TIME INTERCONNECT TECHNOLOGY LIMITED

匯聚科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1729

Annual Report 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Cua Tin Yin Simon *(Chief Executive Officer)*
Mr. Wong Chi Kuen

Non-executive Director:

Mr. Lo Chung Wai Paul *(Chairman)*

Independent non-executive Directors:

Mr. Ho Hin Shun
Mr. Luk Wai Shing
Mr. Chan Chung Shun Eric

BOARD COMMITTEES

Audit Committee

Mr. Chan Chung Shun Eric *(Chairman)*
Mr. Ho Hin Shun
Mr. Luk Wai Shing

Remuneration Committee

Mr. Ho Hin Shun *(Chairman)*
Mr. Wong Chi Kuen
Mr. Luk Wai Shing
Mr. Chan Chung Shun Eric

Nomination Committee

Mr. Luk Wai Shing *(Chairman)*
Mr. Wong Chi Kuen
Mr. Ho Hin Shun
Mr. Chan Chung Shun Eric

COMPANY SECRETARY

Ms. Tam Kwai Heung (FCPA)

AUTHORISED REPRESENTATIVES

Mr. Wong Chi Kuen
Ms. Tam Kwai Heung (FCPA)

COMPLIANCE ADVISER

Frontpage Capital Limited
26/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

AUDITOR

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

LEGAL ADVISERS AS TO HONG KONG LAWS

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Units 4101-04, 41/F
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REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Clifton House
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shatin
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
P.O. Box 1350
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Grand Cayman KY1-1108
Cayman Islands

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Bank of China (Hong Kong) Limited
Hang Seng Bank
The Hongkong and Shanghai Banking Corporation Limited
Australia and New Zealand Banking Group Limited (Hong Kong Branch)
China Citic Bank International Limited
Fubon Bank (Hong Kong) Limited
Bank of China (Huizhou Branch)
HSBC Bank (China) Company Limited (Huizhou sub-branch)

COMPANY'S WEBSITE

www.time-interconnect.com

STOCK CODE

1729

FINANCIAL HIGHLIGHTS

Financial and Statistical Highlights

For the year ended 31 March	2018	2017	Change
Operating results (HK$ million)			
Revenue	**1,238.4**	864.6	43.2%
Gross profit	**273.0**	156.6	74.3%
Total profit for the year – Adjusted (Note)	**148.1**	64.4	130.0%
Total profit for the year	**132.1**	81.6	61.9%
Earnings per share (Hong Kong cents) – Adjusted (Note)	**9.7**	4.9	98.0%
Earnings per share (Hong Kong cents)	**8.7**	6.2	40.3%
Financial position (HK$ million)			
Cash generated from operations	**193.3**	28.7	573.5%
Bank balances and cash	**279.6**	42.8	553.3%
Shareholders' funds	**458.7**	121.3	278.2%
Capital expenditure	**11.3**	6.9	63.8%
Key ratios (%)			
Gross profit margin	**22.0**	18.1	3.9%
Net profit margin – Adjusted (Note)	**12.0**	7.4	4.6%
Net profit margin	**10.7**	9.4	1.3%
EBITDA/Revenue – Adjusted (Note)	**16.2**	10.9	5.3%
EBITDA/Revenue	**14.9**	12.9	2.0%
Return on shareholders' funds	**28.8**	67.4	-38.6%

Note:

Total profit, net profit margin and EBITDA are calculated by excluding the listing expenses and imputed financial guarantee income.

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), TIME Interconnect Technology Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), it is my great pleasure to present to you our first annual report of the consolidated results of the Group for the financial year ended 31 March 2018 ("**FY2018**") to all shareholders of the Company (the "**Shareholders**").

FINANCIAL RESULTS

2018 was a very fruitful year for us. All four business sectors of the Group has recorded an increase in revenue. Group revenue for the FY2018 largely increased by 43.2% to HK$1,238.4 million compared with the last financial year, such increase was mainly attributable to the strong revenue increase from the data centre, telecommunication and medical equipment sectors. Although profit was affected by one-off listing expenses HK$24.4 million, profit attributable to shareholders of the Company still substantially increased by 61.9% to HK$132.1 million, compared to HK$81.6 million last year. Basic earnings per share raised by 40.3% to HK8.7 cents, compared to HK6.2 cents in the previous financial year.

After considering the Group's short term needs and our cash on hand, the Board has proposed to recommend to Shareholders the payment of a final dividend of HK$0.01 (2017: Nil) per share, amounting to a total of approximately HK$18.4 million.

BUSINESS PERFORMANCE

During the past year, we have spent much effort on the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The successful listing of the shares of the Group represented a significant milestone for the Company's development history. I am extremely positive and confident that the listing will help us to expand our business scope globally and the financial support from the proceeds will also improve our future development in various aspects such as production facilities, research and development on innovative products, sales force, etc.

As from the above financial highlights, we have achieved a strong revenue growth in all business sectors. The Group has benefited from the technological advancements over the past years and huge demand on cable assemblies for transportation of data. Our data center sector has outperformed and recorded high revenue. In addition, the telecommunication sector has maintained stable growth and obtained a very promising increase. We have also grasped the opportunity to develop medical equipment sector as the average global age is rising whereas the aging population demand more advance medical devices for their health. The medical equipment market has grown optimistically which leds to an increase demand for medical cable assemblies. We will continue to keep pace with the technological development so as to boost up the profit for the Group.

OUTLOOK

The new era has come to a world that everything becomes interconnected, the next generation 5G network will be realised and demand on mobile network, Internet of Things (IoT), infrastructure products to transport big data is expected to be highly increased. To cope with such fast evolving market, on one hand, we will expand our sales effort to maintain good relationship with both mainland and international leading customers and continued to enlarge our existing customer base. On the other hand, we will expand our production facilities in line with the growing capacities.

Another opportunity arising from medical equipment sector, as the population ages and people's health awareness continues to increase, the medical equipment market continues to grow optimistically. We have accelerated our effort to work with the big brand group and expand our research and development ("**R&D**") team in order to enhance our R&D capabilities in respect of launching such medical-grade products and technologies.

With stable development of China's economy and manufacturing industry, sales are expected to rise from existing customers in back-end equipment, SMT equipment, wire and die bonding equipment, etc. The industrial equipment cable assemblies industry is also positioned for growth. Besides, a new strategic business unit for high-quality equipment products has been set up. The Group is also beginning to produce rail transit cable assemblies, adding another product to the product mix.

Despite of the escalating trade dispute between China and the United States, China is still the crucial driver of growth among the global market. Consumption has maintained a steady growth rate which drives our business in various sectors. I believe that the Group will strive for rapid business development to face the rapidly changing market and will make further advances in all of its businesses, in terms of new products, product mix which in return increasing gross margin in the financial year 2019.

Furthermore, we were selected as a constituent of MSCI Hong Kong Micro Cap Index on 15 May 2018, making an important milestone for our Company.

APPRECIATION

Finally, on behalf of the Board, I would like to extend my appreciation to our teams and all the professional parties for their tremendous hard work in successfully completing the listing during the year. I also want to thank all Shareholders, investors and business partners for their valuable support prior to and post our initial public offering (the "**IPO**"). Lastly, I wish to thank our colleagues at all level for their perseverance and dedication to the advancement of the Group.

Lo Chung Wai Paul
Chairman

Hong Kong, 22 June 2018

The Company is a well-established supplier of custom cable assemblies with more than 20 years of experience in the cable assembly industry. The Group primarily manufactures and supplies a wide variety of copper and optical fibre cable assemblies which are produced in accordance with the specifications and designs of individual customer. The products of the Company are used by a number of established PRC and international customers in a variety of market sectors including telecommunications, data centre, industrial and medical equipment. During FY2018, the Group performed brilliantly and achieved encouraging results.

The successful listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**") on 13 February 2018 (the "**Listing Date**") has further improved the Company's financial position and overall competitiveness. The net proceeds from the Listing amounted to approximately HK$126.6 million. With the support of the Shareholders of the Company, as well as the market's recognition of its competitive advantages in terms of the Group's innovation, strong research and development capabilities as well as its financial capacity to invest in advanced technology relating to development and production of custom cable assemblies, the Company is confident in maintaining its excellent performance and strives to provide fruitful returns to investors in the future.

In this section, the business review and a discussion on the financial performance of the Group for FY2018 is presented.

BUSINESS REVIEW

The worldwide economy continued to improve in the FY2018 and the Group reported solid operating results with increased business dealings with our existing customers. In addition, the Group continued to expand its existing customer base by developing relationships with leading international customers. The Directors are of the belief that the market share within the communication equipment and data centre industry has increased. In order to maximise the Company's potential, the Company has launched more next generation products and expanded its reach into new products other than existing products solutions. The Company is committed to improving its market-leading position in technology sector and developing in-house intellectual property.

The Company has continued its success in expanding its customer base and launches of new products. During FY2018, the Company has successfully captured new customers in the PRC market and further enhanced the business relationships with existing international customers. The Company has also started shipment of a few new products that are targeting towards 5G next-generation networking technology areas. In the meantime, the Company has stepped up its effort in the R&D in the next generation technology by expanding its resources such as equipment and staff.

FINANCIAL OVERVIEW FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$' million	2017 HK$' million	Change HK$' million
Revenue	**1,238.4**	864.6	373.8
Gross profit	**273.0**	156.6	116.4
Gross profit margin	**22.0%**	18.1%	
Other income and other gains and losses	**11.8**	(0.2)	12.0
Total operating expenses	**(95.5)**	(73.1)	(22.4)
Total operating expenses as a percentage of revenue	**7.7%**	8.5%	
Operating profit	**189.3**	83.3	106.0
Operating profit margin	**15.3%**	9.6%	
Imputed financial guarantee income	**8.4**	17.3	(8.9)
Listing expenses	**(24.4)**	–	(24.4)
Finance costs	**(2.3)**	(3.3)	1.0
Profit before taxation	**171.0**	97.3	73.7
Taxation	**(38.9)**	(15.7)	(23.2)
Effective tax rate	**22.7%**	16.1%	
Profit for the year and attributable to shareholders of the Company	**132.1**	81.6	50.5
Net profit margin *(Note)*	**12.0%**	7.4%	

Notes: Net profit margin is derived as net profit (excluding the listing expenses and imputed financial guarantee income) for the year divided by the revenue for the year.

REVENUE

The Group's revenue for FY2018 significantly increased by 43.2% to HK$1,238.4 million from HK$864.6 million in the previous financial year. All of the Group's business sectors have different degrees of increase in revenue, and the increase in revenue was mainly driven by higher sales in data centre, telecommunication and medical equipment sectors.

Market Sector	2018 HK$' million	2018 %	2017 HK$' million	2017 %	Increase HK$' million	Increase %
Data centre	**571.6**	**46.2%**	278.6	32.2%	293.0	105.2%
Telecommunication	**534.1**	**43.1%**	486.2	56.2%	47.9	9.9%
Industrial equipment	**70.6**	**5.7%**	61.7	7.1%	8.9	14.4%
Medical equipment	**62.1**	**5.0%**	38.1	4.5%	24.0	63.0%
Total	**1,238.4**	**100.0%**	864.6	100.0%	373.8	43.2%

The revenue of the data centre sector achieved a significant growth rate of 105.2% from HK$278.6 million for the previous financial year to HK$571.6 million for FY2018. Such increase was mainly attributable to the growth in demand for products from one of the Group's major customers, which was the main sales growth driver of the Group's revenue in terms of amount and percentage, which represented 78.4% of the total increase in the Group's revenue.

For the telecommunication sector, although it contributed the lowest growth rate of 9.9% among other market sectors compared to the previous financial year, it still recorded an increase of revenue of HK$47.9 million or 12.8% which represented the second largest increase of the total increase of the Group's revenue. The increase was driven by the sales of new 5G products in the last quarter of FY2018.

The increase of revenue generated from the industrial equipment sector was relatively small, at 14.4%, from HK$61.7 million for the previous financial year to HK$70.6 million for FY2018.

The revenue of the medical equipment sector increased by 63.0% to HK$62.1 million in FY2018 as compared to HK$38.1 million for the previous financial year. It is primarily attributable to the robust demand for products from existing and new customers.

