipment		1,869	–	478	401	–
Rental deposits		1,001	960	902	927	–
		<u>118,011</u>	<u>111,462</u>	<u>101,188</u>	<u>102,496</u>	<u>146,680</u>
Current assets						
Inventories	16	114,219	110,773	123,134	124,371	–
Trade and other receivables	17	256,111	221,675	226,171	298,454	2,923
Amount due from a fellow subsidiary	18	79,194	22,510	–	–	–
Pledged bank deposits	19	9,795	11,486	8,731	15,472	–
Bank balances and cash	19	81,864	68,038	42,823	86,174	–
		<u>541,183</u>	<u>434,482</u>	<u>400,859</u>	<u>524,471</u>	<u>2,923</u>

	NOTES	THE GROUP			THE	COMPANY
		As at 31 March			As at 31	As at 31
		2015	2016	2017	July	July
				2017	2017	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current liabilities						
Trade and other payables	20	307,983	272,628	227,715	322,311	5,094
Amount due to ultimate holding company	21	58,367	–	65,340	1,543	–
Amounts due to fellow subsidiaries	18	19,027	2,940	–	–	–
Amount due to a subsidiary	21	–	–	–	–	844
Taxation payable		3,117	1,961	327	5,281	–
Unsecured bank borrowings	22	121,060	66,654	78,420	81,962	–
Financial guarantee liabilities	28	8,955	7,816	8,712	3,095	–
		<u>518,509</u>	<u>351,999</u>	<u>380,514</u>	<u>414,192</u>	<u>5,938</u>
Net current assets (liabilities)		<u>22,674</u>	<u>82,483</u>	<u>20,345</u>	<u>110,279</u>	<u>(3,015)</u>
Total assets less current liabilities		<u>140,685</u>	<u>193,945</u>	<u>121,533</u>	<u>212,775</u>	<u>143,665</u>
Non-current liability						
Deferred tax liabilities	23	<u>234</u>	<u>262</u>	<u>271</u>	<u>305</u>	<u>–</u>
		<u>140,451</u>	<u>193,683</u>	<u>121,262</u>	<u>212,470</u>	<u>143,665</u>
Capital and reserves						
Share capital	24	2,000	2,000	2,000	–	–
Reserves		<u>138,451</u>	<u>191,683</u>	<u>119,262</u>	<u>212,470</u>	<u>143,665</u>
Total equity		<u>140,451</u>	<u>193,683</u>	<u>121,262</u>	<u>212,470</u>	<u>143,665</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	PRC statutory reserve	Special reserve	Capital reserve	Translation reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note d)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	2,000	-	2,872	-	-	9,446	72,568	86,886
Profit for the year	-	-	-	-	-	-	66,717	66,717
Exchange differences arising on translating foreign operations and other comprehensive income for the year	-	-	-	-	-	870	-	870
Total comprehensive income for the year	-	-	-	-	-	870	66,717	67,587
Deemed distribution arising from issue of financial guarantees to group companies (Note b)	-	-	-	-	-	-	(14,022)	(14,022)
At 31 March 2015 and 1 April 2015	2,000	-	2,872	-	-	10,316	125,263	140,451
Profit for the year	-	-	-	-	-	-	71,599	71,599
Exchange differences arising on translating foreign operations	-	-	-	-	-	(1,463)	-	(1,463)
Translation reserve reclassified to profit or loss upon dissolution or deregistration of subsidiaries	-	-	-	-	-	(3,587)	-	(3,587)
Total comprehensive (expense) income for the year	-	-	-	-	-	(5,050)	71,599	66,549
Deemed distribution arising from issue of financial guarantees to group companies (Note b)	-	-	-	-	-	-	(15,100)	(15,100)
Waiver of current account by a fellow subsidiary	-	-	-	-	1,783	-	-	1,783
At 31 March 2016 and 1 April 2016	2,000	-	2,872	-	1,783	5,266	181,762	193,683
Profit for the year	-	-	-	-	-	-	81,684	81,684
Exchange differences arising on translating foreign operations and other comprehensive expense for the year	-	-	-	-	-	(5,910)	-	(5,910)
Total comprehensive (expense) income for the year	-	-	-	-	-	(5,910)	81,684	75,774

	Share capital HK\$'000	Share premium HK\$'000	PRC statutory reserve HK\$'000 (Note a)	Special reserve HK\$'000 (Note d)	Capital reserve HK\$'000 (Note c)	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Deemed distribution arising from issue of financial guarantees to group companies (Note b)	-	-	-	-	-	-	(18,195)	(18,195)
Dividends paid (Note 13)	-	-	-	-	-	-	(130,000)	(130,000)
At 31 March 2017 and 1 April 2017	2,000	-	2,872	-	1,783	(644)	115,251	121,262
Profit for the period	-	-	-	-	-	-	47,425	47,425
Exchange differences arising on translating foreign operations and other comprehensive income for the period	-	-	-	-	-	3,000	-	3,000
Total comprehensive income for the period	-	-	-	-	-	3,000	47,425	50,425
Effect of group reorganisation and issue of shares of a subsidiary (Note 2 (steps 4 and 6))	(1,923)	-	-	42,423	-	-	-	40,500
Effect of group reorganisation (Note 2 (steps 7 and 8))	(77)	146,680	-	(146,603)	-	-	-	-
Early termination of financial guarantee contract (Note b)	-	-	-	-	-	-	283	283
At 31 July 2017	<u>-</u>	<u>146,680</u>	<u>2,872</u>	<u>(104,180)</u>	<u>1,783</u>	<u>2,356</u>	<u>162,959</u>	<u>212,470</u>
At 1 April 2016	2,000	-	2,872	-	1,783	5,266	181,762	193,683
Profit for the period (unaudited)	-	-	-	-	-	-	16,343	16,343
Exchange differences arising on translating foreign operations and other comprehensive expense for the period (unaudited)	-	-	-	-	-	(3,026)	-	(3,026)
Total comprehensive (expense) income for the period (unaudited)	-	-	-	-	-	(3,026)	16,343	13,317
Deemed distribution arising from issue of financial guarantees to group companies (Note b) (unaudited)	-	-	-	-	-	-	(3,678)	(3,678)
At 31 July 2016 (unaudited)	<u>2,000</u>	<u>-</u>	<u>2,872</u>	<u>-</u>	<u>1,783</u>	<u>2,240</u>	<u>194,427</u>	<u>203,322</u>

Notes:

- (a) The People's Republic of China ("PRC") statutory reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the PRC and by the board of directors of the PRC subsidiaries in accordance with the Articles of Association of the subsidiaries. It can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

- (b) The Group provides financial guarantees to banks to secure certain general banking facilities granted to ultimate holding company, the Group and certain fellow subsidiaries, the fair value of the financial guarantees is recognised as deemed distribution to the shareholders at initial recognition. During the four months ended 31 July 2017, the Group early terminated a financial guarantee contract and a banking facility. The fair value of unamortised financial guarantee liability at the date of termination is credited to accumulated profits. The details of recognition and derecognition of the financial guarantees are set out in Note 28.
- (c) The amount represents deemed capital contribution arising from waiver of current account by a fellow subsidiary.
- (d) As at 31 July 2017, special reserve represents the difference between the net asset value of Time Interconnect HK at the date of which it was acquired by Time Investment and the share capital of Time Interconnect HK pursuant to the Group Reorganisation as detailed in Note 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Cash flows from operating activities					
Profit before taxation	72,211	83,119	97,344	19,039	59,644
Adjustments for:					
Interest income	(237)	(370)	(285)	(93)	(43)
Imputed financial guarantee income	(11,823)	(16,239)	(17,299)	(5,187)	(5,334)
Interest expense	4,881	3,604	3,227	874	607
Depreciation of property, plant and equipment	9,101	11,083	10,587	3,606	3,534
(Gain) loss on disposal/write off of property, plant and equipment	(13)	(58)	674	–	(393)
Write off of inventories	793	2,931	4,144	1,146	2,456
Gain on dissolution or deregistration of subsidiaries	–	(3,587)	–	–	–
Operating cash flows before movements in working capital	74,913	80,483	98,392	19,385	60,471
Decrease (increase) in inventories	879	(1,193)	(20,122)	6,202	(260)
(Increase) decrease in rental deposits and trade and other receivables	(48,143)	32,899	(7,558)	14,386	(67,551)
Increase (decrease) in trade and other payables	53,926	(29,483)	(42,030)	(33,537)	86,047
Cash generated from operations	81,575	82,706	28,682	6,436	78,707
Hong Kong Profits Tax paid	(458)	(6,015)	(11,716)	(998)	(2,104)
PRC Enterprise Income Tax paid	(1,406)	(6,514)	(5,451)	(616)	(5,193)
Net cash from operating activities	79,711	70,177	11,515	4,822	71,410

	Year ended 31 March			Four months ended	
	2015	2016	2017	31 July	
	HK\$'000	HK\$'000	HK\$'000	2016 HK\$'000	2017 HK\$'000
				(unaudited)	
Cash flows from investing activities					
Repayment from a fellow subsidiary	285,388	502,742	513,975	52,068	–
Advances to a fellow subsidiary	(364,582)	(446,058)	(491,465)	(112,600)	–
Placement of pledged bank deposits	(17,269)	(16,471)	(18,803)	(7,531)	(13,501)
Release of pledged bank deposits	10,586	14,339	20,923	10,907	7,120
Purchase of property, plant and equipment	(13,552)	(13,317)	(6,921)	(978)	(2,047)
Deposits paid for acquisition of property, plant and equipment	(1,873)	–	(491)	(247)	(95)
Refund of deposits paid for acquisition of property, plant and equipment	50,132	–	–	–	–
Proceeds from disposal of property, plant and equipment	302	329	–	–	448
Interest received	<u>237</u>	<u>370</u>	<u>285</u>	<u>93</u>	<u>43</u>
Net cash (used in) from investing activities	<u>(50,631)</u>	<u>41,934</u>	<u>17,503</u>	<u>(58,288)</u>	<u>(8,032)</u>

	Year ended 31 March			Four months ended	
	2015	2016	2017	31 July	
	HK\$'000	HK\$'000	HK\$'000	2016	2017
				HK\$'000	HK\$'000
				(unaudited)	
Cash flows from financing activities					
Bank borrowings raised	341,276	261,392	416,587	116,224	76,166
Repayment of bank borrowings	(337,905)	(314,772)	(403,530)	(97,676)	(72,898)
Interest paid	(4,881)	(3,604)	(3,227)	(874)	(607)
Advances from ultimate holding company	31,368	11,701	684	1,948	23,730
Repayment to ultimate holding company	(8,933)	(70,068)	(65,344)	(1,948)	(87,527)
Advances from fellow subsidiaries	37,611	5,741	28	17	–
Repayment to fellow subsidiaries	(61,189)	(19,730)	(2,968)	(5)	–
Issue of shares of a subsidiary	–	–	–	–	40,500
Net cash (used in) from financing activities	<u>(2,653)</u>	<u>(129,340)</u>	<u>(57,770)</u>	<u>17,686</u>	<u>(20,636)</u>
Net increase (decrease) in cash and cash equivalents	26,427	(17,229)	(28,752)	(35,780)	42,742
Effect of foreign exchange rate changes	371	3,403	3,537	1,546	609
Cash and cash equivalents at beginning of the year/period	<u>55,066</u>	<u>81,864</u>	<u>68,038</u>	<u>68,038</u>	<u>42,823</u>
Cash and cash equivalents at end of the year/period	<u><u>81,864</u></u>	<u><u>68,038</u></u>	<u><u>42,823</u></u>	<u><u>33,804</u></u>	<u><u>86,174</u></u>
Analysis of the bank balances and cash and cash equivalents:					
Bank balances and cash	81,864	68,038	42,823	33,933	86,174
Bank overdrafts	–	–	–	(129)	–
	<u><u>81,864</u></u>	<u><u>68,038</u></u>	<u><u>42,823</u></u>	<u><u>33,804</u></u>	<u><u>86,174</u></u>

NOTES TO HISTORICAL FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 June 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The immediate holding company of the Company is Time Interconnect Holdings Limited (“Time Holdings”) which was incorporated in British Virgin Islands (“BVI”). The ultimate holding company is Linkz Industries Limited (“Linkz Industries”), which was incorporated in Hong Kong. 39.68% and 20.14% interests of Linkz Industries is owned by Mr. Lo Chung Wai Paul (“Mr. Paul Lo”) and Nickson Holdings Limited, which was incorporated in BVI and wholly owned by Mr. Paul Lo, respectively. The remaining 38.13%, 1.18% and 0.87% interest of Linkz Industries is owned by GP Industries Limited (which is listed on the Singapore Exchange Limited (stock code: G20) and which is in turn 85.47% owned by Gold Peak Industries (Holdings) Limited (“Gold Peak”), which is listed on the Main Board of the Stock Exchange (stock code: 0040)), two senior management members of the Company and four senior management members of Linkz Industries, respectively. Mr. Paul Lo beneficially owns 2.84% interests of Gold Peak. Mr. Cua Tin Yin Simon, the executive director, chief executive officer and also a senior management member of the Company, holds 0.011% interests of Gold Peak. Mr. Victor Lo Chung Wing, a brother of Mr. Paul Lo, is the director and chief executive of Gold Peak and owns 21.66% interests of Gold Peak. Details are set out in the section headed “History, Development and Reorganisation” of this prospectus.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” of the prospectus. The Company acts as an investment holding company and its subsidiaries manufacture and sell cable assembly products.