GROSS PROFIT/MARGIN

Gross profit for FY2018 was HK$273.0 million, an increase of HK$116.4 million or 74.3% compared to the HK$156.6 million recorded in the previous financial year. Gross profit margin also increased from 18.1% to 22.0%. The increase in gross profit and gross profit margin was mainly attributable to the change in product mix to products with relatively higher selling price, including those sold to data centre and medical equipment sectors. Cost of materials as percentage of the Group's revenue was decreased as compared to the previous financial year as a result of our material cost savings program during the year. As for the direct labour costs and manufacturing overheads as a percentage of revenue, they were also lower than the same period last year as the Group continued to improve production yield and efficiency through automation and process improvement.

OPERATING PROFIT/MARGIN

Operating profit (excluding the listing expenses, imputed financial guarantee income and finance costs) for FY2018 was HK$189.3 million, which represented an increase of HK$106.0 million or 127.3% as compared with the previous financial year. Operating profit margin also increased from 9.6% to 15.3%. The ratio of EBITDA (excluding the listing expenses and imputed financial guarantee income) to revenue raised from 10.9% to 16.2%.

Other income and other gains and losses increased from a loss of HK$0.2 million for the year ended 31 March 2017 to a gain of HK$11.8 million for the FY2018. Such increase was mainly attributable to exchange gain, which arises from the Group's operations in the ordinary course of business was HK$9.7 million, as compared with an exchange loss of HK$2.0 million in the last financial year.

The total operating expenses were HK$95.5 million, an increase of HK$22.4 million or 30.6% over the last financial year. Total operating expenses as a percentage of the Group's revenue decreased from 8.5% to 7.7%.

Distribution and selling expenses increased from HK$16.9 million to HK$20.2 million, an increase of 19.5% compared with the last financial year. It was mainly attributable to the increase of staff cost, credit and marine insurance, freight and transportation cost. As a percentage of the Group's revenue, distribution and selling expenses decreased from 2.0% to 1.6%.

Administrative expenses increased from HK$28.0 million to HK$34.4 million over the same period last year. The increase was mainly due to the increase in staff cost, auditors' remuneration and legal and professional fees. For the previous financial year, Linkz Industries Limited ("**Linkz Industries**"), the controlling shareholder, provided management services to Linkz Group (i.e. Linkz Industries and its subsidiaries but excluding the Group) and the Group and the management services were allocated to each member of Linkz Group and the Group. Commencing from FY2018 (April 2017 onwards), the abovementioned management services ceased and the Group established a strong and independent team to oversee the business by employing certain management personnel including the Directors. Hence the Group incurred additional expenses for salaries and employee benefits compared with the last financial year, which include salaries and MPF contribution. The auditor's remuneration and the legal and professional fees (including compliance adviser, legal adviser, internal control and share registrars) also increased in accordance with the listing requirements. Even the administrative expenses increased by 22.9% as compared with the previous financial year, despite still being lower than the significant increase rate of the Group's revenue. Administrative expenses as a percentage of revenue decreased from 3.2% to 2.8%.

During FY2018, the research and development expenses were HK$40.9 million, which represented an increase of 45.0% compared with the previous financial year. It was mainly attributable to the increase of staff cost, materials cost, testing fee and depreciation. Research and development expenses as a percentage of the Group's revenue remain stable at 3.3%, same as last financial year. The Group continuously expanded the size of its R&D team to enhance its R&D capabilities in respect of launching new products and technologies.

IMPUTED FINANCIAL GUARANTEE INCOME

Imputed financial guarantee income represents the amortisation of our financial guarantee liabilities arising from the financial guarantees provided by the Group to Linkz Industries as well as subsidiaries of Linkz Industries (other than the Group). Imputed financial guarantee income was recognised in profit or loss over the guarantee period on a straight-line basis. The imputed financial guarantee income decreased by 51.4% from HK$17.3 million for the previous financial year to HK$8.4 million for FY2018 based on amortisation of existing financial guarantee liabilities. As the Group ceased to provide financial guarantee to Linkz Industries and its subsidiaries since August 2017, there is no more imputed financial guarantee income or loss since September 2017.

LISTING EXPENSES

The listing expenses incurred in connection with the Listing was approximately HK$49.2 million, which was borne by the vendor, who is an existing shareholder and who sold the sale shares during the share offering of the Company, and the Group in the ratio of 3:7, which amounted to approximately HK$14.7 million and HK$34.5 million, respectively. Of such amount borne by the vendor in connection with the sale of sale shares, approximately HK$7.4 million was set-off against the listing expenses of the Group and approximately HK$7.3 million was reimbursed by the vendor in its capacity as shareholder and was accounted for as capital contribution to the Group. Of the aggregate listing expenses of approximately HK$49.2 million, approximately HK$7.4 million was borne by the vendor as stated above, and the Group charged approximately HK$24.4 million to profit or loss, while approximately HK$17.4 million was directly attributable to the issue of new shares and was accounted for as a deduction from equity in accordance with the relevant accounting standards.

FINANCE COSTS

The finance costs mainly represent bank loan interest for bank borrowings. In line with the decrease in bank loan, the finance costs decreased by 30.3% from HK$3.3 million for the last financial year to HK$2.3 million for FY2018.

TOTAL PROFIT FOR THE YEAR AND EARNINGS PER SHARE

Total profit for the year of the Company for FY2018 was HK$132.1 million, a substantial increase of HK$50.5 million or 61.9% as compared to the last financial year. By excluding the listing expenses and imputed financial guarantee income, net profit margin raised from 7.4% to 12.0%.

Taxation represents the tax expenses arising from the assessable profit generated by the Group in Hong Kong and PRC. Taxation was provided at the respective tax rate of 16.5% and 25% based on the profit from operating activities (listing expenses and imputed financial guarantee income are considered as non-deductible and non-taxable items, respectively for tax purpose). Taxation charges increased from HK$15.7 million in the last financial year to HK$38.9 million in FY2018. The effective tax rate increased from 16.1% to 22.7%, due to the increase in profit from the PRC at a higher tax rate.

Basic and diluted earnings per share for FY2018 were HK8.68 cents as compared to HK6.22 cents in the previous financial year.

DIVIDENDS

The Directors recommend to Shareholders the payment of a final dividend in respect of FY2018 of HK$0.01 (2017: Nil) per share, amounting to a total of approximately HK$18.4 million.

During the year ended 31 March 2017, a wholly-owned subsidiary of the Company declared a special dividend in the sum of HK$130.0 million to the then shareholder, which was settled through the current account with ultimate holding company.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 6 to the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds as at 31 March 2018 were approximately HK$458.7 million, which represented an increase of 278.2% from HK$121.3 million in the last financial year. The increase was mainly due to the profit attributable to equity shareholders for the current year and difference in the foreign currency exchange rate from converting Renminbi into Hong Kong dollars as recorded in the financial statements of the PRC subsidiary following the currency appreciation of Renminbi during FY2018. Shareholders' funds per share increased by 233.3% from HK$0.09 to HK$0.30.

As at 31 March 2018, the Group had bank balances and cash of HK$279.6 million, representing an increase of 553.3% as compared to HK$42.8 million as of 31 March 2017. It was mainly due to the net proceeds of HK$126.6 million received from the Listing, and the increase in cash generated from operating activities during the current year. As at 31 March 2018, the Group's bank loan was HK$41.5 million, a decrease of 47.1% from HK$78.4 million in the last financial year. The Group maintained sufficient banking facilities and did not have any outstanding long-term bank borrowings as at 31 March 2018.

CHARGE ON GROUP ASSETS

Save for the bank deposits that were pledged in order to secure the bills payables issued by the bank under the general banking facilities granted to us, as at 31 March 2018 and 2017, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$8.7 million and HK$18.0 million as at 31 March 2017 and 2018 respectively.

GEARING RATIO

Gearing ratio is calculated as total debt (summation of amount due to ultimate holding company, and unsecured bank borrowings) divided by total equity and multiplied by 100%. As at 31 March 2018, the Group's gearing ratio was 9.1% as compared to the last financial year of 118.6%.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of Stock Exchange on 13 February 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2018, the Company's issued share capital was HK$18.4 million and the number of its issued ordinary shares was 1,840,000,000 of HK$0.01 each.

ANALYSIS OF CASH FLOW FROM OPERATIONS

	2018 **HK$' million**	2017 HK$' million	Change HK$' million
Operating profit	**189.3**	83.3	106.0
Listing expenses	**(24.4)**	–	(24.4)
Depreciation and amortisation	**11.3**	10.6	0.7
EBITDA (excluding imputed financial guarantee income)	**176.2**	93.9	82.3
Interest income	**(0.5)**	(0.3)	(0.2)
(Gain)/loss on disposal of tangible assets	**(0.4)**	0.7	(1.1)
Write off of inventories	**2.6**	4.1	(1.5)
Working capital change	**15.4**	(69.7)	85.1
Cash generated from operations	**193.3**	28.7	164.6

The Group's cash generated from operations for FY2018 was HK$193.3 million, an increase of 573.5% as compared to HK$28.7 million in the previous financial year. The increase was mainly attributable to the increase in EBITDA in FY2018 and the improvement of working capital investment compared with the previous financial year.

WORKING CAPITAL CHANGE

	Balance as at 31 March 2017 HK$' million	Working capital change per cash flow HK$' million	**Balance as at 31 March 2018 HK$' million**
Stocks	123.1	72.2	**195.3**
Trade debtors	201.1	36.6	**237.7**
Other debtors, deposits and prepayments	25.1	14.5	**39.6**
Trade creditors	(193.0)	(135.3)	**(328.3)**
Other creditors and accruals	(34.7)	(1.7)	**(36.4)**
Total working capital	121.6	(13.7)	**107.9**

Stock as of 31 March 2018 were HK$195.3 million, increased from HK$123.1 million as of 31 March 2017. The turnover days was 60 days, same as last financial year.

As at 31 March 2018 and 2017	**2018 HK$' million**	2017 HK$' million
Stock	**195.3**	123.1
Average stocks as a percentage of Cost of Goods Sold	**16.5%**	16.5%
Turnover days	**60 days**	60 days

Trade debtors as of 31 March 2018 were HK$237.7 million, increased from HK$201.1 million as of 31 March 2017. The higher trade debtor balance as at 31 March 2018 was mainly due to the increase in revenue in the financial year 2018 compared with the previous financial year. Debtors' turnover days largely improved from 86 days to 65 days. The improvement on turnover days was mainly due to the increase in revenue of major customer of data centre sector, which was trading at 30 days payment term.

The Group has tight management on credit exposure, and has delegated a Credit 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. The overdue balances greater than 30 days accounted for 1.4% of the gross trade debtors as of 31 March 2018.

As at 31 March 2018 and 2017	**2018 HK$' million**	2017 HK$' million
Trade debtors and bills receivables	**237.7**	201.1
Average trade debtors as a percentage of revenue	**17.7%**	23.6%
Turnover days	**65 days**	86 days

Other debtors, deposits and prepayments as of 31 March 2018 were HK$39.6 million, increased from HK$25.1 million as of 31 March 2017. It was mainly attributable to the increase of value added tax receivables.

Trade creditors as of 31 March 2018 were HK$328.3 million, as compared to HK$193.0 million as of 31 March 2017. Creditors' turnover days decrease from 111 days to 99 days.

As at 31 March 2018 and 2017	**2018** **HK$' million**	2017 HK$' million
Trade creditors and bills payables	**328.3**	193.0
Average trade creditors as a percentage of Cost of Goods Sold	**27.0%**	30.4%
Turnover days	**99 days**	111 days

Other creditors and accruals as of 31 March 2018 were HK$36.4 million, increased from HK$34.7 million as of 31 March 2017, which was mainly due to the increase in general accrued charges.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's receipts and payments are denominated in US dollars, Hong Kong dollars, Renminbi and Euro. The Group's management monitors the risk of related foreign exchange risk exposure by entering into forward foreign exchange contracts. Foreign currency exchange rates are volatile and may have an impact on the Group's results. The Group's management evaluates the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

TREASURY POLICIES

As an internal treasury policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. However, the Group's management monitors exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Save for the net proceeds from the Listing, the Group will also monitor and maintain a Hong Kong dollar cash balance in order to minimise the need for unnecessary foreign exchange conversion which may result in exchange loss.

The reporting currency of the Group is presented in Hong Kong dollars, as the Directors consider that it is more relevant to the users of the consolidated financial statements as the Company listed its shares on the Stock Exchange.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the date of Listing (i.e. 13 February 2018) is close to the date of financial year end (i.e. 31 March 2018), the Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the prospectus of the Company dated 30 January 2018 (the "**Prospectus**"). The Group will strive to achieve the milestone events as stated in the Prospectus.

CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND USE OF NET PROCEEDS FROM LISTING

During FY2018, the Group was committed to expand its production capacity by acquiring a new production factory, purchasing of production equipment and upgrading of existing production and quality equipment, which is in line with the use of proceeds from the Listing that was set out in the Prospectus. The net proceeds from the Listing of the Company were HK$126.6 million (after deducting underwriting fees and related expenses). The use of the net proceeds from the Listing as at 31 March 2018 was approximately as follows:

Use of proceeds	**Percentage of net proceeds**	**Net proceeds**	**Amount utilised**	**Amount remaining**
	%	HK$' million	HK$' million	HK$' million
New production facility	70.0%	88.6	–	88.6
R&D equipment	6.8%	8.6	0.5	8.1
Production machinery	5.9%	7.5	2.1	5.4
Automation process	12.6%	15.9	1.1	14.8
Marketing development	1.5%	1.9	–	1.9
General working capital	3.2%	4.1	–	4.1
Total	100.0%	126.6	3.7	122.9

As of 31 March 2018, the Group had not provided any form of guarantee for any company outside the Group and has not been involved in any material legal proceedings for which provision for contingent liabilities was required.

CAPITAL EXPENDITURE

For FY2018, the Group invested HK$11.3 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, as well as the improvement of manufacturing working environment. All of these capital expenditures were financed from internal resources.

EMPLOYEE

The average number of employees for FY2018 was around 2,168, compared to 1,905 in the previous financial year. Fair and competitive remuneration package and benefits are offered to employees as well as discretionary bonuses. Staff related costs for FY2018 were approximately HK$156.7 million, as compared to approximately HK$126.6 million in the financial year 2017.

OUTLOOK

Going forward, the Group is confident that it will make further advances in all of its business sectors. The Group's orders from customers in the year ending 31 March 2019 are expected to remain strong, with sales increases across all four market sectors. New products are expected to launch in the coming financial year which may be conducive to overall gross profit margin.

In respect of the communication equipment business, the 5th generation wireless systems standard ("**5G**") is planned to be commercially available worldwide by 2020, and Beijing has forecast the country's total investments on 5G mobile networks to reach RMB2.8 trillion (US$446 billion) from 2020 to 2030, which would mark the most expensive buildout of telecommunications infrastructure on the mainland[1]. In addition, by the development of artificial intelligence, smart city, electronic payment, 4K video, internet of things, cloud computing and big data technologies, we believe the demand of data centre and 5G mobile network products will have a very strong increase in the coming years. China has the world's largest mobile subscriber base at about 1.4 billion and the biggest 4G network on the planet. So 5G has become the biggest opportunity for China to emerge as a telecommunications development leader. Our customers are the primary network equipment suppliers to nationwide carriers China Mobile, China Unicom and China Telecom, helping them on 5G infrastructure deployment initiatives. They have been working to enable China to gain a greater share of the intellectual property behind the universal 5G standard during its development. As we believe China will be the first country to develop 5G mobile networks, we will introduce the next generation of innovate products to seize opportunities from such the fast evolving telecommunication market, particularly the cloud data centre and 5G mobile market. On the other hand, the United States of America announced a list of products of Chinese origin which would be subject to an additional 25% import tariff on 15 June 2018, and optical fiber cable is subject to such tariff. Such product ship to our US customers was represented around 30% of total revenue for FY2018. But at this moment, it is hard to estimate the real impact on our orders from those US customers, we will pay close attention to changes in relevant circumstances. The Company will take all effective measures to safeguard corporate interests.

With respect to medical equipment sector, as the population ages and people's health awareness continues to increase, the medical equipment market continues to grow. Beside the increased demand from the international customers, we noticed that there are many new companies in PRC entering into this market, which has led to the expansion of the entire medical equipment market. Demand for medical cable assemblies will keep increasing as PRC's medical equipment industry develops. We will continuously expand our R&D team in order to enhance our R&D capabilities in respect of launching such medical-grade products and technologies.

Industrial equipment sector is also positioned for growth. 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. Sales are expected to rise on the back of increasing orders from existing customers in high-quality equipment, SMT equipment, wire and die bonding equipment, offsetting a further decline in LED panel and refrigeration system. The high-quality equipment cable assemblies is expanding rapidly and showing particular promise. To target the growing opportunities, a new strategic business unit for high-quality equipment products has been set up. The Group is also beginning to develop rail transit cable assemblies for a new PRC customer, adding another product to the industrial equipment sector.

As for the new businesses, the Group envisages its various sectors will steadily grow to become significant businesses, driven by the advent of its core technologies. All of these businesses will serve as catalysts for its progress and growth.

On the other hand, our Huizhou Factory has almost been fully utilised with utilisation rate reaching 98.9% for the FY2018. We plan to expand our production capacity to dedicate sufficient resources to seize opportunities in the market. We schedule to apply our net proceeds from the Share Offer to acquire a new production factory, purchase of production equipment and the upgrade of existing production and quality equipment in next financial year.

In order to continuously improve and provide a superior customer service and quality products to every of our customers. We constantly review, revise and re-engineer our supply chain management, manufacturing processes and quality management system to maintain our leading position as a high performance provider in our industry. Our control mechanisms and I.T. driven processes include EDI, real time management of key performance indicators and continuous delivery of performance assessment, as well as use of our quality procedures and processes as enabling tools to always provide our customers with high quality products.

[1] Source: *South China Morning Post*, 17 April 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe the more significant risks relating to the 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;
- our orders from US customers may be impacted by the list of products with Chinese origin announced by the United States of America on 15 June 2018;
- we may experience labour shortage or unrest or may incur high labour costs;
- 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;
- 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 the Prospectus.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

We have a strong, long-established 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. The Group has developed multi-products strategy and also strengthened our scope of services to our global customers. 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.

The Group maintains long-term relationships with suppliers and subcontractors. The Group has no concentration or a high level of dependency on a small groups of suppliers. 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.

The Group recognises and supports the culture of attracting, motivating and retaining talents. The Group provides competitive compensation and benefits for its employees. Remuneration packages are generally structured by reference to market and individual merits. Salaries are normally reviewed on an annual basis based on individual performance and financial performance of the Group. Those employees with outstanding performance are also awarded discretionary bonuses. The Group promotes open communications encourages continuous learning and support different kind of training on leadership development programme.

ENVIRONMENTAL AND SOCIAL POLICIES

The Group is committed to creating a sustainable and greener environment and will continue to explore ways to reduce carbon emission, conserve energy and reduce wastage. We have implemented various environmental and sustainability initiatives in our factory and offices, such as replacing all lighting systems in the Huizhou factory with LED lights; adopting heat recovery system to recover the residual heat from the air compressor to heat up water supply in dormitory; encouraging video and phone conference to minimise carbon footprint created by business-related travel. Being a responsible social citizen, the Group has been actively involved in charitable activities in the communities and cities where our factories are operating, and encourages the employees to participate in in-house or external community activities. During FY2018, the Group has been participating various environmental and social related scheme and awarded a lot of certificates, such as Excellence in Hong Kong Sustainability Award 2016/17; EcoChallenger and 3 Years EcoPioneer of the Corporate Environmental Leadership Awards; Happy Company; Social Capital Builder Award; 10 Years Plus Caring Company; 8th Hong Kong Outstanding Corporate Citizenship Logo and Distinguished Family-Friendly Employer Award. Our first "Environmental, Social and Governance Report", which discusses in detail our initiatives on environmental and social aspects and their performance, is set out in the "Environmental, Social and Governance Report" section of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

We uphold high standards and meet relevant requirements under applicable laws or ordinances when conducting our business. We did not identify non-compliance or breach of relevant standards, rules and regulations during the year.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the undertaking of the reorganisation in preparation for the Listing as more particularly described in the Prospectus, the Group did not have any significant investments held, material acquisition and disposal of subsidiaries and associations for FY2018. There is no other plan for material investments or capital assets for FY2018.

MATERIAL EVENT SINCE THE END OF THE FINANCIAL PERIOD

Apart from the "Future Plans and Use of Proceeds" as set out in the Prospectus, there has no other important event affecting the Group since 31 March 2018.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Mr. Cua Tin Yin Simon (柯天然) ("Mr. Cua"), aged 56, is the chief executive officer (the "**Chief Executive Officer**") and an executive Director of the Company. Mr. Cua was appointed as Director on 15 June 2017 and re-designated as the Chief Executive Officer and executive Director of the Company on 10 July 2017. Mr. Cua is responsible for overall corporate management, operations and business development. He also plays a critical role in formulating the strategies and driving the sustainable growth of the Group with new opportunities. Mr. Cua has gathered extensive experiences in the electronics and cable industry in the PRC since the 1980s. Prior to joining the Group in 1992, Mr. Cua started his career with Gold Peak Group (i.e. Gold Peak Industries (Holdings) Limited ("**Gold Peak**") and its subsidiaries). From 2007 to 2014, Mr. Cua was a director of Lingsen Precision Industries, Ltd., a company listed on the Taiwan Stock Exchange Corporation (stock code: 2369).

Mr. Cua obtained a Master of Business Administration in October 2005 and was further awarded honorary Doctorate of Laws (LL.D.) in May 2015 from The University of Western Ontario, Canada. Mr. Cua was honoured with the Young Industrialist Awards of Hong Kong in December 2001 and became as 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. He has also been elected as a council member of International Cablemakers Federation since 2014. He is currently a member of Hong Kong-Shanghai Economic Development Association, the director of Shanghai Chinese Overseas Friendship Association and the executive committee member of Hong Kong Electronic Industries Association and Hong Kong Electronics Industry Council.

Mr. Wong Chi Kuen (黃志權) ("Mr. Wong"), aged 53, is the chief financial officer (the "**Chief Financial Officer**") and an executive Director of the Company. Mr. Wong is responsible for overseeing the Group's finance, compliances, operation and administration. Mr. Wong was appointed as Director on 15 June 2017 and re-designated as the Chief Financial Officer and executive Director on 10 July 2017.

Mr. Wong obtained a Bachelor of Business Administration from The Open University of Hong Kong in June 2002. Mr. Wong is currently a fellow member of the Association of International Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He was also admitted as International Accountant (FAIA) jointly by Association of International Accountants and China Association of Chief Financial Officers in 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 (the controlling shareholder of the Company) from 1994 to 2007 with last position as chief accountant. From 2007 to 2010, Mr. Wong served in LTK International Limited (a subsidiary of Belden Inc., a company listed on the Stock Exchange of New York (stock code: BDC), with his last position as the finance director of OEM business group. Mr. Wong re-joined Linkz Industries as financial controller in July 2010 prior to becoming the Chief Financial Officer of the Group in July 2017.

NON-EXECUTIVE DIRECTOR

Mr. Lo Chung Wai Paul (羅仲煒) ("Mr. Paul Lo"), aged 69, is the chairman (the "**Chairman**") and non-executive Director of the Company. 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 the Chairman and non-executive Director on 10 July 2017.

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 the Group, particularly in the formulation of corporate strategies as well as market positioning of significant products. 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 Seventh Council of Huizhou Association of Enterprises with Foreign Investment of China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Hin Shun (何顯信) ("Mr. Ho"), aged 53, was appointed as the 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 the Group. Mr. Ho has over 20 years of experience in sales and marketing on electronics components and substantial management experience in multinational corporations.

Mr. Ho obtained a Bachelor of Science in Engineering from the University of Hong Kong in November 1987. He further obtained a Master of Business Administration from The Chinese University of Hong Kong in December 1994.

Mr. Luk Wai Shing (陸偉成) ("Mr. Luk"), aged 49, was appointed as the 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 the Group.

Mr. Luk had worked for Nanyang Commercial Bank Limited ("**NCB**") from 1992 to 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 a 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 the 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 the Group.

Mr. Eric Chan obtained a 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.

SENIOR MANAGEMENT

Mr. Chu Yi Fu (朱一夫) ("Mr. Chu"), aged 52, joined the Group in April 2018 as the General Manager of TIME Interconnect Technology (Huizhou) Limited ("**Huizhou TIME**"). He is primarily responsible for overseeing the overall manufacturing operation of the Group, driving new initiatives to ensure that the factory's operation can align with the strategic development of the Group.