The Historical Financial Information is presented in HK\$ while the functional currency of the Company is United States dollars (“US\$”). The reason for selecting HK\$ as the Company’s presentation currency is that the directors of the Company consider that it is more relevant to the users of the Historical Financial Information as the Company proposes to list its shares on the Stock Exchange.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA and the principle of merger accounting (under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA) applicable for group reorganisation (details are set out below).

In preparation of the Listing, the companies now comprising the Group underwent the group reorganisation as described below (“Group Reorganisation”).

The Group is under the common control by the Linkz Industries. Prior to the Group Reorganisation, Time Interconnect Limited (“Time Interconnect HK”), the operating subsidiary of the Group, was controlled by Linkz Industries. Pursuant to a declaration of trust dated 12 March 1993 entered into between Mr. Paul Lo and Linkz Industries for one share of Time Interconnect HK, Time Interconnect HK had been beneficially owned as to 100% by Linkz Industries. As part of the Group Reorganisation, investment holding companies, Time Interconnect Investment Limited (“Time Investment”), the Company and Time Holdings, were incorporated and being interspersed between Time Interconnect HK and Linkz Industries. Since then, the Company became the holding company of the companies now comprising the Group on 19 June 2017. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation has always been under the common control of Linkz Industries during the Track Record Period and before and after the Group Reorganisation. Therefore, it is regarded as a continuing entity and the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group. Major steps of the Group Reorganisation include the following:

- (1) On 29 May 2017, Time Holdings (acted as the immediate holding company of the Company and does not form part of the Group) was incorporated in the BVI with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same date, one share was allotted and issued at par to Linkz Industries in cash.

- (2) On 29 May 2017, Time Investment was incorporated in the BVI with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same date, one share was allotted and issued at par to Time Holdings in cash.
- (3) On 6 June 2017, Mr. Paul Lo transferred the legal interest of one share in Time Interconnect HK to Linkz Industries at nil consideration.
- (4) On 6 June 2017, Linkz Industries and Time Investment entered into a sale and purchase agreement, pursuant to which Time Investment acquired 200,000 shares in Time Interconnect HK (representing the entire issued share capital of Time Interconnect HK) from Linkz Industries in consideration of which (i) Time Investment allotted and issued 8,649 shares to Time Holdings and (ii) Time Holdings allotted and issued 9,999 shares to Linkz Industries.
- (5) Datatech Investment Inc. (“Datatech Investment”) (acted as a shareholder of the Company and does not form part of the Group) was incorporated on 19 May 2017 in the Seychelles with authorised share capital of 1,000,000 shares of US\$1 each. One fully paid ordinary share of Datatech Investment, representing the entire issued share capital of Datatech Investment, were allotted and issued at par to Mr. Kwong Ping Man (“Mr. Kwong”), an independent third party, on 19 May 2017.
- (6) On 6 June 2017, Time Investment and Datatech Investment entered into a subscription agreement, pursuant to which Time Investment allotted and issued and Datatech Investment subscribed a total of 1,350 shares in Time Investment (representing 13.5% of the issued share capital of Time Investment), at a total consideration of HK\$40,500,000. The consideration was settled in cash. Such transactions were completed on 8 June 2017. After the aforesaid transactions, Time Holdings and Datatech Investment became shareholders of Time Investment with respective shareholdings of 8,650 and 1,350 shares in Time Investment, representing 86.50% and 13.50% of the issued share capital of Time Investment, respectively.
- (7) On 15 June 2017, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One fully paid share was allotted and issued to the initial subscriber of the Company, which was subsequently transferred to Time Holdings on 15 June 2017 at nominal consideration.
- (8) On 19 June 2017, Time Holdings and Datatech Investment, Linkz Industries, Mr. Paul Lo and Mr. Kwong, and the Company, entered into a share swap deed, pursuant to which the Company acquired 8,650 and 1,350 shares in Time Investment (together representing the entire issued share capital of Time Investment) from Time Holdings and Datatech Investment, and as consideration, the Company allotted and issued 8,649 and 1,350 shares, credited as fully paid, to Time Holdings and Datatech Investment, respectively. After the aforesaid transactions, the Company became the holding company of Time Investment, Time Interconnect HK and its subsidiary, namely, Huizhou TIME Wire Products Limited (“Huizhou TIME”). Time Holdings and Datatech Investment became the shareholders of 86.50% and 13.50% of the issued share capital of the Company with shareholdings of 8,650 and 1,350 shares in the Company, respectively.

The Group resulting from the Group Reorganisation continued to be controlled by Linkz Industries and is regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the Track Record Period have been prepared to include the results and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment where this is a shorter period. The consolidated statement of financial position of the Group prior to completion of the Group Reorganisation has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date taking into account their respective dates of incorporation/establishment or their respective dates of disposal whichever is applicable.

No statutory audited financial statements of the Company have been prepared since its date of incorporation as it was incorporated in a jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and the related interpretations (“HK(IFRIC)-Int”), issued by the HKICPA that are effective for the accounting periods beginning on 1 April 2017 throughout the Track Record Period.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance contracts ⁴
HK(IFRIC)-Int 22	Foreign currency transactions and advance consolidation ¹
HK(IFRIC)-Int 23	Uncertainty over income tax treatments ²
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” ¹
Amendments to HKFRS 9	Prepayment features with negative compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKAS 28	Long-term interests in associates and joint ventures ²
Amendments to HKAS 40	Transfers of investment property ¹
Amendments to HKAS 28	As part of annual improvements to HKFRSs 2014 – 2016 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

HKFRS 9 “Financial instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, of which HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial instruments: Recognition and measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In general, the application of the expected credit loss model of HKFRS 9 will result in earlier recognition of credit losses for the respective items. In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers is low. Hence the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group’s future consolidated financial statements.

It should be noted that the above assessments were made based on an analysis of the Group's financial assets and financial liabilities as at 31 July 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 April 2018 as the Group does not intend to early apply the standard, the assessment of the potential impact is subject to change.

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity should recognise revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group has performed a review of the existing contractual arrangements with its customers and the directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases for low-value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected the non-cancellable operating lease commitments of approximately HK\$64,671,000 as at 31 July 2017, as disclosed in Note 26, will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payments", leasing transactions that are within the scope of HKAS 17 "Leases", and measurement that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of returns, discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method or reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including rental deposits, trade and other receivables, amount due from a fellow subsidiary, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to ultimate holding company, amounts due to fellow subsidiaries, amount due to a subsidiary, financial guarantee liabilities and unsecured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and
- (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment loss recognised on trade and bills receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise.

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amount of trade and bills receivables is HK\$226,208,000, HK\$207,116,000, HK\$201,052,000 and HK\$264,296,000, respectively. No allowance for doubtful debts was recognised during the Track Record Period.

Estimated allowance for inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. Where the subsequent selling prices decline or costs necessary to make the sales increase, additional allowance may arise.

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amount of inventories is HK\$114,219,000, HK\$110,773,000, HK\$123,134,000 and HK\$124,371,000, respectively. During the years ended 31 March 2015, 31 March 2016, 31 March 2017 and the four months ended 31 July 2017, obsolete inventories of HK\$793,000, HK\$2,931,000, HK\$4,144,000 and HK\$2,456,000 were written off, respectively.

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment as disclosed in Note 15. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than estimated, or it will write-off or write-down obsolete assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see above), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Financial guarantee contracts

For the fair value of the financial guarantee contracts provided to the guaranteed counterparties, assumptions are made by the management of the Group at date of initial recognition, based on the guaranteed amount and the credit spread of the guaranteed counterparties, of which was determined according to their estimated default probability with reference to their credit ratings. The credit spread and risk of default were, therefore, of significant estimation uncertainty.

The financial guarantee contracts are subsequently measured at the higher of the amount of obligation under the contract as determined in accordance with HKAS 37 and the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period. The Group's management monitors the risk of default of the guaranteed counterparties and considered that it is more likely than not that no amount is required to settle the financial guarantee contracts under HKAS 37. The fair value of the financial guarantee contracts recognised at the date of initial recognition has been amortised over the guarantee period accordingly.

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amounts of financial guarantee liability is HK\$8,955,000, HK\$7,816,000, HK\$8,712,000 and HK\$3,095,000 respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group in respect of the manufacturing and sales of cable assembly products during the Track Record Period. For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies as set out in Note 4. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Revenue from its major products

The following is an analysis of the Group's revenue from its major products:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Optical fibres	405,789	308,359	361,204	86,535	220,541
Copper	<u>535,693</u>	<u>603,234</u>	<u>503,367</u>	<u>172,708</u>	<u>174,058</u>
	<u>941,482</u>	<u>911,593</u>	<u>864,571</u>	<u>259,243</u>	<u>394,599</u>

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of operations of the customers is as below:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
PRC	603,266	706,338	543,937	197,721	196,549
The United States of America	196,238	105,429	202,626	31,946	140,714
Netherlands	49,602	58,587	43,483	9,689	30,395
Hong Kong	30,037	18,465	29,806	10,473	8,283
Others	<u>62,339</u>	<u>22,774</u>	<u>44,719</u>	<u>9,414</u>	<u>18,658</u>
	<u>941,482</u>	<u>911,593</u>	<u>864,571</u>	<u>259,243</u>	<u>394,599</u>

Information about the Group's non-current assets (excluding rental deposits) is presented based on the geographical location of the assets:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	113,810	107,691	97,663	99,004
Hong Kong	<u>3,200</u>	<u>2,811</u>	<u>2,623</u>	<u>2,565</u>
	<u>117,010</u>	<u>110,502</u>	<u>100,286</u>	<u>101,569</u>

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Customer A	426,729	500,277	419,163	150,643	149,232
Customer B	207,043	117,180	168,910	26,834	146,563
Customer C	<u>N/A*</u>	<u>N/A*</u>	<u>109,567</u>	<u>N/A*</u>	<u>N/A*</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year/period.

7. OTHER INCOME

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Bank interest income	237	370	285	93	43
Government grants (<i>Note</i>)	409	520	846	–	–
Compensation from customers	1,696	322	1,328	478	486
Management fee income	391	173	–	–	–
Handling income	345	69	45	10	10
Sundry income	<u>107</u>	<u>21</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>3,185</u>	<u>1,475</u>	<u>2,504</u>	<u>581</u>	<u>539</u>

Note: Government grants represent export and other incentive payments received by the Group from relevant government departments. There is no unfulfilled conditions attached to these grants.

8. OTHER GAINS AND LOSSES

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Net foreign exchange (loss) gain	(267)	(3,811)	(2,029)	(1,271)	2,818
Gain (loss) on disposal/write off of property and equipment	13	58	(674)	–	393
Gain on dissolution or deregistration of subsidiaries (<i>Note</i>)	–	3,587	–	–	–
	<u>(254)</u>	<u>(166)</u>	<u>(2,703)</u>	<u>(1,271)</u>	<u>3,211</u>

Note: During the year ended 31 March 2016, TIME Interconnect Japan Limited (“TIME Japan”) and 昆山匯聚工業有限公司 Kunshan TIME Interconnect Ltd. (“Kunshan TIME”), which were established in Japan and the PRC, were dissolved and deregistered, respectively. The net assets at the date of dissolution or deregistration were nil and gain on dissolution or deregistration represents the cumulative translation reserve reclassified to profit or loss.

9. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Interest on bank borrowings	<u>4,881</u>	<u>3,604</u>	<u>3,277</u>	<u>874</u>	<u>607</u>

10. PROFIT BEFORE TAXATION

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Profit before taxation has been arrived at after charging:					
Depreciation of property, plant and equipment	9,101	11,083	10,587	3,606	3,534
Less: included in cost of sales	(6,902)	(8,706)	(8,066)	(2,884)	(2,300)
Less: included in research and development expenses	(315)	(305)	(682)	(101)	(627)
	<u>1,884</u>	<u>2,072</u>	<u>1,839</u>	<u>621</u>	<u>607</u>
Directors' emoluments (Note 11)	–	–	–	–	922
Other staff costs	117,696	120,303	115,326	38,381	41,807
Retirement benefit schemes contributions to other staff	<u>15,847</u>	<u>12,252</u>	<u>11,229</u>	<u>3,881</u>	<u>4,495</u>
Total staff costs	133,543	132,555	126,555	42,262	47,224
Less: included in cost of sales	(108,216)	(108,875)	(101,045)	(34,130)	(36,301)
Less: included in research and development expenses	(8,813)	(10,400)	(12,233)	(3,661)	(5,809)
	<u>16,514</u>	<u>13,280</u>	<u>13,277</u>	<u>4,471</u>	<u>5,114</u>
Auditor's remuneration	459	386	372	114	137
Write off of inventories	793	2,931	4,144	1,146	2,456
Research and development expenses	24,263	24,542	28,223	9,753	12,349
Cost of inventories recognised as expense	<u>781,435</u>	<u>769,037</u>	<u>707,927</u>	<u>219,428</u>	<u>304,959</u>

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen were appointed as directors of the Company on 15 June 2017 and re-designated as executive directors of the Company on 10 July 2017. Mr. Paul Lo was appointed as a director of the Company on 15 June 2017 and re-designated as a non-executive director of the Company on 10 July 2017. The emoluments were paid or payable to these directors of the Company (including emoluments for services as employee/director of the group entities prior to becoming directors of the Company) by the entities comprising the Group during the Track Record Period are as follows:

	Fees <i>HK\$'000</i>	Salaries and allowance <i>HK\$'000</i>	Performance related incentive payment <i>HK\$'000</i>	Retirement benefit schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2015					
<i>Executive directors:</i>					
Mr. Cua Tin Yin Simon	-	-	-	-	-
Mr. Wong Chi Kuen	-	-	-	-	-
<i>Non-executive director:</i>					
Mr. Paul Lo	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
For the year ended 31 March 2016					
<i>Executive directors:</i>					
Mr. Cua Tin Yin Simon	-	-	-	-	-
Mr. Wong Chi Kuen	-	-	-	-	-
<i>Non-executive director:</i>					
Mr. Paul Lo	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
For the year ended 31 March 2017					
<i>Executive directors:</i>					
Mr. Cua Tin Yin Simon	-	-	-	-	-
Mr. Wong Chi Kuen	-	-	-	-	-
<i>Non-executive director:</i>					
Mr. Paul Lo	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
For the four months ended 31 July 2016 (unaudited)					
<i>Executive directors:</i>					
Mr. Cua Tin Yin Simon	-	-	-	-	-
Mr. Wong Chi Kuen	-	-	-	-	-
<i>Non-executive director:</i>					
Mr. Paul Lo	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
For the four months ended 31 July 2017					
<i>Executive directors:</i>					
Mr. Cua Tin Yin Simon	-	400	49	18	467
Mr. Wong Chi Kuen	-	389	48	18	455
<i>Non-executive director:</i>					
Mr. Paul Lo	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>789</u>	<u>97</u>	<u>36</u>	<u>922</u>

These directors of the Company are also the directors or employees of the ultimate holding company and received their emoluments from the ultimate holding company for the Track Record Period. Such amounts are reimbursed through charge of management fee to the Group by the ultimate holding company, as disclosed in Note 31.

Mr. Cua Tin Yin Simon was also appointed as the chief executive officer of the Company on 10 July 2017.

The executive directors' emoluments shown above were for their services in connection with the management of affairs of the Group.

The performance related incentive payments are determined with reference to the operating results and individual performance during the Track Record Period.

No emoluments were paid or payable to independent non-executive directors, namely Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric, during the Track Record Period. These independent non-executive directors are newly appointed by the Company on 24 January 2018.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, nil, nil, nil, nil (unaudited) and 2 were directors of the Company for each of the year ended 31 March 2015, 31 March 2016, 31 March 2017 and each of the four months ended 31 July 2016 and 31 July 2017 whose emoluments are included in the disclosures above. The emoluments of the remaining 5, 5, 5, 5 (unaudited) and 3 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Salaries and other benefits	2,075	2,264	2,557	730	698
Performance related bonus	865	896	1,041	354	209
Retirement benefits schemes contributions	232	250	233	84	41
	<u>3,172</u>	<u>3,410</u>	<u>3,831</u>	<u>1,168</u>	<u>948</u>

The performance related bonus are determined with reference to the operating results and individual performance during the Track Record Period.

The five highest paid employees are not the directors nor the chief executive of the Company, and their emoluments fell within the following bands as follows:

	Number of individuals				
	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016 (unaudited)	2017
Nil to HK\$1,000,000	5	5	4	5	3
HK\$1,000,001 to HK\$1,500,000	—	—	1	—	—
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group or by the ultimate holding company to the directors and the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss in office. In addition, no director waived or agreed to waive any emoluments during the Track Record Period.

12. TAXATION

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Current tax					
Hong Kong Profits Tax	4,536	8,397	8,034	1,116	7,461
PRC Enterprise Income Tax	<u>941</u>	<u>3,222</u>	<u>7,617</u>	<u>1,589</u>	<u>4,724</u>
	<u>5,477</u>	<u>11,619</u>	<u>15,651</u>	<u>2,705</u>	<u>12,185</u>
(Over)underprovision for prior years/periods					
Hong Kong Profits Tax	(11)	(564)	–	–	–
PRC Enterprise Income Tax	<u>–</u>	<u>437</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>(11)</u>	<u>(127)</u>	<u>–</u>	<u>–</u>	<u>–</u>
	5,466	11,492	15,651	2,705	12,185
Deferred taxation charge (credit) (Note 23)	<u>28</u>	<u>28</u>	<u>9</u>	<u>(9)</u>	<u>34</u>
	<u><u>5,494</u></u>	<u><u>11,520</u></u>	<u><u>15,660</u></u>	<u><u>2,696</u></u>	<u><u>12,219</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the Track Record Period.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Taxation for the Track Record Period can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Profit before taxation	<u>72,211</u>	<u>83,119</u>	<u>97,344</u>	<u>19,039</u>	<u>59,644</u>
Tax charge of Hong Kong Profits Tax at 16.5%	11,915	13,715	16,062	3,141	9,841
Tax effect of expenses not deductible for tax purposes	464	539	395	6	1,806
Tax effect of income not taxable for tax purposes	(2,151)	(2,928)	(2,855)	(856)	(881)
Tax effect of tax losses not recognised	547	–	–	–	–
Tax effect of utilisation of tax losses previously not recognised	(7,291)	–	–	–	–
Effect of different tax rates of subsidiaries in jurisdictions other than Hong Kong	2,610	592	2,300	540	1,606
Overprovision for prior years/periods	(11)	(127)	–	–	–
Others	<u>(589)</u>	<u>(271)</u>	<u>(242)</u>	<u>(135)</u>	<u>(153)</u>
Taxation for the year/ period	<u>5,494</u>	<u>11,520</u>	<u>15,660</u>	<u>2,696</u>	<u>12,219</u>

13. DIVIDENDS

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Dividend declared to shareholders during the Track Record Period:					
– by Time Interconnect HK	<u>–</u>	<u>–</u>	<u>130,000</u>	<u>–</u>	<u>–</u>

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of the report.

No dividend was declared or paid by the Company since its date of incorporation.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Track Record Period is based on the following data:

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Earnings					
Profit for the year/ period attributable to owners of the Company for the purpose of basic earnings per share	<u>66,717</u>	<u>71,599</u>	<u>81,684</u>	<u>16,343</u>	<u>47,425</u>
	'000	'000	'000	'000	'000
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,313,070</u>	<u>1,313,070</u>	<u>1,313,070</u>	<u>1,313,070</u>	<u>1,406,220</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Company had been the holding company of the subsidiaries and the capitalisation issue as detailed in the section headed "History, Development and Reorganisation" in this prospectus had been effective on 1 April 2014.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Tools and moulds HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP						
COST						
At 1 April 2014	86,986	28,562	10,798	11,971	3,005	141,322
Currency realignment	118	26	12	–	5	161
Additions	8,539	4,174	1,187	3,415	71	17,386
Disposals	–	(165)	–	(444)	(1,041)	(1,650)
At 31 March 2015	95,643	32,597	11,997	14,942	2,040	157,219
Currency realignment	(4,473)	(1,268)	(515)	(665)	(63)	(6,984)
Additions	2,104	4,153	1,357	3,276	419	11,309
Disposals	–	(230)	(111)	(72)	(272)	(685)
At 31 March 2016	93,274	35,252	12,728	17,481	2,124	160,859
Currency realignment	(6,364)	(1,962)	(785)	(1,078)	(93)	(10,282)
Additions	661	3,420	851	1,989	–	6,921
Write off	–	(1,377)	(7)	(854)	–	(2,238)
At 31 March 2017	87,571	35,333	12,787	17,538	2,031	155,260
Currency realignment	2,441	916	367	495	43	4,262
Additions	284	911	360	382	297	2,234
Disposals	–	–	–	(345)	(204)	(549)
At 31 July 2017	90,296	37,160	13,514	18,070	2,167	161,207
ACCUMULATED DEPRECIATION						
At 1 April 2014	16,202	6,297	2,652	7,178	1,971	34,300
Currency realignment	28	5	1	–	4	38
Provided for the year	5,084	1,645	1,024	1,104	244	9,101
Eliminated on disposals	–	(25)	–	(399)	(937)	(1,361)
At 31 March 2015	21,314	7,922	3,677	7,883	1,282	42,078
Currency realignment	(1,501)	(339)	(170)	(344)	(36)	(2,390)
Provided for the year	6,267	1,807	1,108	1,522	379	11,083
Eliminated on disposals	–	(53)	(59)	(61)	(241)	(414)
At 31 March 2016	26,080	9,337	4,556	9,000	1,384	50,357
Currency realignment	(2,460)	(548)	(304)	(563)	(53)	(3,928)
Provided for the year	5,689	1,904	1,138	1,688	168	10,587
Eliminated on write off	–	(830)	(3)	(731)	–	(1,564)
At 31 March 2017	29,309	9,863	5,387	9,394	1,499	55,452
Currency realignment	827	267	159	271	23	1,547
Provided for the period	1,886	578	391	625	54	3,534
Eliminated on disposals	–	–	–	(311)	(183)	(494)
At 31 July 2017	32,022	10,708	5,937	9,979	1,393	60,039
CARRYING VALUES						
At 31 July 2017	58,274	26,452	7,577	8,091	774	101,168
At 31 March 2017	58,262	25,470	7,400	8,144	532	99,808
At 31 March 2016	67,194	25,915	8,172	8,481	740	110,502
At 31 March 2015	74,329	24,675	8,320	7,059	758	115,141

Depreciation is provided to write off the cost of items of property, plant and equipment, using straight-line method or reducing balance method over the following useful lives:

Straight-line method:

Leasehold improvements	Over the shorter of the term of the lease or 15 years
Tools and moulds	5 – 10 years
Furniture, fixtures and equipment	5 – 10 years
Motor vehicles	5 years

Reducing balance method:

Plant and machinery	10 – 15 years
---------------------	---------------

16. INVENTORIES

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>THE GROUP</u>				
Raw materials	64,423	53,134	59,712	56,198
Work in progress	9,095	7,410	9,511	12,912
Finished goods	40,701	50,229	53,911	55,261
	<u>114,219</u>	<u>110,773</u>	<u>123,134</u>	<u>124,371</u>

17. TRADE AND OTHER RECEIVABLES

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>THE GROUP</u>				
Trade receivables	219,337	201,020	195,795	262,653
Trade receivables from fellow subsidiaries	5,870	3,884	4,101	618
Trade receivables from a related company	–	–	–	41
Bills receivables	1,001	2,212	1,156	984
	<u>226,208</u>	<u>207,116</u>	<u>201,052</u>	<u>264,296</u>
Trade and bills receivables				
Value added tax receivables	22,853	10,597	21,205	28,735
Other receivables	1,876	808	670	517
Deposits and prepayments	5,174	3,154	3,244	1,983
Deferred and prepaid listing expenses	–	–	–	2,923
	<u>29,903</u>	<u>14,559</u>	<u>25,119</u>	<u>34,158</u>
Deposits, prepayments and other receivables				
Trade and other receivables	<u>256,111</u>	<u>221,675</u>	<u>226,171</u>	<u>298,454</u>

At 31 July
2017
HK\$'000

THE COMPANY

Deferred and prepaid listing expenses	2,923
---------------------------------------	-------

The Group allows an average credit period ranging from 30 days to 120 days to its trade customers. Before accepting any new customers, the Group will internally assess the credit quality of the potential customers and define appropriate credit limits. The aging analysis of trade and bills receivables, based on invoice date which approximates revenue recognition date, at the end of the reporting period is as follows:

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 – 30 days	102,501	100,443	88,010	113,279
31 – 60 days	53,510	35,084	57,644	90,921
61 – 90 days	61,061	62,939	41,680	58,351
91 – 180 days	9,136	8,650	13,718	1,745
	226,208	207,116	201,052	264,296

The management closely monitors the credit quality of trade receivables and considers trade receivables that are neither past due nor impaired to be of good credit quality.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$16,810,000, HK\$18,339,000, HK\$22,094,000 and HK\$29,142,000 as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively, which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there were settlements subsequent to the end of each reporting period. Moreover, the management of the Group did not aware of any significant change in credit quality of these customers who have no default payment in the past. The Group does not hold any collateral over these balances.

The following is an aging analysis of the Group's trade receivables, which are past due but not impaired, at the end of each reporting period:

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Overdue by:				
0 – 30 days	12,059	16,822	21,080	28,898
31 – 60 days	2,914	1,112	770	104
61 – 90 days	1,837	405	244	140
	16,810	18,339	22,094	29,142

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

Included in trade and other receivables are the following amounts denominated in currencies other than functional currencies of the respective group entities:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Dollar ("HK\$")	20	3	98	14
European Dollar ("Euro")	4,206	3,019	2,266	916

18. AMOUNT DUE FROM A FELLOW SUBSIDIARY AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

THE GROUP

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

Included in amount due from a fellow subsidiary are the following amounts denominated in currencies other than functional currencies of the respective group entities:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$	79,194	22,510	–	–

19. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

THE GROUP

At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, pledged bank deposits represent deposits placed in a bank to secure general banking facilities granted to the Group and carry fixed interest rate of 1.15% per annum.

At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, bank balances carry interest at prevailing market rates ranging from 0.01% to 1.15% per annum.

Included in bank balances and cash are the following amounts denominated in currencies other than functional currencies of the respective group entities:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	1,638	1,158	2,666	2,742
HK\$	1,146	1,501	11,409	27,447
US\$	655	–	144	–
Euro	2,168	336	1,312	3,598
Japanese Yen ("JPY")	97	101	1	–

20. TRADE AND OTHER PAYABLES

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>THE GROUP</u>				
Trade payables	224,409	146,057	160,573	219,249
Trade payables to fellow subsidiaries	9,904	52,350	3,354	7,982
Bills payables	<u>34,662</u>	<u>38,287</u>	<u>29,104</u>	<u>51,574</u>
Trade and bills payables	<u>268,975</u>	<u>236,694</u>	<u>193,031</u>	<u>278,805</u>
Other payables	5,228	6,142	5,319	5,147
Salaries and staff related costs payables	28,326	28,219	24,676	27,096
Payables for acquisition of property, plant and equipment	3,834	–	–	–
Accrued charges	1,620	1,573	4,689	6,169
Accrued listing expenses	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,094</u>
Accruals and other payables	<u>39,008</u>	<u>35,934</u>	<u>34,684</u>	<u>43,506</u>
Trade and other payables	<u><u>307,983</u></u>	<u><u>272,628</u></u>	<u><u>227,715</u></u>	<u><u>322,311</u></u>
				At 31 July
				2017
				<i>HK\$'000</i>
<u>THE COMPANY</u>				
Accrued listing expenses				<u><u>5,094</u></u>

The average credit period of trade payables ranges from 30 days to 120 days.

The aging analysis of the Group's trade and bills payables based on invoice date at the end of each reporting period is as follows:

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 – 30 days	88,984	54,917	80,678	106,934
31 – 60 days	49,853	20,572	33,465	83,622
61 – 90 days	56,539	38,899	18,891	41,571
91 – 180 days	69,725	95,389	59,519	45,250
181 days to 1 year	1,886	26,572	254	1,408
Over 1 year	<u>1,988</u>	<u>345</u>	<u>224</u>	<u>20</u>
	<u><u>268,975</u></u>	<u><u>236,694</u></u>	<u><u>193,031</u></u>	<u><u>278,805</u></u>

Included in trade and other payables are the following amounts denominated in currencies other than functional currencies of the respective group entities:

	At 31 March		At 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000
HK\$	60	12	385	1,849
JPY	1	–	335	–
Euro	406	1,016	1,625	1,384
	<u>406</u>	<u>1,016</u>	<u>1,625</u>	<u>1,384</u>

21. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/AMOUNT DUE TO A SUBSIDIARY

THE GROUP

The amount due to ultimate holding company is denominated in Hong Kong Dollars, non-trade nature, unsecured, interest-free and repayable on demand.

The balance as at 31 July 2017 of HK\$1,543,000 was subsequently settled.

THE COMPANY

The amount due to a subsidiary is non-trade nature, unsecured, interest-free and repayable on demand.

22. UNSECURED BANK BORROWINGS

	At 31 March		At 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000
<u>THE GROUP</u>				
Import trade borrowings	27,484	13,843	33,105	38,216
Export trade borrowings	42,312	28,823	28,404	37,950
Term borrowings	26,250	–	–	–
Revolving borrowings	25,014	23,988	16,911	5,796
	<u>121,060</u>	<u>66,654</u>	<u>78,420</u>	<u>81,962</u>
Fixed-rate borrowings	25,014	23,988	16,911	5,796
Variable-rate borrowings	96,046	42,666	61,509	76,166
	<u>121,060</u>	<u>66,654</u>	<u>78,420</u>	<u>81,962</u>
Carrying amount repayable based on the scheduled repayment dates set out in the loan agreements:				
Within one year	12,507	11,994	11,274	–
Carrying amount of bank borrowings that contains a repayable on demand clause but repayable:				
Within one year	108,553	54,660	67,146	81,962
	<u>121,060</u>	<u>66,654</u>	<u>78,420</u>	<u>81,962</u>

The above variable-rate bank borrowings bear interest ranging from HIBOR plus 1.75% to 3.00% per annum, HIBOR plus 1.75% to 2.50% per annum and HIBOR plus 1.75% to 2.50% per annum and HIBOR plus 1.75% to 2.50% per annum as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively, is as follows:

	2015	At 31 March		At 31 July
		2016	2017	2017
Effective interest rate:				
Fixed-rate borrowings	6.15% to 7.20%	5.00% to 5.87%	5.00% to 5.87%	5.22%
Variable-rate borrowings	<u>1.85% to 3.22%</u>	<u>2.10% to 3.19%</u>	<u>1.90% to 3.11%</u>	<u>1.93% to 2.97%</u>

Included in unsecured bank borrowings are the following amounts denominated in currencies other than functional currency of the respective group entities:

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$	80,923	30,173	61,509	76,166
Euro	<u>1,407</u>	<u>2,698</u>	<u>-</u>	<u>-</u>

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, details of bank borrowings guaranteed by related parties are set out in Note 31.

23. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation <i>HK\$'000</i>
At 1 April 2014	206
Currency realignment	–
Charge to profit or loss	<u>28</u>
At 31 March 2015	234
Currency realignment	–
Charge to profit or loss	<u>28</u>
At 31 March 2016	262
Currency realignment	–
Charge to profit or loss	<u>9</u>
At 31 March 2017	271
Currency realignment	–
Charge to profit or loss	<u>34</u>
At 31 July 2017	<u><u>305</u></u>

At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the Group has unused tax losses of HK\$31,250,000, HK\$nil, HK\$nil and HK\$nil, respectively, available for offset against future profit. No deferred tax asset has been recognised in respect of the tax losses of HK\$31,250,000 as at 31 March 2015 as these losses were arisen from TIME Japan and Kunshan TIME, the subsidiaries dissolved and deregistered, respectively, during the year ended 31 March 2016 (Note 8).

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$10,187,000, HK\$16,748,000, HK\$35,924,000 and HK\$50,036,000, respectively, for the year ended 31 March 2015, 31 March 2016, 31 March 2017 and the four months ended 31 July 2017, as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

24. SHARE CAPITAL

The share capital as at 31 March 2015, 31 March 2016 and 31 March 2017 represents the share capital of Time Interconnect HK.

The share capital as at 31 July 2017 represents the share capital of the Company.

	Number of share	Amount	
		HK\$	HK\$'000
<u>THE COMPANY</u>			
Ordinary shares of HK\$0.01 each			
Authorised:			
At 15 June 2017 (date of incorporation) and at 31 July 2017	38,000,000	380,000	380
Issued and fully paid			
At 15 June 2017 (date of incorporation) (<i>Note a</i>)	1	–	–
Issue of shares (<i>Note b</i>)	9,999	100	–
At 31 July 2017	10,000	100	–

Notes:

- (a) On 15 June 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same day, 1 share was allotted and issued to the initial subscriber of the Company, which was subsequently transferred to Time Holdings on 15 June 2017 at nominal consideration.
- (b) Pursuant to the Group Reorganisation as detailed in Note 2 (step 8), on 19 June 2017, the Company allotted and issued 8,649 shares and 1,350 shares to Time Holdings and Datatech, respectively, in consideration for the acquisition of the entire interests in Time Investment by the Company. The excess of the nominal amount of the shares over the net assets value of Time Holding was credited to share premium.

25. RESERVES

THE COMPANY

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 15 June 2017 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(3,015)	(3,015)
Issue of shares	146,680	–	146,680
At 31 July 2017	146,680	(3,015)	143,665

26. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Minimum lease payments recognised in profit or loss during the year/period	8,179	6,969	6,616	2,334	2,273

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	5,531	5,513	5,182	5,995
In the second to fifth year inclusive	23,912	23,485	22,929	23,950
Over five years	52,810	44,577	35,864	34,726
	<u>82,253</u>	<u>73,575</u>	<u>63,975</u>	<u>64,671</u>

Operating lease payments represent rentals payable by the Group for its factory. Leases are negotiated for terms of fifteen years.

27. CAPITAL COMMITMENTS

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>THE GROUP</u> Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	394	–	740	602

28. FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the Group has given guarantees of HK\$1,096,000,000, HK\$1,036,000,000, HK\$1,080,000,000 and HK\$735,000,000, respectively to banks to secure certain general banking facilities granted to ultimate holding company, the Group and certain fellow subsidiaries. At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the aggregate utilised amount of these banking facilities was approximately HK\$366,341,000, HK\$286,687,000, HK\$284,906,000 and HK\$433,511,000, respectively.