Mr. Chu has over 15 years' working experience in various cable companies covering the domains of engineering, sales and marketing as well as factory management. During March 2007 to December 2008, he was the general manager of Shanghai LTK Electronic Cables Limited, a subsidiary of Belden Inc. (a company listed on the Stock Exchange of New York (stock code: BDC)). Mr. Chu obtained an EMBA from Fudan University, PRC in June 2010.

Mr. Chan Ting Hei (陳庭禧) ("Mr. Chan"), aged 54, joined the Group in 1992 and is currently the Assistant General Manager of Supply Chain Management of the Group and a director of Huizhou TIME. Mr. Chan is primarily responsible for overseeing the supply chain management and purchasing functions of the Group.

Mr. Chan has over 25 years' working experience in the cable industry covering the domains of sales and marketing, purchasing, supply chain management and factory management. Mr. Chan obtained a Master of Science in Management of Manufacture from Coventry Polytechnic (now known as Coventry University) in October 1989, a Master of Business Administration from the University of South Australia in September 1999 and a Master of Arts in International Business Management in November 2001 from the City University of Hong Kong.

Mr. Zhan Yangwang (占陽旺) ("Mr. Zhan"), aged 45, joined the Group in 2012 and is currently the Assistant Financial Controller of the Group. He is primarily responsible for overseeing the functions of finance, accounting and internal control of the Group.

Mr. Zhan has over 20 years' working experience in the accounting and finance field. Mr. Zhan obtained an Associate Degree of Industrial Management Engineering in Industrial Accounting from Nanchang University in July 1995 and a Master of Business Administration from the Hong Kong Baptist University in November 2010.

Mr. Zhou Yinfa (周銀發) ("Mr. Zhou"), aged 53, joined the Group in 2005 and is currently the Assistant General Manager of Project and Administration of the Group. He is primarily responsible for overseeing the functions of human resources, infrastructure and automation projects of the Group.

Mr. Zhou has over 25 years' working experience in various cable companies. During August 2002 to September 2005, he was the assistant general manager of Huizhou GP Wiring Technology Limited (a subsidiary of Gold Peak). Mr. Zhou obtained a Bachelor of Engineering from South China University of Technology in July 1988. He has been qualified as an electrical and mechanical engineer since March 1995.

Mr. Li Yuezhong (李岳忠) ("Mr. Li"), aged 48, joined the Group in 2003 and is currently the Assistant General Manager of Supply and R&D of the Group. He is primarily responsible for overseeing the production planning and control, warehouse management and technology development of the Group.

Mr. Li has over 25 years' working experience in various cable companies. He obtained an Associate Degree in Secretarial Studies from Xiangtan University in August 1993 and a National Marketing Manager Qualification Certificate from the Marketing Professional Committee of China Business Manager Association in July 2004.

Mr. Tan Dehua (譚德華) ("Mr. Tan"), aged 55, joined the Group in 2002 and is currently the Assistant General Manager of Manufacturing and Production Technology. He is primarily responsible for overseeing the production, manufacturing engineering and quality control of the Group.

Mr Tan has over 25 years' working experience in the manufacturing sector, covering the domains of production, quality and factory management. He obtained a 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. Zhong Xilin (鍾喜林) ("Mr. Zhong"), aged 38, joined the Group in 2003 and is currently the Assistant General Manager of Sales of the Group. 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 the business.

Mr. Zhong has over 15 years' working experience in the cable industry. He completed 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 the Company on 10 July 2017.

Ms. Tam obtained a degree of Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. She has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively.

Ms. Tam has over 10 years of experience in auditing, accounting and financial reporting. She worked as an accountant in PKF Hong Kong and a senior auditor of Deloitte Touche Tohmatsu. Subsequently Ms. Tam worked as an accountant in Rich China Industries Holdings Limited, a private group of companies engaged in toy manufacturing. She was the assistant finance manager of Gammon Construction Limited 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 primarily engaged in corporate advisory and company secretarial services. She is currently the company secretary of five companies listed on the Stock Exchange.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for FY2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in manufacture and sales of cable assembly products (the "**Core Business**"). Details of the principal activities of its subsidiaries are set out in Note 32 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 15 June 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The companies now comprising the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the structure of the Group in preparation for Listing on Stock Exchange. Further details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" to the Prospectus. The shares of the Company were listed on the Stock Exchange since 13 February 2018.

RESULTS AND DIVIDEND

The results of the Group for FY2018 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report. The state of affairs of the Group and the Company as at 31 March 2018 are set out in the consolidated statement of financial position and Note 31 to the consolidated financial statements respectively. The Directors do recommend the payment of a final dividend of HK$0.01 (2017: Nil) per share, amounting to a total of approximately HK$18.4 million.

CLOSURE OF REGISTER OF MEMBER

The forthcoming annual general meeting is scheduled to be held on Monday, 10 September 2018 (the "**2018 AGM**"). For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Wednesday, 5 September 2018 to Monday, 10 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2018 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 4 September 2018.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Friday, 14 September 2018 to Tuesday, 18 September 2018, both days inclusive, during which period no transfer of shares in the Company will be registered. All transfer of shares, accompanied by the relevant share certificates, must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 September 2018. If the resolution of the proposed final dividend is passed at the 2018 AGM, the proposed final dividend is expected to be paid on or before Wednesday, 10 October 2018.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the four financial years is set out on page 120 in this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 23 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and Note 31 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 March 2018, the Company's reserves available for distribution to owners comprising share premium account less accumulated losses, amounted to approximately HK$248 million.

SHARE OPTION SCHEMES

The Company conditionally adopted a share option scheme on 24 January 2018 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other relevant rules and regulations. Further details of the Scheme are set forth in the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix IV to the Prospectus and Note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the memorandum and articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction of which the Company is incorporate, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DONATION

Charitable donations made by the Group during FY2018 amounted to HK$2,000 (2017: HK$5,000).

RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, upon the Listing Date, a non-exempt continuing connected transaction has been entered into and will continue to be carried out between the Company and Linkz Industries.

Linkz Industries, through Time Interconnect Holdings Limited ("**Time Holdings**"), hold 1,175,070,000 shares (representing 63.86% of the Group's enlarged total share capital) and remains as the controlling shareholder. Mr. Paul Lo, considered himself and his shareholdings in Nickson Holdings Limited ("**Nickson Holdings**"), hold the controlling stake in Linkz Industries representing indirectly control 38.2% of the Group's enlarged total share capital. Therefore, Linkz Industries is connected person of the Company under the Listing Rules.

Linkz Industries, with its 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.

The related party transactions of the Group as set out in Note 29 to the consolidated financial statements.

Linkz Industries Framework Agreement

The Group has entered into the agreement between the Company and Linkz Industries prior to the Listing for a term ending on 31 March 2020, for (i) the Group will sell a variety of cable assembly products, in accordance with the specifications and requirements, to Linkz Group; and (ii) the Group will purchase copper cable products from Linkz Group.

Linkz Group has been providing materials to the Group for almost ten years and maintains a track record of providing reliable, efficient and satisfactory cable materials to the Group. Compared with other cable manufacturers, Linkz Group demonstrates to always meet the Group's requirements and technical specifications on cable supplies and that the Group experienced no material dispute in regard to the delivery and quality of its products. Therefore, by riding on the reputation of Linkz Group as an experienced and reliable manufacturer of LED video display screens and networking cables in the PRC, the Board believes the said agreement will strengthen the business profile and also the sales of the Group.

The Directors, including the independent non-executive Directors, consider that all of the continuing connected transactions above and their respective annual caps are fair and reasonable, and that such transactions have been and will be entered into the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Group and Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, details of all the fully exempted and non-exempted continuing connected transactions set out in Note 29 to the consolidated financial statements that falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2018, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately HK$488 million (39.4%), while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately HK$1,088 million (87.9%).

During FY2018, the percentage of the Group's purchase amount attributable to the Group's largest supplier was approximately HK$218 million (22.6%) of the total direct costs for the period, while the percentage of the Group's total purchase amount attributable to the five largest suppliers in aggregate was approximately HK$370 million (38.3%) of the total direct costs.

None of the Directors of the Company, or any of their close associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were as follow:

Executive Directors

Mr. Cua Tin Yin Simon *Note 1* *(Chief Executive Officer)*	(Appointed on 15 June 2017)
Mr. Wong Chi Kuen *Note 2*	(Appointed on 15 June 2017)

Non-executive Director

Mr. Lo Chung Wai Paul *Note 3* *(Chairman)*	(Appointed on 15 June 2017)

Independent non-executive Directors

Mr. Ho Hin Shun	(Appointed on 24 January 2018)
Mr. Luk Wai Shing	(Appointed on 24 January 2018)
Mr. Chan Chung Shun Eric	(Appointed on 24 January 2018)

In accordance with the memorandum and articles of association of the Company, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a causal vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting.

Notes:

1) Mr. Cua Tin Yin Simon was appointed as the Director on 15 June 2017 and was re-designated to be the executive Director and Chief Executive Officer on 10 July 2017.

2) Mr. Wong Chi Kuen was appointed as the Director on 15 June 2017 and was re-designated to be the executive Director and Chief Financial Officer on 10 July 2017.

3) Mr. Lo Chung Wai Paul was appointed as the Director on 15 June 2017 and was re-designated to the non-executive Director and Chairman on 10 July 2017.

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices.

Such provision was in force during FY2018 and remained force as of the date of this annual report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during FY2018.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the section "Director's Report – Related Party Transaction and Continuing Connected Transaction" above and in the sections headed "Relationship with Controlling Shareholders" and "Continuing Connected Transactions" in the Prospectus, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" below and the share option scheme disclosures in Note 30 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the "**Controlling Shareholders**") or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during FY2018.

Non-Competition Undertakings

In order to avoid any possible future competition between the Group and the Controlling Shareholders, namely (i) Mr. Paul Lo, (ii) Nickson Holdings, (iii) Gold Peak, (iv) GP Industries Limited ("**GP Industries**"), (v) Linkz Industries, (vi) Time Holdings, (vii) Linkz Management (i.e. 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); and (viii) Time Management (i.e. consists of two senior management of the Group, namely Mr. Cua Tin Yin Simon and Mr. Chan Ting Hei) (each a "**Covenantor**" and collectively the "**Covenantors**"), have entered into the deed of non-competition ("**Deed of Non-competition**") with the 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 the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the 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 the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete directly or indirectly with the Core Business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal of take up such business opportunity. The Group shall, within six months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity) and approval by the 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 the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

During the year, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/it or his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 11 to the consolidated financial statements. The emolument of the number of the highest paid individuals who are not the Directors of the Company for FY2018 are set out in Note 11 to the consolidated financial statements.

The emoluments of the senior management of the Company for FY2018 falls within the following band:

Emolument Band	Number of Senior Management
HK$0 to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	1

EMOLUMENT POLICY

A remuneration committee of the Company (the "**Remuneration Committee**") is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Details of the Group's retirement benefits plans are set out in Note 27 to the consolidated financial statements.

MANAGEMENT CONTRACTS

Save for service contracts, no other contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisting during FY2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests or short positions of each of the Directors and the chief executive in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code to be notified to the Company and the Stock Exchange are set out as follows:

(i) Long position in shares of the Company

Name of Director	Capacity/Nature	Number of shares held/interested	Approximate percentage of interest
Mr. Paul Lo *(Note)*	Interest of a controlled corporation/others	1,175,070,000	63.86%

Note:

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 Lo, 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 shares capital of Gold Peak.

(ii) Long position in shares of associated corporation of the Company

Name of associated corporation	Name of Director	Nature of interest	Number of shares held/interested	Approximate percentage of interest
Linkz Industries	Mr. Cua *(Note)*	Others	12,838,618	0.70%

Note:

Mr. Cua is one of the senior management members of the Group, holding 1.09% of the issued ordinary share capital of Linkz Industries. Mr. Cua is also holding 0.011% of the issued share capital of Gold Peak.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be 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 the Company or any other member of the Group:

Long positions in the shares

Name	Capacity/Nature	Number of shares held/interested	Approximate percentage of interest
Time Holdings	Beneficial Owner	1,175,070,000	63.86%
Linkz Industries *(Note 1)*	Interest of controlled corporation	1,175,070,000	63.86%
Ms. Ho Hsiu Lan *(Note 2)*	Interest of spouse	1,175,070,000	63.86%
Nickson Holdings *(Note 3)*	Interest of controlled corporation	1,175,070,000	63.86%
GP Industries *(Note 4)*	Interest of controlled corporation	1,175,070,000	63.86%
Gold Peak *(Note 5)*	Interest of controlled corporation	1,175,070,000	63.86%
Datatech Investment Inc.	Beneficial Owner	204,930,000	11.14%
Mr. Kwong Ping Man *(Note 6)*	Interest of controlled corporation	204,930,000	11.14%
Ms. Chan Kit Sum *(Note 7)*	Interest of spouse	204,930,000	11.14%

Notes:

1) 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.

2) 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.

3) 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.

4) 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.

5) 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.

6) Mr. Kwong Ping Man beneficially owns the entire issued share capital of Datatech Investment Inc.. Therefore, Mr. Kwong Ping Man is deemed, or taken to be, interested in all the shares held by Datatech Investment Inc. for the purpose of the SFO. Mr. Kwong Ping Man is the sole director of Datatech Investment Inc..

7) Ms. Chan Kit Sum is the spouse of Mr. Kwong Ping Man. Accordingly, Ms. Chan Kit Sum is deemed, or taken to be, interested in all the shares in which Mr. Kwong Ping Man is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interest or short positions in the shares or underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY 2018.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 33 to 41 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during FY2018.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for FY2018 were audited by Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming annual general meeting of the Company to reappoint Deloitte Touche Tohmatsu as auditor of the Company.

ON BEHALF OF THE BOARD
Time Interconnect Technology Limited
Cua Tin Yin Simon
Executive Director and Chief Executive Officer

Hong Kong, 22 June 2018

INTRODUCTION

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all Shareholders.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all Shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules since the Listing Date up to the date of this annual report. To the best knowledge of the Board, the Company had complied with all the applicable code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. After making specific enquiries, all Directors have fully complied with the required standards set out in the Model Code from the Listing Date (i.e. 13 February 2018) to 31 March 2018.

DIRECTORS' RESPONSIBILITIES AND DELEGATION

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company's overall operation. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1) To develop and review the policies and practices on corporate governance of the Group and make recommendations;

2) To review and monitor the training and continuous professional development of the Directors and the senior management;

3) To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4) To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group; and

5) To review the Company's compliance with the CG Code as set out in Appendix 14 of the Listing Rules and disclosure in the corporate governance report of the Company.

BOARD COMPOSITION

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors and the Board is accountable to Shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the Shareholders of the Company.

Executive Directors

Mr. Cua Tin Yin Simon *(Chief Executive Officer)*	(Appointed on 15 June 2017)
Mr. Wong Chi Kuen	(Appointed on 15 June 2017)

Non-executive Director

Mr. Lo Chung Wai Paul *(Chairman)*	(Appointed on 15 June 2017)

Independent non-executive Directors

Mr. Ho Hin Shun	(Appointed on 24 January 2018)
Mr. Luk Wai Shing	(Appointed on 24 January 2018)
Mr. Chan Chung Shun Eric	(Appointed on 24 January 2018)

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 19 to 22 of this annual report.

The proportion of independent non-executive Director is higher than what is required by Rule 3.10A, 3.10 (1) and (2) of the Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors, the non-executive Director and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Board.

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all Shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and non-executive Director has entered into a service contract with the Company on 10 July 2017 and signed letters of appointment with each of the independent non-executive Directors on 24 January 2018. The service contracts with the executive Directors and the letter of appointment with each of independent non-executive Directors are for an initial fixed term of three years commencing from the Listing Date. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to the Article 108 of the memorandum and articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by Shareholders of the Company.

All Directors will retire from office at the forthcoming annual general meeting of the Company to be held on 10 September 2018. All Directors, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the Shareholders of the Company in relation to the proposed re-election of all Directors.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

The initial term of office of each of the non-executive Directors (including independent non-executive Directors) is three years, subject to re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The role of chairman remains separate from that of the chief executive officer to enhance their respective independence, accountability and responsibility. Mr. Paul Lo was the Chairman of the Board and Mr. Cua was the Chief Executive Officer.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest new and knowledge regarding corporate governance.

The Company updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements concerning good governance practices. Reading materials on regulatory updates were also provided to the Directors for updating their knowledge on the relevant issues. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast of the current requirements under the Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

BOARD COMMITTEES

The Board has established three Board committees, namely, the audit committee of the Company (the "**Audit Committee**"), the Remuneration Committee and the nomination committee of the Company (the "**Nomination Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.time-interconnect.com. All the Board committees responsibly report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

AUDIT COMMITTEE

The Audit Committee was established on 24 January 2018. The chairman of the Audit Committee is Mr. Chan Chung Shun Eric, the independent non-executive Director, and other members included Mr. Ho Hin Shun and Mr. Luk Wai Shing, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group's consolidated financial statements for FY2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for FY2018 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 24 January 2018. The chairman of the Remuneration Committee is Mr. Ho Hin Shun, the independent non-executive Director, and other members includes Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric, the independent non-executive Directors and Mr. Wong Chi Kuen, the executive Director. The written terms of reference of the Remuneration Committee are posted on the website of the Stock Exchange and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during FY2018. No Directors or any of his associates is involved in deciding his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 24 January 2018. The chairman of the Nomination Committee is Mr. Luk Wai Shing, the independent non-executive Director, and other members included Mr. Ho Hin Shun and Mr. Chan Chung Shun Eric, the independent non-executive Directors and Mr. Wong Chi Kuen, the executive Director. The written terms of reference of the Nomination Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

BOARD AND GENERAL MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Details of all Directors' attendance at the Board meeting and Board Committees' meeting held during FY2018 are as follows:

	Board Meeting
Executive Directors	
Mr. Cua Tin Yin Simon	7/7
Mr. Wong Chi Kuen	6/7
Non-executive Director	
Mr. Lo Chung Wai Paul	2/7
Independent non-executive Directors	
Mr. Ho Hin Shun	0/7
Mr. Luk Wai Shing	0/7
Mr. Chan Chung Shun Eric	0/7

For FY2018, no general meeting was held. As the Company was newly listed on 13 February 2018, the Audit Committee, Remuneration Committee and Nomination Committee did not hold any meeting.

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Tam Kwai Heung as its Company Secretary. Ms. Tam possesses the necessary qualification and experience, rendering her capable of performing the functions of the company secretary. Mr. Wong Chi Kuen, the executive Director is the primary contact person who Ms. Tam contacts.

For FY2018, Ms. Tam undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biography of Ms. Tam is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

INDEPENDENT AUDITORS' REMUNERATION

During the year, the remuneration paid or payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of the audit and non-audit services were as follows:

Services rendered	**Remuneration paid/payable** HK$' 000
Audit services	
– Statutory audit services	1,380
Non-audit services	
– Acting as reporting accountants for the listing of the shares of the Company on the Main Board of the Stock Exchange	3,280
– Professional services on Transfer pricing benchmarking analysis for the listing of the shares of the Company on the Main Board of the Stock Exchange	260
	4,920

SHAREHOLDERS' RIGHT

As one of the measures to safeguard Shareholders' interest and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual directors, for Shareholders' consideration and voting. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant Shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company or by such Shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

– Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

– Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

– Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and Management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the FY 2018 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Under Code Provision C.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the Shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.time-interconnect.com;

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) The Hong Kong share registrar of the Company serves the Shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Since the Listing Date, there is no significant change in the memorandum and articles of association of the Company.

ABOUT THE REPORT

This report is the first "Environmental, Social and Governance Report" (the "**Report**") published by the Group, which discloses the Group's measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders' confidence and understanding on the Group.

Reporting Year

All the information in the Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2017 to 31 March 2018 (the "**Reporting Period**"). In the future, the Group will release an Environment, Social and Governance Report annually for public review, in order to improve the transparency and responsibility of information disclosure.

Reporting Scope

The Report covers the environmental, social and governance performance (the "**ESG performance**") of the headquarters in Hong Kong and the production facilities in the Huizhou factory. After the comprehensive completion of data collection system and the Group's deepening in its environmental, social and governance work, the Group is able to disclose various environmental and health and safety Key Performance Indicators (KPIs) for all the sites operated during the Reporting Period.

Reporting Standards

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Guide**") of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") set out in Appendix 27 of the Main Board Listing Rules. The Report provides a simplified overview on the ESG performance of the Group. The information in the Report is derived from the Group's official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by the Group.

STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Guide: materiality, quantitative, balance and consistency, which should form the basis for preparing the Environmental, Social and Governance Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

For the Group, stakeholders refer to groups and individuals materially influencing or affected by the Group's business. The Group's stakeholders include employees, management and directors, as well as external stakeholders such as clients, business partners, investors, regulatory authorities and various types of community groups. In the past year, the Group communicated with the key stakeholders through a variety of methods. While preparing the Report, the Group commissioned a professional consultancy firm to conduct the materiality analysis in the form of management interview. With expert advice, the Group identified the material aspects for this Report and these will in turn guide the formulation of the Group's sustainability roadmap.

Figure 1: Stakeholders and Engagement Methods

Internal stakeholders	External stakeholders
New staff	Shareholders
All current staff	Investors
Line management	Bank
Senior management	Customers
Board of Directors	Sub-contractors and suppliers

Engagement methods

Newcomer orientation, email, mail, telephone, direct communication, interviews, meetings, annual general meetings, annual meetings, training sessions and performance reviews, group websites, annual report, financial statements, announcements.

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different forms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of quantification, balance and consistency, in order to define content of the Report and presentation of the information that is more in line with the expectations of stakeholders.

ENVIRONMENT PROTECTION

Emissions

Emissions from vehicle usage and air travel

During our operation, the usage of private cars and forklift generates the emission of nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matters. Also, the business air travelled by employees generates carbon dioxide (CO_2). The approximate amount of CO_2, NOx, SOx and particulate matters produced from our operation in Hong Kong and PRC are shown in the table below:

Figure 2: Environmental Key Performance Indicators

Types of Cars	Number of Cars
Private cars	6
Forklift	1

Air Emission	Volume (Tonnes)
CO_2 – generated from the use of electricity in production and business air travelled by employees	3,934
NOx	0.02
SOx	0.0005
Particulate matters	0.001

In respect of reducing the nitrogen oxides, sulphur oxides and particulate matters emissions, the Group is committed to reduce and ensure the efficient usage of private cars. The Group has implemented the following measures so as to achieve the environmental friendly approach: i) avoid peak hour traffic; ii) encourage the use of public transport; iii) encourage the use of bicycle; and iv) utilise the vehicle usage by car pooling with different staff.

During the Reporting Period, the Group was not aware of any material non-compliance with the environmental laws and regulations in respect of both emissions from the course of production and vehicle usage.

Noise pollution

The Group engages licensed third party to perform annual inspection at the noise level to check whether the Group has complied with the Classification of occupational hazards at workplace Part 4: Occupational exposure to noise (GBZ/T229.4-2012). Various checking points have been set at different parts in the factory and all the results are satisfactory.

The Group is always aware of its noise pollution to the community around as well as the health condition of our workers. The Group always commits to maintain communication with the community nearby about the noise issue. The Group provides appropriate protective gears (such as earplug and etc.) to our workers in order to protect their hearing.