Out of the banking facilities granted, HK\$613,210,000, HK\$667,876,000, HK\$664,077,000 and HK\$446,166,000 has been designated for use by the ultimate holding company and the fellow subsidiaries and the remaining banking facilities of HK\$482,790,000, HK\$368,124,000, HK\$415,923,000 and HK\$288,834,000 has been designated for use by the Group as agreed among the parties as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively. Financial guarantee contracts are initially recognised at fair value and

calculated by using the default risk method for the banking facilities obtained by ultimate holding company, the Group and certain fellow subsidiaries. The fair values were based on certain key assumptions on credit strength of the borrowers and default rate. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

During the four months ended 31 July 2017, a financial guarantee provided by the Group was early released by the bank before maturity of the banking facility. The remaining carrying amount at the date of termination amounted to HK\$283,000 was credited to equity.

The movement of financial guarantee liabilities are shown as below:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the year/period	6,756	8,955	7,816	8,712
Recognition of fair values of financial guarantee contracts at initial recognition as deemed distribution in equity	14,022	15,100	18,195	–
Amortisation of financial guarantee liabilities	(11,823)	(16,239)	(17,299)	(5,334)
Early termination of financial guarantee contract	–	–	–	(283)
	<u>8,955</u>	<u>7,816</u>	<u>8,712</u>	<u>3,095</u>
At end of the year/period	<u>8,955</u>	<u>7,816</u>	<u>8,712</u>	<u>3,095</u>

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial guarantee liability recognised on consolidated statements of financial position in respect of:				
Guarantee to ultimate holding company, the Group and certain fellow subsidiaries	<u>8,955</u>	<u>7,816</u>	<u>8,712</u>	<u>3,095</u>

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Imputed financial guarantee income credited to profit or loss including:					
Guarantee to ultimate holding company, the Group and certain fellow subsidiaries	<u>11,823</u>	<u>16,239</u>	<u>17,299</u>	<u>5,187</u>	<u>5,334</u>

Subsequent to 31 July 2017, banking facilities granted to ultimate holding company, the Group and fellow subsidiaries and the cross guarantees are terminated. The Group entered into new banking facilities as detailed in note 31(b).

29. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee with effect from 1 June 2014 (from 1 April 2014 to 31 May 2014: HK\$1,250 per month) to the scheme.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expenses recognised in profit or loss of HK\$15,847,000, HK\$12,252,000, HK\$11,229,000 and HK\$4,531,000 for the year ended 31 March 2015, 31 March 2016, 31 March 2017 and the four months ended 31 July 2017 respectively represent contributions paid and payable to these plans by the Group at rates specified in the rules of the plans.

During the Track Record Period and up to the end of June 2017, the Group failed to promptly make full contributions to the social insurance plans and the housing provident fund for their employed by the PRC subsidiary. Pursuant to the 《中國人民共和國社會保險法》, the PRC subsidiaries may be ordered to make up for the shortfall in contribution within a specified time period and be subject to a daily fine amounting to 0.05% of the outstanding contributions from the date on which payment is overdue. If the outstanding contribution is not made within the specified time period, the Group may be imposed a fine ranging from one to three times of the amount of shortfall in contribution. Besides the Group may also be subject to a fixed fine ranging from RMB10,000 to RMB50,000 in addition to the outstanding housing provident fund contributions underpaid if the employer failed to rectify such non-compliance within a specified period of time.

At 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the Group had made aggregate provision of HK\$18,763,000, HK\$18,490,000, HK\$16,985,000 and HK\$15,249,000 in respect of the estimated shortfall in social insurance plans and housing provident fund contributions.

The directors of the Company have, taking into account the facts that (i) full provision of shortfalls had been made; and (ii) advice had been sought from the Group's PRC legal adviser that the chance of the Group being penalised by Huizhou Social Insurance Bureau is remote, considered that it is not probable that the Group will be fined or penalised and therefore no provision for fines or penalties has been made, and that the provision of shortfall made as at each reporting date and during the Track Record Period is adequate.

30. NON-CASH TRANSACTIONS

During the year ended 31 March 2016, an amount of HK\$1,783,000 due to a fellow subsidiary is waived and recognised in equity.

During the year ended 31 March 2017, dividends of HK\$130,000,000 was settled through the current account with ultimate holding company.

31. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed in the Historical Financial Information, the Group entered into the following transaction with related parties as follows:

	Year ended 31 March			Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000
As represented by the directors of the Company, related party transactions to be continued after the Listing:					
Sales to fellow subsidiaries (<i>Note a</i>)	25,104	8,099	7,516	2,953	1,351
Sales to a related company (<i>Note b</i>)	–	–	247	224	35
Purchases from fellow subsidiaries (<i>Note c</i>)	18,328	62,650	9,073	3,025	4,077
Service fee paid to ultimate holding company	7,140	3,570	3,570	1,190	1,250
Rental expenses paid to ultimate holding company	1,980	662	662	221	333

As represented by the directors of the Company, related party transactions to be discontinued after the Listing:

Imputed financial guarantee income	11,823	16,239	17,299	5,187	5,334
Management fee paid to ultimate holding company (<i>Note d</i>)	20,207	6,053	6,053	2,018	–
Sub-contracting fee paid to a related company (<i>Note b</i>)	–	–	934	–	–

Notes:

- (a) Sales to fellow subsidiaries include Linkz, Inc., Linkz International Limited, Linkz Industries (Shanghai) Limited, Linkz Industries (Suzhou) Limited and Lighthouse Technologies (Huizhou) Limited.
- (b) Mr. Paul Lo, a non-executive director of the Company, is the controlling shareholder of the related company, Huizhou Light Engine Limited.
- (c) Purchases from fellow subsidiaries include Linkz International Limited, Linkz Industries (Shanghai) Limited, Linkz Industries (Suzhou) Limited and Lighthouse Technologies (Huizhou) Limited.
- (d) The directors of the Company, Mr. Cua Tin Yin Simon, Mr. Wong Chi Kuen and Mr. Paul Lo, are also the directors or employees of the ultimate holding company. Mr. Cua Tin Yin Simon's and Mr. Wong Chi Kuen's remuneration were reimbursed by ultimate holding company through charge of management fee to the Group. Mr. Paul Lo, received remuneration from ultimate holding company but not reimbursed by the Group. The remuneration received by Mr. Cua Tin Yin Simon of HK\$2,511,000, HK\$1,592,000 and HK\$1,255,000, Mr. Wong Chi Kuen of HK\$1,322,000, HK\$1,322,000 and HK\$1,322,000 and Mr. Paul Lo of nil, nil and nil, are in relation to their positions in the Group during the years ended 31 March 2015, 2016 and 2017, respectively.

- (b) Guarantees given to banks by related parties are as follows:

	At 31 March			At 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantee from ultimate holding company	212,535	323,958	357,918	288,844
Cross guarantees from ultimate holding company and fellow subsidiaries	482,790	368,124	415,923	288,834
	<u>482,790</u>	<u>368,124</u>	<u>415,923</u>	<u>288,834</u>

In addition, Mr. Paul Lo provided personal guarantees to banks for the banking facilities granted to ultimate holding company, the Group and fellow subsidiaries of HK\$596,308,000, HK\$677,525,000, HK\$771,789,000 and HK\$514,343,000 as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively.

Subsequent to 31 July 2017, banking facilities granted to ultimate holding company, the Group and fellow subsidiaries and the cross guarantees are terminated. The Group entered into new banking facilities which are guaranteed by Mr. Paul Lo and the ultimate holding company.

- (c) Compensation of key management personnel

The remuneration of key management personnel during the Track Record Period was as follows:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term employee benefits	2,634	2,842	2,927	993	2,419
Retirement benefits schemes contributions	253	272	253	85	132
	<u>2,887</u>	<u>3,114</u>	<u>3,180</u>	<u>1,078</u>	<u>2,551</u>

The remuneration of key management personnel are determined by the remuneration committee and the executive directors, having regard to the performance of individuals and market trends.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes unsecured bank borrowings in Note 22, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and raising or repayment of bank borrowings.

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 March		At 31 July	
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Financial assets				
Loans and receivables (including cash and cash equivalents)	399,938	310,918	254,178	367,386
Financial liabilities				
Amortised cost	476,491	312,430	342,110	372,551
Financial guarantee liabilities	8,955	7,816	8,712	3,095
	<u>485,446</u>	<u>320,246</u>	<u>350,822</u>	<u>375,646</u>
THE COMPANY				
Financial assets				
Loans and receivables (including cash and cash equivalents)	–	–	–	–
Financial liabilities				
Amortised cost	–	–	–	5,938

b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, rental deposits, amount due from a fellow subsidiary, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to fellow subsidiaries, amount due to ultimate holding company, amount due to a subsidiary, financial guarantee liabilities and unsecured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk*Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and variable rate bank borrowings (see Notes 19 and 22 for details of these balances). Interest charged on the Group's borrowings are mainly at variable rates and are mainly at the interest rate offered by the HIBOR. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to the fixed rate pledged bank deposits and fixed rate borrowings. However, the management considers the fair value interest rate risk on the fixed deposits is insignificant as the fixed deposits are relatively short-term. The management monitors interest rate exposure and will consider repaying the fixed rate bank borrowings when significant interest rate exposure is anticipated.

The Company has no significant interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming that variable rate bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. 10 basis point increase or decrease represent the management's assessment of the reasonably possible change in interest rates of bank borrowings. No sensitivity analysis is presented for bank balances as the directors of the Company considered the Group's exposure to cash flow interest rate risk is not material.

If interest rate had been 10 basis points higher or lower and all other variables were held constant, the Group's profit for the years ended 31 March 2015, 31 March 2016, 31 March 2017 and four months ended 31 July 2017 would decrease or increase by approximately HK\$80,000, HK\$36,000, HK\$51,000 and HK\$64,000, respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

Foreign currency risk

The carrying amounts of the Group's monetary assets (mainly including rental deposits, trade and other receivables, amount due from a fellow subsidiary, pledged bank deposits and bank balances and cash) and monetary liabilities (mainly including trade and other payables, amount due to ultimate holding company, amounts due to fellow subsidiaries and unsecured bank borrowings) denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

	Assets				Liabilities			
	At 31 March		At 31 July		At 31 March		At 31 July	
	2015	2016	2017	2017	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$ against								
US\$	80,356	24,014	11,507	27,461	139,350	30,185	127,234	79,558
RMB against								
US\$	1,638	1,158	2,666	2,742	-	-	-	-
EUR against								
US\$	6,374	3,355	3,578	4,514	1,813	3,714	1,625	1,384
JPY against								
US\$	97	101	1	-	1	-	335	-
US\$ against								
JPY	655	-	-	-	-	-	-	-
HK\$ against								
RMB	4	-	-	-	-	-	-	-
US\$ against								
RMB	-	-	144	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Other than above, several subsidiaries of the Group have the following intra-group receivables/payables denominated in RMB and USD, which are foreign currencies of the relevant group entities.

	Amounts due from group entities				Amounts due to group entities			
	At 31 March		At 31 July		At 31 March		At 31 July	
	2015	2016	2017	2017	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB against US\$	28,444	26,863	-	-	-	-	-	-
US\$ against RMB	-	-	-	-	95,880	119,662	125,458	97,175

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

The Company has no significant foreign currency risk as all of its transactions are denominated in its functional currency.

Sensitivity analysis

The Group is mainly exposed to the foreign currency risk of HK\$, RMB, EUR and JPY. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as most HK\$ denominated monetary assets and liabilities are held by group entities having US\$ as their functional currency, and therefore no sensitivity analysis has been prepared. No sensitivity analysis has been prepared for HK\$ against RMB as the amount involved is insignificant.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in US\$ against RMB, EUR and JPY. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in RMB, EUR and JPY. A positive (negative) number indicates an increase (decrease) in post-tax profit or a decrease (increase) in post-tax loss for the year when US\$ strengthens 5% against RMB, EUR and JPY. For a 5% weakening of US\$ against RMB, EUR and JPY, there would be an equal but opposite impact on the post-tax profit or loss for the year.

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB against US\$	1,256	1,170	111	114
EUR against US\$	190	(15)	82	131
JPY against US\$	4	4	(14)	-
US\$ against JPY	27	-	-	-
US\$ against RMB	(4,003)	(4,996)	(5,232)	(4,057)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposures at the end of each reporting period do not reflect the exposure during the Track Record Period.

Credit risk

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, other than those financial assets whose carrying amount best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities relating to financial guarantees is disclosed in Note 28.