Hazardous solid waste produced

For the process of manufacturing cable assembly products, different types of hazardous solid waste are generated. The Group's production process involved the following hazardous solid waste produced:

Figure 3: Environmental Key Performance Indicators

Hazardous waste	Volume
Mineral oil contaminated waste rags	0.0269 (Tonnes)
Organic solvents contaminated waste rags	0.0097 (Tonnes)
Waste batteries	0.0033 (Tonnes)
Used containers for chemical materials	4,932 (Barrels/Bottles)

Apart from that, the Group has also produced some non-hazardous waste during the course of production. The non-hazardous waste produced are as follows:

Figure 4: Environmental Key Performance Indicators

Non-hazardous waste	Volume (Tonnes)
Cardboard	55.074
Industrial waste	95.105

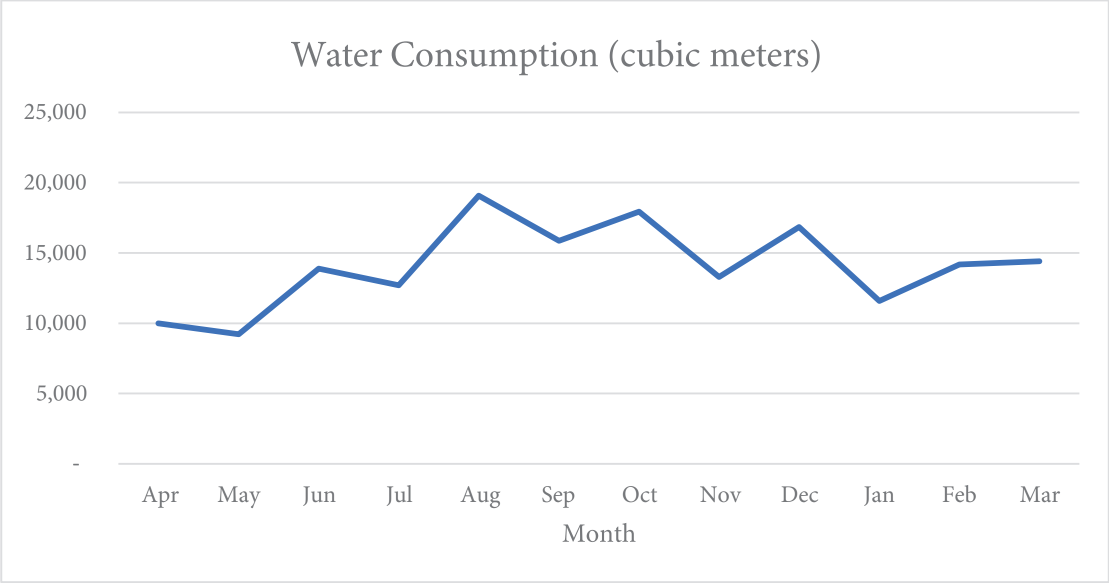
The Group is dedicated to proper management of the hazardous solid waste. Specific area is assigned for the temporary storage of hazardous waste for safety purpose. Licensed third party is engaged for the collection of the waste for proper handling.

Use of Resources

The Group adheres to the concept of energy conservation and emission reduction for green production. The major resources used by the Group are principally attributed to electricity and water consumed in the Huizhou factory and the Hong Kong headquarters. The Group aims to improve our energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout our production and operation, and strive to save the resources.

The Group records and analyses the monthly consumption rate of water regularly. After identifying the causes of high rates of water consumption, the Group will take remedial action to minimise water use. From the graph below, it shows the monthly water consumption in cubic meters of the Group:

Figure 5: Water Consumption by Months in cubic meters



The total water consumption in cubic meters by region during the Reporting Period is shown in the table below:

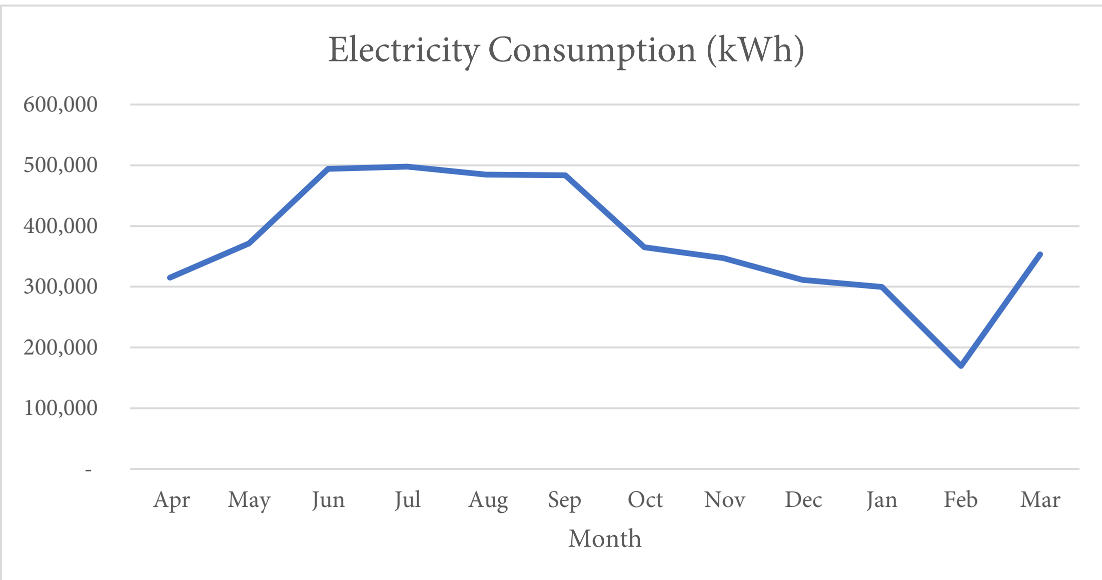
Figure 6: Water Consumption by Region in cubic meters

Region	Water consumption (cubic meters)
PRC	169,005

The Group determines to maximise energy conservation in its office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing electrical appliances with high efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning system is adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste.

To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time. The monthly electricity consumption in kilowatt hour (kWh) is shown below:

Figure 7: Electricity Consumption by Months in kWh



The total electricity consumption in kWh hour by region is shown in the table below:

Figure 8: Electricity Consumption by Region in kWh

Region	Electricity consumption (kWh)
PRC	4,493,400

During the Reporting Period, the Group has installed the frequency converter for air compressor to conserve the electricity since August 2017. According to the electricity consumption record, the Group has saved approximately 63,099 kWh.

Apart from the use of electricity and water, the Group has also used various packaging materials for its operation. During the Reporting Period, the Group recorded the following packaging materials usage:

Figure 9: Environmental Key Performance Indicators

Packaging materials	Volume (Pieces)
Paper carton	1,459,899
Plastic bag	25,589,067
Cable reel	465,170
Total	27,514,136

The Group is dedicated to consume the least packaging materials as possible. It is the Group's practice to implement production planning in a timely basis so as to assess the approximate amount of packaging materials needed for the period.

The Environment and Natural Resources

To develop a green approach, the Group has developed the following measures for our daily operation so as to minimise the impact brought to the environmental and natural resources consumption.

Water

- Replaced all flushing water pipes in the Huizhou factory with the pipes of smaller diameter in order to save water
- Installed automatic water tap in the Huizhou factory office

Electricity

- A heat recovery system is adopted to recover the residual heat from the air compressor to heat up the water supply in dormitory
- Replaced all lighting systems in the Huizhou factory with LED lights
- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption

Other practice

- Developed and implemented a management software to move forward to paperless operation in the production line
- Encourage video and phone conference to minimise the carbon footprint created by business-related travel
- Encourage duplex printing
- Reuse of single-side used paper

As a socially responsible enterprise, protecting nature and the environment has become an integral part of our corporate culture and important value, the Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development. During the Reporting Period, the Group has involved in the following programs in supporting the environment:

- Earth Hour 2018 Campaign organized by World Wide Fund For Nature Hong Kong on 24 March 2018 (See Figure 10)
- Won Certificate of Excellence in Hong Kong Sustainability Award 2016/17 of Hong Kong Management Association (See Figure 11)
- Awarded by the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited as EcoChallenger and 3 Years EcoPioneer of the BOCHK Corporate Environmental Leadership Awards (See Figure 12)

Figure 10: Earth Hour 2018 Campaign

Figure 11: Certificate of Excellence in Hong Kong Sustainability Award 2016/17

Figure 12: Certificate of EcoChallenger and 3 Years+EcoPioneer of the BOCHK Corporate Environmental Leadership Awards

Apart from that, the Group has set up an environmental system management task force as part of its effort to develop an environmental management system that supports sustainable development, and has obtained the certification of ISO14001 environmental management systems.

By the implementation of ISO14001 Environmental Management System, the Group has given careful consideration to minimise all significant impact on the environment resources.

SOCIAL

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents in the form of a basic salary, incentive bonus, mandatory provident fund, and other fringe benefits. Remuneration and benefits are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment and selection, performance management, promotion, staff development and training, employment termination.

The Group aims to refrain from any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace. Hence, the ratio of number of male to female employees show that the problem of gender inequality is not existed.

The Group has always strictly observed the relevant legislations in the PRC and Hong Kong regarding the equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the "Employment Ordinance" and the "Employees' Compensation Ordinance" in Hong Kong; the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China" in the PRC.

The Group has its internal procedures to record employees' information in order to review employment practices regularly so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure no employment of child labour and forced labour in any form.

The Huizhou factory offers shuttle service that takes employees between the public transit hubs and the factory. The Hong Kong headquarters arranges shuttle to pick up employees from public transit hub in Tsuen Wan to work in the morning. The shuttle service helps attract more new hires, and they can make friends with other colleagues and create a sense of belongings.

The Group also strives to establish harmonious labour relationships and create a happy working environment, promote a positive and healthy lifestyle, and lift the spirit of local workforce through establishing "Concentric Culture" with a Chinese slogan: "同心動心展決心 用心關心更開心". To promote the corporate culture, the Group publishes WeChat weekly e-Newsletter: New Horizon (匯聚新象) to strengthen internal communication, and organises diversified employee activities, including spring dinner, staff one-day tour in Southern China and recreational sports fun day (See Figure 13). The Group also encourages employees to participate recreation activities organised by the local government, e.g. table tennis and badminton competition of Huizhou Zhongkai district. As such, the Hong Kong headquarters has been labelled the Happy Company by the Hong Kong Productivity Council and the Promoting Happiness Index Foundation (See Figure 14).

Figure 13: Sports Fun Day 2017

Figure 14: Happy Company by the Hong Kong Productivity Council and the Promoting Happiness Index Foundation

During the Reporting Period, the Group was not aware of any material non-compliance with relevant standards, rules and regulations regarding operations and activities, labour practices.

Figure 15: Employment Key Performance Indicators (Employee)

Total workforce structure as at 31 March 2018

Gender	Age below 30	Age 30-50	Age over 50	Number of employees by gender	Total number of employees	Ratio of number of male to female employees
Male	510	352	16	878	2,168	0.7: 1
Female	516	763	11	1,290		

Employee recruit in the Reporting Period

Gender	Age below 30	Age 30-50	Age over 50	Number of employee recruits by gender	Total number of employee recruits
Male	826	257	8	1,091	2,201
Female	650	453	7	1,110	

Employee turnover in the Reporting Period

Gender	Age below 30	Age 30-50	Age over 50	Employee turnover by gender	Total employee turnover
Male	656	224	3	883	1,938
Female	603	439	13	1,055	

Health and Safety

The Hong Kong headquarters of the Group is mainly office-based where the safety risk is limited. The Hong Kong headquarters has been equipped with fire-fighting facilities, e.g. fire extinguishers, smoke detectors and etc, and participates in the fire drill organised by the Hong Kong Science Park regularly.

The Huizhou factory engages in manufacturing cable assembly products. The Group strongly believes that ensuring stable and safe production is the most important social responsibility to its shareholders, employees and the community. Therefore, the Group has always regarded ensuring safe and stable production as one of the priorities in its corporate management. Sound management systems have been established in occupational health and safety in strict compliance with the regulations on occupational health and safety in the PRC. Moreover, fire drill is organised by the Huizhou factory on a regular basis.

Daily operations are inspected by relevant department assigned by the Group, against the established risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits. Any non-compliance will also be identified and rectified on a timely basis.

Thus, it is a proof of guaranteeing the establishment of a healthy, safe and stable working environment effectively.

Every case of injury (if any) is required to be reported to the Human Resources Department and be assessed individually under the internal guidelines. The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident.

During the Reporting Period, the Group was not aware of any material non-compliance with the health and safety laws and regulations.

Figure 16: Health and safety Key Performance Indicators (employee)

Number of work injury	Rate of work injury (per thousand employees)
1	0.001

Development and Training

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in personal development and job-related training courses. During the Reporting Period, the Group formulates quality management and environment management training programs to update our staff with the most updated standard of ISO9001 and ISO14001, in order to maintain the highest standard of professionalism by our employees. These two programs include quality assurance training in production process, inspection assurance of materials received from supplier, health and safety precautions in using production equipment and machinery as well as customer relationship management.

In daily operation, the Group provides induction training for new employees and experienced employees act as mentors to guide new comers. The Group believes such arrangement can be the best practice to facilitate communication and team spirit, also improve technical skills and managerial capability and encourage the learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that by means of offering comprehensive training opportunities, it could help providing the necessary protection for talent reserves for corporate development. The Group annually evaluates the training needs of its employees to ensure that employees are offered with suitable and appropriate training according to their job nature and position.