As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the Group has concentration of credit risk as 52%, 63%, 57% and 52% and 79%, 77%, 84% and 86% of trade receivables were due from the Group's largest customer and five largest customers, respectively. The Group's concentration of credit risk by geographical location is mainly in PRC which accounted for 77%, 87%, 72% and 66% of trade receivables as at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, respectively.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the financial guarantees given to ultimate holding company, the Group and certain fellow subsidiaries, the management of the Group continuously monitors the credit quality and financial conditions of the guaranteed parties that the Group issued financial guarantee contracts in favour of to ensure that the Group will not suffer significant credit losses as a result of the failure of the guaranteed parties on the repayment of the relevant loans. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk on liquid funds which are deposited with several banks. The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

The Company has no significant credit risk.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations. The management also monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity date for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

Liquidity risk tables

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts at 31 March HK\$'000
THE GROUP					
31 March 2015					
Non-derivative financial liabilities					
Trade and other payables	–	257,381	20,656	278,037	278,037
Amounts due to ultimate holding company	–	58,367	–	58,367	58,367
Amounts due to fellow subsidiaries	–	19,027	–	19,027	19,027
Unsecured bank borrowings (Note a)	3.51	121,183	–	121,183	121,060
Financial guarantee contract (Note b)	–	613,210	–	613,210	8,955
		<u>1,069,168</u>	<u>20,656</u>	<u>1,089,824</u>	<u>485,446</u>
31 March 2016					
Non-derivative financial liabilities					
Trade and other payables	–	229,058	13,778	242,836	242,836
Amounts due to fellow subsidiaries	–	2,940	–	2,940	2,940
Unsecured bank borrowings (Note a)	3.69	66,807	–	66,807	66,654
Financial guarantee contract (Note b)	–	667,876	–	667,876	7,816
		<u>966,681</u>	<u>13,778</u>	<u>980,459</u>	<u>320,246</u>
31 March 2017					
Non-derivative financial liabilities					
Trade and other payables	–	183,200	15,150	198,350	198,350
Amounts due to ultimate holding company	–	65,340	–	65,340	65,340
Unsecured bank borrowings (Note a)	3.25	78,577	–	78,577	78,420
Financial guarantee contract (Note b)	–	664,077	–	664,077	8,712
		<u>991,194</u>	<u>15,150</u>	<u>1,006,344</u>	<u>350,822</u>

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts at 31 July HK\$'000
31 July 2017					
Non-derivative financial liabilities					
Trade and other payables	–	258,908	30,138	289,046	289,046
Amounts due to ultimate holding company	–	1,543	–	1,543	1,543
Unsecured bank borrowings (Note a)	2.52	81,962	–	81,962	81,962
Financial guarantee contract (Note b)	–	446,166	–	446,166	3,095
		<u>788,579</u>	<u>30,138</u>	<u>818,717</u>	<u>375,646</u>

THE COMPANY**31 July 2017****Non-derivative financial liabilities**

Trade and other payables	–	5,094	–	5,094	5,094
Amount due to a subsidiary	–	844	–	844	844
		<u>5,938</u>	<u>–</u>	<u>5,938</u>	<u>5,938</u>

Notes:

- (a) Bank borrowings with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2015, 31 March 2016, 31 March 2017 and 31 July 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$108,553,000, HK\$54,660,000, HK\$67,146,000 and HK\$81,962,000 respectively. Taking into account the Group’s financial position, the directors

of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 3 months or 3 months to 1 year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements and the aggregate principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Weighted average effective interest rate %	Within 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
Unsecured bank borrowings					
At 31 March 2015	3.08	<u>91,782</u>	<u>17,635</u>	<u>109,417</u>	<u>108,553</u>
At 31 March 2016	3.21	<u>54,921</u>	<u>–</u>	<u>54,921</u>	<u>54,660</u>
At 31 March 2017	2.81	<u>67,333</u>	<u>–</u>	<u>67,333</u>	<u>67,146</u>
At 31 July 2017	2.52	<u>82,420</u>	<u>–</u>	<u>82,420</u>	<u>81,962</u>

- (b) The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount designated for use by the ultimate holding company and certain fellow subsidiaries, as disclosed in Note 28, if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors of the Company considered that it was more likely than not that no amount would be payable under the arrangement.

c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the Historical Financial Information approximate to their fair values.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

THE COMPANY

	As at 31 July 2017 HK\$'000
Unlisted investments in subsidiaries	<u>146,680</u>

As at the date of this report, the Company has equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company					Principal activities	Notes
				31 March 2015	31 March 2016	31 March 2017	31 July 2017	Date of this report		
Directly held										
Time Investment	BVI 29 May 2017	N/A	US\$10,000	-	-	-	100%	100%	Investment holding	(1)
Indirectly held										
Time Interconnect HK	Hong Kong 29 December 1992	Hong Kong	HK\$2,000,000	100%	100%	100%	100%	100%	Trading in cables and wires	(2)
TIME Japan	Japan 28 December 2000	Japan	JPY10,000,000	100%	-	-	-	-	Trading in cables and wires	(3), (5)
惠州匯聚電線製品有限公司 Huizhou TIME	PRC 25 April 2002	PRC	US\$6,600,000	100%	100%	100%	100%	100%	Manufacturing and trading in cables and wires	(4)
Kunshan TIME	PRC 7 November 2007	PRC	HK\$20,000,000	100%	-	-	-	-	Manufacturing and trading in cables and wires	(4), (6)
惠州寶達電線製品有限公司 ("Huizhou Cabletech")	PRC 27 November 2008	PRC	US\$1,500,000	-	-	-	-	-	Manufacturing and trading of cable and wires	(4), (7)

All subsidiaries incorporated in BVI and Hong Kong now comprises the Group are limited liability companies and have adopted 31 March as their financial year end date. Subsidiaries in PRC have adopted 31 December as its financial year end date.

Notes:

- (1) No statutory audited financial statements of Time Investment have been prepared since its date of incorporation as it was incorporated in a jurisdiction where there are no statutory audit requirements.
- (2) The statutory financial statements of Time Interconnect HK for the years ended 31 March 2015, 2016 and 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us in accordance with HKSAs issued by the HKICPA.
- (3) No statutory audited financial statements of TIME Japan has been prepared since its date of incorporation as the company is a small scale company and is exempted to prepare statutory audited financial statements under Japan's Companies Act of 2005.
- (4) The statutory financial statements of Huizhou TIME, Kunshan TIME and Huizhou Cabletech were prepared in accordance with relevant accounting principles and regulations applicable to entities established in the PRC. The PRC statutory financial statements of Huizhou TIME were audited by 惠州市東方會計師事務所有限公司, certified public accountants registered in the PRC, for the years ended 31 December 2014, 31 December 2015 and 31 December 2016. The PRC statutory financial statements of Kunshan TIME were audited by 昆山民誠會計師事務所有限公司, certified public accountants registered in the PRC, for the year ended 31 December 2014 and for the period from 1 January 2015 to 16 July 2015 (being the date of clearance for the purpose of deregistration which was completed on 5 January 2016). The PRC statutory financial statements of Huizhou Cabletech was

audited by 惠州市東方會計師事務所有限公司, certified public accountants, registered in the PRC, for the period 18 October 2013 to 30 April 2014 (being the date of clearance for the purpose of deregistration which was completed on 17 February 2015).

- (5) The company was dissolved on 27 July 2015.
- (6) The company was deregistered on 5 January 2016.
- (7) With a view to streamline and optimise the business operation, Huizhou TIME initiated the merger and absorption of Huizhou Cabletech's assets into Huizhou TIME. Upon the approval from the relevant PRC authorities, Huizhou Cabletech was deregistered on 17 February 2015 and the merger and absorption of Huizhou Cabletech by Huizhou TIME was completed in March 2015. There is no financial impact on the assets and liabilities of the Group before and after the merger and absorption.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financial activities.

	Amount due to ultimate holding company HK\$'000	Amount due to fellow subsidiaries HK\$'000	Bank borrowings HK\$'000	Total HK\$'000
At 1 April 2014	35,932	42,634	117,612	196,178
Financing cash flows (<i>Note</i>)	22,435	(23,578)	(1,510)	(2,653)
Finance cost recognised	–	–	4,881	4,881
Currency realignment	–	(29)	77	48
At 31 March 2015	58,367	19,027	121,060	198,454
Financing cash flows (<i>Note</i>)	(58,367)	(13,989)	(56,984)	(129,340)
Non-cash transaction (<i>Note 30</i>)	–	(1,783)	–	(1,783)
Finance cost recognised	–	–	3,604	3,604
Currency realignment	–	(315)	(1,026)	(1,341)
At 31 March 2016	–	2,940	66,654	69,594
Financing cash flows (<i>Note</i>)	(64,660)	(2,940)	9,830	(57,770)
Non-cash transaction (<i>Note 30</i>)	130,000	–	–	130,000
Finance cost recognised	–	–	3,227	3,227
Currency realignment	–	–	(1,291)	(1,291)
At 31 March 2017	65,340	–	78,420	143,760
Financing cash flows (<i>Note</i>)	(63,797)	–	2,661	(61,136)
Finance cost recognised	–	–	607	607
Currency realignment	–	–	274	274
At 31 July 2017	<u>1,543</u>	<u>–</u>	<u>81,962</u>	<u>83,505</u>

	Amount due to ultimate holding company <i>HK\$'000</i>	Amount due to fellow subsidiaries <i>HK\$'000</i>	Bank borrowings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016	–	2,940	66,654	69,594
Financing cash flows (<i>Note</i>) (unaudited)	–	12	17,674	17,686
Finance cost recognised (unaudited)	–	–	874	874
Currency realignment (unaudited)	–	–	(678)	(678)
	<u>–</u>	<u>–</u>	<u>(678)</u>	<u>(678)</u>
At 31 July 2016 (unaudited)	<u>–</u>	<u>2,952</u>	<u>84,524</u>	<u>87,476</u>

Note: The cash flows represent the addition of and repayment of borrowings/amounts due to ultimate holding company/fellow subsidiaries and interest paid in the consolidated statements of cash flows.

36. EVENT AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in Notes 21, 28 and 31 to the Historical Financial Information, subsequent events of the Group are detailed as below.

On 24 January 2018, written resolutions of the shareholders of the Company was passed to approve the matters set out in the paragraph headed “Written resolutions of our Shareholders passed on 24 January 2018” in Appendix IV of the Prospectus. It was resolved, among other things:

- (i) its authorised share capital increased from HK\$380,000 divided into 38,000,000 shares of the Company of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 shares of the Company of HK\$0.01 each;
- (ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company’s shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the Prospectus; and
- (iii) conditional upon the share premium account of the Company being credited as a result of the offer of the Company’s shares, the directors of the Company were authorised to capitalise an amount of HK\$15,179,000 standing to the credit of the share premium account of the Company and to appropriate such amount as capital to pay up in full at par 1,517,990,000 Shares for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 24 January 2018.

37. DIRECTORS’ REMUNERATION

Under the arrangement currently in force, the aggregate amount of remuneration of the directors of the Company, except for discretionary bonus and share-based payments, if any, paid and payable for the year ending 31 March 2018 is estimated to be approximately HK\$2,787,000.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the Accountants' Report on the historical financial information of the Group for the three years ended 31 March 2017 and the four months ended 31 July 2017 from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the public offer and the placing (the "Share Offer") as if it had taken place on 31 July 2017.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Share Offer been completed on 31 July 2017 or at any future dates.