Figure 17: Development and training Key Performance Indicators (Employee)

Trained staff	Managers or above	Supervisors & general staff	Workers	Percentage of employees receiving training by gender	Overall percentage of employees receiving training
Male	79%	88%	80%	80%	78%
Female	89%	88%	76%	76%	

Average training hours	Managers or above	Supervisors & general staff	Workers	Average training hours by gender	Overall average training hour
Male	27 hours	25 hours	14 hours	16 hours	15 hours
Female	35 hours	19 hours	15 hours	15 hours	

Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Policy of Employment of Children under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for recruitment and selection, to prevent ourselves from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges the employees' working hours in accordance with labour laws.

During the Reporting Period, the Group was not aware of any material non-compliance with the labour requirements set out in relevant laws and regulations.

Supply Chain Management

Optical fibres, copper wires and connectors are the major materials used by the Huizhou factory in its manufacturing where they are mainly procured in the PRC.

The Group implements supplier management in accordance with internal guidance which governs the engagement of suppliers. Suppliers are chosen subjecting to screening and evaluation procedures, not only based on the quality and price, but also field visits and investigations are conducted to ensure supplier capability in quality assurance, safety and environmental responsibility. The investigation reviews the production capacity, technology level, quality assurance capabilities, supply capacity, safety and environment management qualifications, and social responsibility measures. Only the highly qualified suppliers complied with regulatory requirements are eligible for the supplier selection by the Group. The Group also carry out regular assessment on suppliers' overall capabilities, assets position, nature of business, reputation in the industry, quality of products, goods delivery and compliance with law and regulations.

The Huizhou factory has obtained Quality Management System Certification (ISO9001) and Automotive Quality Management System (IATF16949) that are formulated by the International Organisation for Standardisation (ISO) and International Automotive Task Force (IATF) respectively. The Group strictly requires employees to comply with those quality management policies to provide continual improvement, emphasising defect prevention and the reduction of variation and waste in the supply chain.

As customers are becoming more concerned about environmental issues, and stress the importance of using environmentally friendly materials. The Group will continue to act as a corporate citizen in communicating and stressing those environmental issues to our suppliers. The Group aims at strengthening the cooperation with suppliers, coordinating with them in product trials, and work with them to produce socially responsible products.

Product Responsibility

The Group is committed to achieve high product and service quality by implementing stringent and comprehensive quality control procedures. The Group has developed and published quality control manual covering the production process from purchase of raw materials to product packaging for employee to follow. Raw materials are inspected to ensure the quality and condition before putting into production so as to minimise possible disruptions during the operation.

During the Reporting Period, the number of defective products produced by the Group was minimal and complaints by customers in respect of defective products were insignificant.

The Huizhou factory has also obtained the ISO13485 Quality Management System – Medical Devices that consistently meets customer requirements and regulatory requirements applicable to medical devices and related services. Annual testing has been performed by the licensed third party to ensure the factory has complied the relevant requirements.

Anti-corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the staff handbook and guides employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging employees to report directly to the Chairman of the Audit Committee for any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the staff handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserves the right to take further legal actions against such person.

During the Reporting Period, the Group had complied with the relevant laws and regulations regarding anti-corruption and money-laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees.

Community Investment

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operation. The Group has been proactively collaborating with non-governmental organisations to launch philanthropy activities in the communities and cities where our factories are operating, and encourages employees to participate in in-house and external community activities. During the Reporting Period, the Group has been awarded by Community Investment and Inclusion Fund as Social Capital Builder. It recognised the Group's achievements in fulfilling social responsibility by promoting social capital (See Figure 18).

Figure 18: Social Capital Builder Awards

Figure 19: 10 Years Plus Caring Company

Figure 20: The 8th Hong Kong Outstanding Corporate Citizenship Logo under the enterprise category

Rather than that, the Group has also been awarded as the 10 Years Plus Caring Company by The Hong Kong Council of Social Service (see Figure 19); and the 8th Hong Kong Outstanding Corporate Citizenship Logo (see Figure 20) and Family-Friendly Employers Award, under the enterprise category, by the Family Council. Different kinds of assessment and interview in various aspects such as volunteering, mentoring, employee work-life balance, employee safety and environmental protection practices have been performed by the Hong Kong Council of Social Service and the Hong Kong Productivity Council. Efforts performed by the Group have been acknowledged to help in promoting strategic partnerships among business and social service partners, increasing the awareness and inspiring corporate social responsibility through caring for the community, employees and the environment.

In addition, the Group has established the Sustainability Policy committing to working on environmental protection, social responsibility and corporate governance.

Meanwhile, the Group is laying the groundwork to integrate the United Nations Sustainable Development Goals (SDGs) into the Group's sustainability strategy.

Although the SDGs are not legally binding, the Group has put efforts in supporting various Goals which cover the followings under six themes:

Poverty: SDG 1 and 10

The Group is willing to provide job opportunities to different ethnic group of people in the society as long as the candidate has the passion to work. Besides, the Group has participated in fund raising programs of various charitable organisations, such as: Elderly Raffle Ticket of Care for The Elderly Association and Lai See Appeal organised by the Salvation Army.

Health and well-being: SDG 2, 3 and 6

The Group has provided medical insurance to all confirmed employees. Medical examination is also provided to all factory staff. The Group also encourages work-life balance by organising various staff programs, such as company luncheon to be catered into the headquarters to celebrate Chinese traditional festivals, company outings, and community engagement activities that are meaningful and beneficial.

Education, skills and jobs: SDG 4 and 8

The Group has tuition fee subsidy for employees and scholarship program for all applicable employee's children. Apart from that, the Group also advocates the culture of lifelong learning and mutual learning by organising learning workshop internally.

A factory life committee has been established in the Huizhou factory which allows employees to have opportunities to reflect their interests in respect to remuneration, benefits and working conditions.

A safe and fair world: SDG 5 and 16

The Group places an enormous importance on gender equality. As stated in the staff handbook, gender equalities policies have been imposed by the Group and all employees are abided to follow the instruction and guidelines. Moreover, as stated above, the total numbers of female staff are proportionate to the total numbers of male staff.

Also, the Group has established different kinds of policies to promote justice and peaceful culture within the organisation and requires all staff to follow the guidelines strictly. These policies include the whistleblowing policies, anti-discrimination policies and prohibition of hiring child labour.

Sustainability: SDG 7, 9, 11, 12 and 17

The Group has already developed the Sustainability Policy and internal monitoring mechanism which supports green manufacturing and apply innovative production technology. A set of procedures has also been established for handling production waste and air pollutants emissions in order to minimise the impact to the environment.

Partnering with non-profit organisations helps close the gap between the Group and the community. The Group has sponsored several non-profit organisations to organise various events, including:

i) Actions for Peace campaign of the Sixth Peacemakers' Cultural Celebration organised by United Nations Educational, Scientific and Cultural Organisation;
ii) World Sight Day campaign organised by Orbis;
iii) MSF Day organised by Medecins Sans Frontiers; and
iv) Purchasing tickets of "Care of the Elderly Charity Ticket Campaign" organised by the Care for The Elderly Association Limited through Christian Family Service Centre

Environment: SDG 13, 14 and 15

The Group has implemented various energy conservation measures in order to minimise the emissions of greenhouse gas, including installing variable-speed drive (VSD) air compressor, heat recovering system, LED lighting, and adjusting the air-conditioning systems to a specific temperature to allow the users to set at a comfortable temperature without power waste.

The Group will continue to explore other means to contribute more to the environment and strive to facilitate the building of a healthy and sustainable society in the future.

Figure 21: Environmental performance indicators

Aspect A1: Emissions

Performance indicator		2017/18 Data	HKEx ESG Reporting Guide KPI
Emission	Total nitrogen oxides (NOx) emission (g)	18,773.31	KPI A1.1
	Total particular matters (PM) emission (g)	1,382.24	KPI A1.1
	Total sulphur oxides (SOx) emission (g)	506.43	KPI A1.1
	Total sewage discharge (cubic meters)	169,005	KPI A1.1
	Total CO_2 generated equivalent emission (tonnes)	3,933.79	KPI A1.2
Hazardous solid waste	Mineral oil contaminated waste rags, organic solvents contaminated waste rags & waste batteries (kg)	39.9041	KPI A1.3
	Used containers for chemical materials (barrels/bottles)	4,932	KPI A1.3
Non-hazardous waste	Used A3 and A4 paper (reams)	2,774	KPI A1.4
	Used toner cartridge (pieces)	628	KPI A1.4
	Used paper towel (boxes/rolls)	28,910	KPI A1.4

Aspect A2: Use of resources

Performance indicator		2017/18 Data	HKEx ESG Reporting Guide KPI
Electricity	Total electricity consumption (kWh)	4,493,400	KPI A2.1
Water	Total water consumption (cubic meters)	169,005	KPI A2.2
Paper products	Name cards and envelopes (pieces)	21,200	KPI A2.2
Packaging materials	Total packaging materials (pieces)	27,514,136	KPI A2.5

Deloitte. 德勤

TO THE MEMBERS OF TIME INTERCONNECT TECHNOLOGY LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Time Interconnect Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 119, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to the significance of the balance and the use of judgment and estimates by the management in assessing the recoverability of trade receivables. In determining the allowance for trade receivables, the management considers the current creditworthiness of each customer including the past collection history, subsequent settlements and ageing analysis of the trade receivables. As disclosed in Notes 5 and 17 to the consolidated financial statements, the Group has trade receivables of HK$234,264,000 and no allowance for doubtful debts was recognised as at 31 March 2018.	Our procedures in relation to recoverability of trade receivables included: • Understanding the management's process of assessing the recoverability of trade receivables; • Testing the accuracy of the ageing analysis of the trade receivables, on a sample basis, to the source documents including goods delivery notes and sales invoices; • Testing the subsequent settlement of the trade receivables, on a sample basis, to the source documents including bank in slips; and • Evaluating the reasonableness of the management's assessment on the recoverability of the trade receivables with reference to the past collection history, ageing analysis and the subsequent settlement of the trade receivables.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realisable value of inventories	
We identified the assessment of net realisable value of inventories as a key audit matter due to the significance of the balance to the consolidated statement of financial position and the use of judgment and estimates by the management in the determination of net realisable value. As disclosed in Note 5 to the consolidated financial statements, the management estimates the net realisable value with reference to the ageing analysis of inventories and recent or subsequent usages or sales of the inventories. The Group has inventories of HK$195,273,000, which represent approximately 25% and 22% of the Group's current assets and total assets at 31 March 2018 respectively. As disclosed in Notes 5 and 10 to the consolidated financial statements, a write off of HK$2,628,000 was recognised in profit or loss during the year.	Our procedures in relation to the assessment of the net realisable value of inventories included: • Obtaining an understanding of the management's process for identifying slow-moving and obsolete inventories and determining net realisable value of inventories; • Testing the accuracy of the ageing analysis of inventories, on a sample basis, to the goods receipt documents; • Evaluating the reasonableness of the allowance for slow-moving and obsolete inventories determined with reference to the net realisable value by checking, on a sample basis, recent or subsequent usages or sales of the inventories; and • Comparing the actual selling prices of finished goods subsequent to year end, on a sample basis, to their carrying amounts to check whether the finished goods are stated at the lower of cost and net realisable value.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Revenue	*6*	**1,238,374**	864,571
Cost of goods sold		**(965,379)**	(707,927)
Gross profit		**272,995**	156,644
Other income	*7*	**1,622**	2,504
Other gains and losses	*8*	**10,161**	(2,703)
Distribution and selling expenses		**(20,157)**	(16,915)
Administrative expenses		**(34,389)**	(27,985)
Research and development expenses		**(40,909)**	(28,223)
Listing expenses		**(24,415)**	–
Imputed financial guarantee income		**8,429**	17,299
Finance costs	*9*	**(2,323)**	(3,277)
Profit before taxation	*10*	**171,014**	97,344
Taxation	*12*	**(38,894)**	(15,660)
Profit for the year		**132,120**	81,684
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**13,592**	(5,910)
Total comprehensive income for the year		**145,712**	75,774
Earnings per share – Basic (HK cents)	*14*	**8.68**	6.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	110,059	99,808
Deposits paid for acquisition of property, plant and equipment		1,607	478
Rental deposits		998	902
		112,664	101,188
Current assets			
Inventories	16	195,273	123,134
Trade and other receivables	17	277,325	226,171
Pledged bank deposits	18	18,021	8,731
Bank balances and cash	18	279,623	42,823
		770,242	400,859
Current liabilities			
Trade and other payables	19	364,684	227,715
Amount due to ultimate holding company	20	–	65,340
Taxation payable		17,504	327
Unsecured bank borrowings	21	41,525	78,420
Financial guarantee liabilities	26	–	8,712
		423,713	380,514
Net current assets		346,529	20,345
Total assets less current liabilities		459,193	121,533
Non-current liability			
Deferred tax liabilities	22	471	271
		458,722	121,262
Capital and reserves			
Share capital	23	18,400	2,000
Reserves		440,322	119,262
Total equity		458,722	121,262