It is prepared based on the audited consolidated net tangible assets of the Group as at 31 July 2017 as derived from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group as at 31 July 2017 ⁽¹⁾ <i>HK\$'000</i>	Estimated net proceeds from the Share Offer ⁽²⁾ <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 July 2017 <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 July 2017 per Share ⁽³⁾ <i>HK\$</i>
Based on an Offer Price of HK\$0.25 per Share	212,470	57,541	270,011	0.15
Based on an Offer Price of HK\$0.5 per Share	212,470	131,601	344,071	0.19

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group as at 31 July 2017 has been determined based on the audited consolidated net assets of the Group of HK\$212,470,000 as at 31 July 2017 as extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 322,000,000 new Shares at the Offer Price of the lower end and the upper end of HK\$0.25 per Share and HK\$0.5 per Share, respectively, after deduction of the estimated underwriting fees and other related expenses incurred or expected to be incurred by the Group other than listing expenses which have been recognised in profit or loss up to 31 July 2017. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates, as referred to in the paragraphs "Share Capital – General Mandate To Issue Shares" and "Share Capital – Mandate To Purchase Shares" in this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is calculated based on 1,840,000,000 Shares in issue assuming that the Reorganisation, the Capitalisation Issue and the Share Offer had been completed on 31 July 2017. It does not take into account of any Shares that may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates, as referred to in the paragraphs "Share Capital – General Mandate To Issue Shares" and "Share Capital – Mandate To Purchase Shares" in this prospectus.
- (4) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 July 2017 to reflect any trading result or other transaction of the Group entered into subsequent to 31 July 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Time Interconnect Technology Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Time Interconnect Technology Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 July 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 January 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed share offer and placing (the "Share Offer") on the Group's financial position as at 31 July 2017 as if the proposed Share Offer had taken place at 31 July 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 March 2017 and the four months ended 31 July 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 July 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 January 2018

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 June 2017 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 24 January 2018. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly

authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless

the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors***(i) Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on

terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue

debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above.

Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary

relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the

Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 15 June 2017 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 19 July 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be

material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official

liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 June 2017. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 July 2017 and our principal place of business in Hong Kong is at Unit 601, Photonics Centre, 2 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong. CFN Lawyers in association with Broad & Bright of Units 4101-04, 41st Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, our Company is subject to the relevant laws of the Cayman Islands and the constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, our Company has an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One fully-paid Share was allotted and issued to the initial subscriber on 15 June 2017, which was subsequently transferred to Time Holdings on the same date.
- (b) On 19 June 2017, our Company allotted and issued 8,649 and 1,350 Shares, credited as fully-paid, to Time Holdings and Datatech Investment, respectively, in consideration of which Time Holdings and Datatech Investment transferred 8,650 and 1,350 shares in Time Investment to our Company.
- (c) On 24 January 2018, our Shareholders resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$30,000,000 by the creation of 2,962,000,000 additional Shares, each ranking pari passu with our Shares then in issue in all respects.
- (d) Immediately following the completion of Capitalisation Issue and Share Offer, and taking no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, 1,840,000,000 Shares will be issued fully paid or credited as fully paid, and 1,160,000,000 Shares will remain unissued.
- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of our Shareholders passed on 24 January 2018” in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares which would effectively alter the control of our Company will be made.

- (f) Save as disclosed in the section headed “Share Capital” in this prospectus and in this paragraph headed “Changes in share capital of our Company”, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of our Shareholders passed on 24 January 2018

On 24 January 2018, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles;
- (b) conditional on the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus, including any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
- (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank *pari passu* with the then existing Shares in all respects;
- (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” of this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion, subject to the terms and conditions of the Share Option Scheme to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
- (iii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, the Capitalisation Issue be approved, and our Directors were authorised to capitalise an amount of HK\$15,179,000 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 1,517,990,000 Shares for allotment and issue to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 24 January 2018 in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company, each ranking *pari passu* in all respects with the Shares then in issue, and the Directors were authorised to give effect to such capitalisation and distributions;

- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted in lieu of the whole or part of a dividend on our Shares or similar arrangement in accordance with the Memorandum and the Articles or pursuant to a specific authority granted by our Shareholders in general meetings or pursuant to the Capitalisation Issue and the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (d) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme (the “**Repurchase Mandate**”), and the Repurchase Mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

- (iii) the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting; and
- (e) the Repurchase Mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to the Repurchase Mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Corporate Reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the paragraph headed “History, Development and Reorganisation – Reorganisation” in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

Save for the alterations described in paragraph headed “Corporate reorganisation” above, no changes in the share capital of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions, a summary of which is set out below:

(i) Shareholders’ approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 24 January 2018, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares representing up to 10% of the aggregate of the nominal value of the share capital in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Share which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 1,840,000,000 Shares in issue after completion of the Share Offer, could accordingly result in up to 184,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) Funding of repurchase

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules). No core connected person of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an agreement dated 6 June 2017 entered into between Linkz Industries Limited as vendor, and Time Interconnect Investment Limited as purchaser, for the sale and purchase of 200,000 shares in the issued share capital of Time Interconnect Limited (匯聚工業有限公司), in consideration of which (i) Time Interconnect Investment Limited allotted and issued 8,649 of its shares, credited as fully paid, to Time Interconnect Holdings Limited and (ii) Time Interconnect Holdings Limited allotted and issued 9,999 of its shares, credited as fully paid, to Linkz Industries Limited;
- (b) an agreement for the subscription of shares dated 6 June 2017 entered into between (i) Datatech Investment Inc.; (ii) Time Interconnect Investment Limited; (iii) Linkz Industries Limited; and (iv) Kwong Ping Man for the subscription of 1,350 shares in Time Interconnect Investment Limited to be allotted and issued by Time Interconnect Investment Limited to Datatech Investment Inc. at a total consideration of HK\$40,500,000;
- (c) a share swap deed dated 19 June 2017 entered into between (i) Time Interconnect Holdings Limited; (ii) Datatech Investment Inc.; (iii) Time Interconnect Technology Limited (匯聚科技有限公司); (iv) Linkz Industries Limited (領先工業有限公司); (v) Lo Chung Wai Paul; and (vi) Kwong Ping Man in relation to the transfer of the entire issued share capital of Time Interconnect Investment Limited to Time Interconnect Technology Limited;
- (d) the Deed of Non-competition dated 24 January 2018 given by (i) Lo Chung Wai Paul; (ii) Nickson Holdings Limited; (iii) Gold Peak Industries (Holdings) Limited; (iv) GP Industries Limited; (v) Linkz Management; (vi) Time Management; (vii) Linkz Industries Limited and (viii) Time Interconnect Holdings Limited in favour of Time Interconnect Technology Limited (for itself and as trustee for its subsidiaries), details of which are set out in the paragraph headed “Non-competition undertakings” under the section headed “Relationship with Controlling Shareholders” in this prospectus;
- (e) the Deed of Indemnity dated 24 January 2018 given by (i) Lo Chung Wai Paul; (ii) Nickson Holdings Limited; (iii) Gold Peak Industries (Holdings) Limited; (iv) GP Industries Limited; (v) Linkz Management; (vi) Time Management; (vii) Linkz Industries Limited and (viii) Time Interconnect Holdings Limited in favour of Time Interconnect Technology Limited (for itself and as trustee for its subsidiaries) containing indemnities referred to in the paragraph headed “F. Other information – 1. Tax and other indemnities” in this appendix; and



(f) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group





Set out below are the intellectual properties that our Group considers material to our business and with which we conduct the majority of our business:

(a) Trademarks

As at the Latest Practicable Date, our Group has registered the following trademarks in the PRC:

Trademark	Class	Registration Number	Place of Registration	Registered Owner	Duration
	9	20596379	PRC	Time Interconnect HK	28 August 2017 – 27 August 2027
	9	20596380	PRC	Time Interconnect HK	28 August 2017 – 27 August 2027

As at the Latest Practicable Date, our Group had registered the following series of trademarks in Hong Kong, which in the opinion of our Directors is material to our business:

Trademark	Class	Registration Number	Duration	Registered owner
^A 	9	304113819	19 April 2017 – 18 April 2027	Time Interconnect HK
^B 				
^A 	9	304113800	19 April 2017 – 18 April 2027	Time Interconnect HK
^B 				

(b) Domain names

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain Name	Registrant	Duration
www.time-interconnect.com	Time Interconnect HK	29 July 1998 to 28 July 2026
匯聚工業.中国	Time Interconnect HK	22 October 2010 to 22 October 2020
匯聚工業.中國	Time Interconnect HK	22 October 2010 to 22 October 2020
匯聚工業.中国	Time Interconnect HK	22 October 2010 to 22 October 2020
匯聚工業.中國	Time Interconnect HK	22 October 2010 to 22 October 2020

(c) Patents

Set out below are the patents registered by our Group in the PRC:

No.	Description of patent	Registered owner	Place of registration	Registration number	Certificate number	Duration
1	SFP module structure SFP模塊結構	Huizhou TIME	PRC	ZL 2008 2 0206345.2	1295866	24 December 2008 – 23 December 2018
2	Quad small form-factor pluggable plus(QSFP) interface module structure一種 QSFP接口模塊結構	Huizhou TIME	PRC	ZL 2010 2 0271421.5	1704437	23 July 2010 – 22 July 2020
3	Small-sized SAS interface model structure一種小型SAS接口模塊結構	Huizhou TIME	PRC	ZL 2010 2 0271404.1	1672173	23 July 2010 – 22 July 2020
4	High-speed CXP interface module structure一種高速CXP接口模塊結構	Huizhou TIME	PRC	ZL 2010 2 0271408.X	1674071	23 July 2010 – 22 July 2020
5	A SFP interface model pull-ring mounting structure一種SFP接口模塊拉環安裝結構	Huizhou TIME	PRC	ZL 2010 2 0292635.0	1676292	12 August 2010 – 11 August 2020

No.	Description of patent	Registered owner	Place of registration	Registration number	Certificate number	Duration
6	QSFP and AOC interface module structure 一種QSFP與AOC接口模塊結構	Huizhou TIME	PRC	ZL 2011 2 0254888.3	2085915	19 July 2011 – 18 July 2021
7	Guided crimp type HDMI connector structure 高清晰度多媒體接口連接器結構	Time Interconnect HK	PRC	ZL 2011 2 0297845.3	2220987	16 August 2011 – 15 August 2021
8	Multi-core cable splitter 多芯光纜分線器	Huizhou TIME	PRC	ZL 2012 2 0238464.2	2509456	25 May 2012 – 24 May 2022
9	Short and small type CXP interface module structure 一種短小型CXP接口模塊結構	Huizhou TIME	PRC	ZL 2013 2 0861648.9	3578625	25 December 2013 – 24 December 2023
10	Outdoor cable simple disassembling device and production method 戶外線纜簡易拆卸裝置及其製作方法	Huizhou TIME	PRC	ZL 2014 1 0556219.X	2388639	20 October 2014 – 19 October 2034
11	A connector with active unlock function 一種具有主動解鎖功能的連接器	Huizhou TIME	PRC	ZL 2015 2 0451303.5	4639120	29 June 2015 – 28 June 2025
12	Crimping machine's automatic wire piercing device 一種端子機的電線自動穿入裝置	Huizhou TIME	PRC	ZL 2015 2 0502133.9	4690182	13 July 2015 – 12 July 2025
13	Crimping machine's automatic wire stripping device 一種端子機的電線自動剝線裝置	Huizhou TIME	PRC	ZL 2015 2 0502073.0	4690855	13 July 2015 – 12 July 2025
14	Automatic crimping equipment of terminal in bulk 一種散裝端子自動壓接設備	Huizhou TIME	PRC	ZL 2015 2 0502242.0	4747958	13 July 2015 – 12 July 2025
15	Crimping machine's automatic gripping device 一種端子機的端子自動抓取送料裝置	Huizhou TIME	PRC	ZL 2015 2 0502074.5	4723248	13 July 2015 – 12 July 2025
16	Multi-core cable's branch fixing device 一種多芯分支組合線纜的分支固定裝置	Huizhou TIME	PRC	ZL 2015 2 0806038.8	4995991	19 October 2015 – 18 October 2025
17	Coil pull film cutting device 一種線圈拉膜裁切裝置	Huizhou TIME	PRC	ZL 2016 2 0467068.5	5588830	23 May 2016 – 22 May 2026

No.	Description of patent	Registered owner	Place of registration	Registration number	Certificate number	Duration
18	Coil wrapping device 一種線圈纏膜裝置	Huizhou TIME	PRC	ZL 2016 2 0467197.4	5607063	23 May 2016 – 22 May 2026
19	Coil wrapping machine—一種線圈纏膜機	Huizhou TIME	PRC	ZL 2016 2 0467069.X	5661868	23 May 2016 – 22 May 2026
20	LC fibre optic connector's rear housing assembly—一種 LC光纖連接器的後殼體 組裝裝置	Huizhou TIME	PRC	ZL 2016 2 0735581.8	5713756	13 July 2016 – 12 July 2026
21	LC fibre optic connector's ferrule and conduit assembly device—一種LC光纖連接 器的插芯和導管組裝裝 置	Huizhou TIME	PRC	ZL 2016 2 0735781.3	5780429	13 July 2016 – 12 July 2026
22	LC fibre connector's assembly machine —一種LC光纖連接器的組 裝機	Huizhou TIME	PRC	ZL 2016 2 0735779.6	5924635	13 July 2016 – 12 July 2026
23	MiniSASHD connector—一種 MiniSASHD連接器	Huizhou TIME	PRC	ZL 2017 2 0419301.7	6576512	20 April 2017 – 19 April 2027
24	Communication cable performance test equipment—一種通訊線 纜性能測試設備	Huizhou TIME	PRC	ZL 2017 2 0586227.8	6666821	24 May 2017 – 23 May 2027
25	Porous distributor—一種 多孔分線器	Huizhou TIME	PRC	ZL 2017 2 0586722.9	6666822	24 May 2017 – 23 May 2027
26	Connector protection structure—一種連接器保 護結構	Huizhou TIME	PRC	ZL 2017 2 0586721.4	6692112	24 May 2017 – 23 May 2027

C. INFORMATION ABOUT THE PRC SUBSIDIARY OF OUR GROUP

Name	:	Huizhou TIME Wire Products Limited (惠州匯聚電線製品有限公司)
Date of establishment	:	25 April 2002
Corporate nature	:	Limited liability company (wholly-foreign owned enterprise)
Attributable interest of our Company	:	100%
Total registered capital and paid-up registered capital (as at the Latest Practicable Date)	:	US\$6,600,000
Term	:	25 April 2002 to 24 April 2022
Scope of business	:	Manufacturer and sales of cable assembly products
Legal representative	:	Mr. Chan Ting Hei

D. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**1. Disclosure of interests***(a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following the completion of the Capitalisation Issue and the Share Offer but taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in our Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on the Main Board, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the

SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies Contained in the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

Name of Director	Capacity/Nature	Number of Shares held/ interested (Note 1)	Percentage of interest
Mr. Paul Lo (Note 2)	Interest of a controlled corporation/others	1,175,070,000	63.86%

Notes:

- (1) All interests stated are long positions.
- (2) Mr. Paul Lo beneficially owns the entire issued share capital of Nickson Holdings. Nickson Holdings and Mr. Paul Lo hold 20.14% and 39.68% of the issued ordinary share capital of Linkz Industries, respectively, and Time Holdings is wholly-owned by Linkz Industries. Accordingly, Mr. Paul, is deemed, or taken to be, interested in all the shares held by Time Holdings for the purpose of the SFO.

Mr. Paul Lo beneficially owns 2.84% of the issued share capital of Gold Peak.

(b) Interests of substantial and other Shareholders in our Shares and underlying Shares

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer, and Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2

and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature	Number of Shares held/interested <i>(Note 1)</i>	Percentage of interest
Time Holdings	Beneficial Owner	1,175,070,000	63.86%
Linkz Industries <i>(Note 2)</i>	Interest of controlled corporation	1,175,070,000	63.86%
Ms. Ho Hsiu Lan <i>(Note 3)</i>	Interest of spouse	1,175,070,000	63.86%
GP Industries <i>(Note 4)</i>	Interest of controlled corporation	1,175,070,000	63.86%
Gold Peak <i>(Note 5)</i>	Interest of controlled corporation	1,175,070,000	63.86%
Datatech Investment	Beneficial Owner	204,930,000	11.14%
Mr. Kwong <i>(Note 6)</i>	Interest of controlled corporation	204,930,000	11.14%
Ms. Chan Kit Sum <i>(Note 7)</i>	Interest of spouse	204,930,000	11.14%

Notes:

- All interests stated are long positions.
- Time Holdings is wholly-owned by Linkz Industries. Therefore, Linkz Industries is deemed, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
- Ms. Ho Hsiu Lan is the spouse of Mr. Paul Lo. Accordingly, Ms. Ho Hsiu Lan is deemed, or taken to be, interested in all the Shares in which Mr. Paul Lo is interested for the purpose of the SFO.
- GP Industries holds 38.13% of the issued ordinary share capital of Linkz Industries, and Time Holdings is wholly-owned by Linkz Industries. Therefore GP Industries is deemed, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
- Gold Peak holds 85.47% issued share capital of GP Industries. GP Industries holds 38.13% of the issued ordinary share capital of Linkz Industries, and Time Holdings is wholly-owned by Linkz Industries. Therefore Gold Peak is deemed, or taken to be, interested in all the Shares held by Time Holdings for the purpose of the SFO.
- Mr. Kwong beneficially owns the entire issued share capital of Datatech Investment. Therefore, Mr. Kwong is deemed, or taken to be, interested in all the Shares held by Datatech Investment for the purpose of the SFO. Mr. Kwong is the sole director of Datatech Investment.
- Ms. Chan Kit Sum is the spouse of Mr. Kwong. Accordingly, Ms. Chan Kit Sum is deemed, or taken to be, interested in all the Shares in which Mr. Kwong is interested for the purpose of the SFO.

2. Particulars of service agreements

None of our Directors has entered into any service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' remuneration

- (a) The aggregate amount of remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) paid to our Directors by our Group in respect of the three years ended 31 March 2017 and the four months ended 31 July 2017 were nil, nil and HK\$789,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2018 will be approximately HK\$2,787,000.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>HK\$</i>
Executive Directors	
Mr. Cua Tin Yin Simon	1,200,000
Mr. Wong Chi Kuen	1,167,000
Non-executive Director	
Mr. Lo Chung Wai Paul	240,000
Independent Non-executive Directors	
Mr. Ho Hin Shun	240,000
Mr. Luk Wai Shing	240,000
Mr. Chan Chung Shun Eric	240,000

- (d) Each of our Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

4. Fees or commission received

Save as disclosed in the section headed “Underwriting” in this prospectus, none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 31 to the Accountants’ Report set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) taking no account of Shares which may be taken up under the Share Offer, and Shares to be issued pursuant to options which may be granted under the Share Option Scheme, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO

(including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to our Company and the Stock Exchange; and

- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest subcontractors of our Group.

E. SHARE OPTION SCHEME

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	24 January 2018, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolutions
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealings in securities
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 24 January 2018:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

Our Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(e) *Maximum number of Shares*

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 184,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 184,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

- i. Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective close associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- ii. Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of our Shares in issue; and
 - (b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of options is required to be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

- (i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
- (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules),
- and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:
- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with our fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of our Group).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) *Rights on winding-up*

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Group give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) *Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavor to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its

officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of our officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which our Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;
- (iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) Termination to the Share Option Scheme

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

3. Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

F. OTHER INFORMATION**1. Tax and other indemnities**

Our Controlling Shareholders (collectively, the “**Indemnifiers**”) have, under a deed of indemnity referred to in paragraph (e) of the sub-section headed “Summary of material contracts” in this appendix, given joint and several indemnities to our Company for ourselves and as trustee for our subsidiaries in connection with, among other things, (a) any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional; (b) any taxation which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which Share Offer becomes unconditional; or (ii) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; (c) any claims, actions, demands, proceedings, suits, judgments, losses, payments, liabilities, damages, settlement payments, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether criminal, administrative, contractual, tortious or otherwise, instituted by or against any member of our Group in relation to any act, non-performance, omission, events or otherwise occurred on or before the date on which the Share Offer becomes unconditional; and (d) any losses, liabilities, damages, costs, claims and expenses of whatever nature suffered or incurred by any member of our Group in relation to any non-compliance with the applicable laws, rules or regulations by any member of our Group on or before the date on which the Share Offer becomes unconditional except that provisions, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of our Company or any other member of our Group for the Track Record Period (if any). The Indemnifiers will, however, not be liable under the deed of indemnity for taxation to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation liability or taxation claim in the audited consolidated financial statements of any member of our Group for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of our Group after 31 July 2017 up to and including the date of which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein including any Shares falling to be issued pursuant to the exercise of any options which may be under the Share Option Scheme.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

Our Company has entered into an agreement with the Sponsor, pursuant to which our Company agreed to pay HK\$5,800,000 to the Sponsor to act as the sponsor to our Company for purposes of the Share Offer.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$46,280 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Frontpage Capital Limited	A licensed corporation under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Legal advisers as to Cayman Islands laws
China Research and Intelligence Co., Ltd	Market research consultant
CFN Lawyers in association with Broad & Bright	Legal advisers as to Hong Kong laws
Shu Jin Law Firm	Legal advisers as to PRC laws
Toranomon Chuo Law Firm	Legal advisers as to Japanese laws
Sam K. M. Ng CPA Limited	Internal control consultant

7. Consents of experts

Each of Frontpage Capital Limited, Deloitte Touche Tohmatsu, Appleby, China Research and Intelligence Co., Ltd, CFN Lawyers in association with Broad & Bright, Shu Jin Law Firm, Toranomom Chuo Law Firm and Sam K. M. Ng CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which it is respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

10. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

11. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of our Group since 31 July 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus.

12. Particulars of the Vendor

The particulars of the Vendor are set out as follows:

Time Holdings

Name	:	Time Interconnect Holdings Limited
Description	:	A company incorporated in the BVI with limited liability on 29 May 2017

Registered address	:	3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands
Shareholder	:	Wholly-owned by Linkz Industries
Number of Sale Shares	:	138,000,000

13. Miscellaneous

- (a) Save as disclosed in this prospectus :
- (i) no share or loan capital of our Company or any of the subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of the subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of the subsidiaries;
 - (iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares or debenture of any of our Company or our subsidiaries; and
 - (iv) no share or loan capital of our Company or any of the subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) Neither our Company nor any of its subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures.
- (c) Save as disclosed in the section headed “Underwriting” of this prospectus, none of the parties listed in the paragraph headed “Consents of experts” in this appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.
- (d) The branch register of members of our Company will be maintained in Hong Kong by the Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.

- (e) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) Our Group has no outstanding convertible debt securities.
- (h) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with the English name does not contravene Cayman Islands law.
- (i) The English text of this prospectus shall prevail over the Chinese text.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of each of the **WHITE** and **YELLOW** Application Forms;
- (b) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about the Business – 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (c) the written consents referred to in the section headed “Statutory and General Information – F. Other Information – 7. Consents of experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of CFN Lawyers in association with Broad & Bright at Units 4101-04, 41st Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II to this prospectus;
- (c) the audited consolidated financial statements of the companies comprising our Company as have been prepared for the companies comprising our Group for the three years ended 31 March 2017 and the four months ended 31 July 2017;
- (d) the letter of advice prepared by Appleby, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (e) the material contracts referred to in the paragraph headed “Statutory and General Information – B. Further information about the Business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- (f) the written consents referred to in the paragraph headed “Statutory and General Information – F. Other Information – 7. Consents of experts” in Appendix IV to this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE
FOR INSPECTION**

- (g) the service contracts of our Directors referred to in the paragraph headed “Statutory and General Information – D. Further information about substantial shareholders, directors and experts – 3. Directors’ remuneration” in Appendix IV to this prospectus;
- (h) the Companies Law;
- (i) the rules of the Share Option Scheme;
- (j) the legal opinion issued by Toranomom Chuo Law Firm, our legal adviser as to Japanese laws, in respect to the compliance of applicable laws and regulations in relation to business operations of Time Interconnect Japan Inc. in Japan;
- (k) the legal opinion issued by Shu Jin Law Firm, our legal adviser as to the PRC laws, in respect to the compliance of applicable laws and regulations in relation to business operations of Huizhou TIME Wire Products Limited in the PRC;
- (l) the legal opinion issued by CFN Lawyers in association with Broad & Bright, our legal adviser as to Hong Kong laws, in respect to the compliance of applicable laws and regulations in Hong Kong;
- (m) a statement of particulars of the Vendor;
- (n) the internal control report prepared by Sam K. M. Ng CPA Limited; and
- (o) the industry report issued by China Research and Intelligence Co., Ltd.

TIME INTERCONNECT TECHNOLOGY LIMITED
匯聚科技有限公司