The consolidated financial statements on pages 63 to 119 were approved and authorised for issue by the Board of Directors on 22 June 2018 and are signed on its behalf by:

Cua Tin Yin Simon *Director*	**Wong Chi Kuen** *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	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
At 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 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
Dividends paid *(Note 13)*	–	–	–	–	–	–	(130,000)	(130,000)
Deemed distribution arising from issue of financial guarantees to group companies *(Note b)*	–	–	–	–	–	–	(18,195)	(18,195)
At 31 March 2017	2,000	–	2,872	–	1,783	(644)	115,251	121,262
Profit for the year	–	–	–	–	–	–	132,120	132,120
Exchange differences on translating foreign operations and other comprehensive income for the year	–	–	–	–	–	13,592	–	13,592
Total comprehensive income for the year	–	–	–	–	–	13,592	132,120	145,712
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)	–	–	–	–
Capitalisation issue *(Note 23(d))*	15,180	(15,180)	–	–	–	–	–	–
Issue of shares upon Listing *(Note 23(e))*	3,220	157,780	–	–	–	–	–	161,000
Capital contribution from ultimate holding company	–	–	–	–	7,324	–	–	7,324
Expenses incurred in connection with the issue of shares	–	(17,359)	–	–	–	–	–	(17,359)
Early termination of financial guarantee contracts *(Note b)*	–	–	–	–	–	–	283	283
At 31 March 2018	18,400	271,921	2,872	(104,180)	9,107	12,948	247,654	458,722

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 subsidiary in accordance with the Articles of Association of the subsidiary. 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 year ended 31 March 2018, 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 26.

(c) The amounts represent (i) deemed capital contribution arising from waiver of current account by a fellow subsidiary, (ii) the cash reimbursed for partial listing expenses by the ultimate holding company upon public offer and placing.

(d) The special reserve represents the difference between the net asset value of Time Interconnect Limited ("Time Interconnect HK") at the date of which it was acquired by Time Interconnect Investment Limited ("Time Investment") and the share capital of Time Interconnect HK pursuant to the Group Reorganisation as detailed in Note 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Cash flows from operating activities		
Profit before taxation	**171,014**	97,344
Adjustments for:		
Interest income	**(495)**	(285)
Imputed financial guarantee income	**(8,429)**	(17,299)
Interest expense	**2,323**	3,227
Depreciation of property, plant and equipment	**11,276**	10,587
(Gain) loss on disposal/write off of property, plant and equipment	**(442)**	674
Write off of inventories	**2,628**	4,144
Operating cash flows before movements in working capital	**177,875**	98,392
Increase in inventories	**(58,490)**	(20,122)
Increase in trade and other receivables	**(31,743)**	(7,558)
Increase (decrease) in trade and other payables	**105,627**	(42,030)
Cash generated from operations	**193,269**	28,682
Hong Kong Profits Tax paid	**(7,761)**	(11,716)
PRC Enterprise Income Tax paid	**(13,827)**	(5,451)
Net cash generated from operating activities	**171,681**	11,515
Cash flows from investing activities		
Placement of pledged bank deposits	**(33,442)**	(18,803)
Purchase of property, plant and equipment	**(9,777)**	(6,921)
Deposits paid for acquisition of property, plant and equipment	**(1,495)**	(491)
Release of pledged bank deposits	**25,079**	20,923
Proceeds from disposal of property, plant and equipment	**499**	–
Interest received	**495**	285
Repayment from a fellow subsidiary	**–**	513,975
Advances to a fellow subsidiary	**–**	(491,465)
Net cash (used in) generating from investing activities	**(18,641)**	17,503

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Cash flows from financing activities		
Repayment of bank borrowings	(333,545)	(403,530)
Repayment to ultimate holding company	(93,819)	(65,344)
Expense on issue of shares	(17,359)	–
Interest paid	(2,323)	(3,227)
Bank borrowings raised	295,918	416,587
Proceeds from issue of shares	161,000	–
Issue of shares of a subsidiary	40,500	–
Advance from ultimate holding company	28,479	684
Capital contribution from ultimate holding company	7,324	–
Repayment to fellow subsidiaries	–	(2,968)
Advances from fellow subsidiaries	–	28
Net cash from (used in) financing activities	86,175	(57,770)
Net increase (decrease) in cash and cash equivalents	239,215	(28,752)
Effect of foreign exchange rate changes	(2,415)	3,537
Cash and cash equivalents at beginning of the year	42,823	68,038
Cash and cash equivalents at end of the year, represented by bank balances and cash	279,623	42,823

1. GENERAL

Time Interconnect Technology Limited (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 the 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), two senior management members of the Company and four senior management members of Linkz Industries, respectively.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 February 2018 (the "Listing").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" in the annual report.

The Company acts as an investment holding company and its subsidiaries manufacture and sell cable assembly products.

The consolidated financial statements are presented in Hong Kong dollars ("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 consolidated financial statements as the Company listed its shares on the Stock Exchange.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs (as defined below) issued by the Hong Kong Institute of Certified Public Accountants (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 reorganization as described below ("Group Reorganisation").

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Group is under the common control by Linkz Industries. Prior to the Group Reorganisation, Time Interconnect HK, the operating subsidiary of the Group, was controlled by Linkz Industries. As part of the Group Reorganisation, investment holding companies, 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 years ended 31 March 2018 and 2017 and before and after the Group Reorganisation. Therefore, it is regarded as a continuing entity and the consolidated financial statements have 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, was 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.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(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 statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2017 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 periods, or since their respective dates of incorporation or establishment where this is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2017 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA issued a number of new and revised Hong Kong Accounting Standards ("HKASs") and HKFRSs, Amendments and Interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Group's accounting periods beginning on 1 April 2017. For the purposes of preparing and presenting the financial statements for each of the two years ended 31 March 2018 and 2017, the Group has adopted all these new and revised HKFRSs consistently throughout each of the two years ended 31 March 2018.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised 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 Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[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 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[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.

Except for the new HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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 requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and

- in relation to the impairment of financial assets, 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate that all financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39 on initial application of HKFRS 9.

Impairment:

Based on the assessment by the directors of the Company, with the default rate of the outstanding balances with customers and related parties is low, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would not be significantly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and bills receivables. No further impairment under expected credit loss model would be recognised at 1 April 2018.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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 recognises 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, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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 lease 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 finance lease payments as financing cash flows and operating lease payments as operating cash flows. Upon application of 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 by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$66,136,000 as disclosed in Note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK$998,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include 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 consolidated financial statements 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 measurements 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 consolidated financial statements incorporate 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 statement 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 consolidated financial statements incorporate 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 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 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 trade and other receivables, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 and bills 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities including trade and other payables, amount due to ultimate holding company 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated financial statements, 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).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 benefits costs

Payments to government-managed retirement benefits 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 statement 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 consolidated financial statements 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Recoverability of trade receivables

In determining the allowance for trade receivables, the management considers the current creditworthiness of each customer including the past collection history, subsequent settlements and ageing analysis of the trade 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.

The carrying amount of trade receivables is HK$234,264,000 (2017: HK$195,795,000) for the year ended 31 March 2018. No allowance for doubtful debts was recognised for both years.

Assessment of the net realisable value of inventories

Inventories are stated at the lower of cost and net realisable values. The management of the Group is required to exercise judgement in estimating the net realisable value with reference to the ageing analysis of inventories and recent or subsequent usages or sales. Where the expectation on net realisable value is lower than the cost for certain items, a write down of inventories may arise.

The carrying amount of inventories is HK$195,273,000 (2017: HK$123,134,000) for the year ended 31 March 2018. During the year ended 31 March 2018, obsolete inventories of HK$2,628,000 (2017: HK$4,144,000) are written off.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

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 consolidated financial statements.

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.

The carrying amount of financial guarantee liability is nil (2017: HK$8,712,000) as at 31 March 2018.

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 years ended 31 March 2018 and 2017. 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:

	2018	2017
	HK$'000	HK$'000
Optical fibres	**685,576**	361,204
Copper	**552,798**	503,367
	1,238,374	864,571

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of the base of the customers is as follows:

	2018	2017
	HK$'000	HK$'000
PRC	**610,956**	543,937
The United States of America	**370,871**	202,626
Netherlands	**142,809**	43,483
Hong Kong	**32,072**	29,806
Others	**81,666**	44,719
	1,238,374	864,571

6. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information (continued)

Information about the Group's non-current assets (excluding rental deposits) is presented based on the geographical location of the assets:

	2018 HK$'000	2017 HK$'000
PRC	108,411	97,663
Hong Kong	3,255	2,623
	111,666	100,286

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2018 HK$'000	2017 HK$'000
Customer A	487,680	168,910
Customer B	457,088	419,163
Customer C	N/A[1]	109,567

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	495	285
Government grants (Note)	532	846
Compensation from customers	502	1,328
Handling income	93	45
	1,622	2,504

Note: Government grants represent export and other incentive payments received by the Group from relevant government departments. There are no unfulfilled conditions attached to these grants.

8. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Net foreign exchange gain (loss)	9,719	(2,029)
Gain (loss) on disposal/write off of property and equipment	442	(674)
	10,161	(2,703)

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on bank borrowings	2,323	3,277

10. PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	11,276	10,587
Less: included in cost of sales	(7,237)	(8,066)
Less: included in research and development expenses	(2,087)	(682)
	1,952	1,839
Directors' emoluments (Note 11)	6,121	–
Other staff costs	136,057	115,326
Retirement benefits schemes contributions to other staff	14,570	11,229
Total staff costs	156,748	126,555
Less: included in cost of sales	(115,413)	(101,045)
Less: included in research and development expenses	(19,294)	(12,233)
	22,041	13,277
Auditor's remuneration	1,505	372
Write off of inventories	2,628	4,144
Research and development expenses	40,909	28,223
Cost of inventories recognised as expense	965,379	707,927

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 independent non-executive directors were newly appointed by the Company on 24 January 2018. The emoluments 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 are as follows:

	Fees HK$'000	Salaries and allowance HK$'000	Performance related incentive payment HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
For the year ended 31 March 2018					
Executive directors:					
Mr. Cua Tin Yin Simon	–	1,200	2,288	55	3,543
Mr. Wong Chi Kuen	–	1,167	1,144	54	2,365
Non-executive director:					
Mr. Paul Lo	120	–	–	–	120
Independent non-executive directors:					
Mr. Ho Hin Shun	31	–	–	–	31
Mr. Luk Wai Shing	31	–	–	–	31
Mr. Chan Chung Shun Eric	31	–	–	–	31
	213	2,367	3,432	109	6,121
For the year ended 31 March 2017					
Executive directors:					
Mr. Cua Tin Yin Simon	–	–	–	–	–
Mr. Wong Chi Kuen	–	–	–	–	–
Non-executive director:					
Mr. Paul Lo	–	–	–	–	–
	–	–	–	–	–

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

For the year ended 31 March 2017, Mr. Cua Tin Yin Simon, Mr. Wong Chi Kuen and Mr. Paul Lo were also directors or employees of ultimate holding company and received their emoluments from ultimate holding company. Such amounts were reimbursed through charge of management fee to the Group by ultimate holding company, as disclosed in Note 29.

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 emoluments of non-executive director and independent non-executive directors shown above were for their services as directors of the Company.

The performance related incentive payments are determined with reference to the operating results and individual performance.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2017: nil) were directors or the chief executive officer of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2017: 5) individuals were as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	1,933	2,557
Performance related bonus	1,020	1,041
Retirement benefits schemes contributions	145	233
	3,098	3,831

The performance related bonus is determined with reference to the operating results and individual performance.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments (continued)

The number of the five highest paid employees who are not the directors nor the chief executive officer of the Company whose emoluments fell within the following bands are as follows:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**2**	4
HK$1,000,001 to HK$1,500,000	**1**	1
	3	5

No emoluments were paid by the Group to the directors of the Company and chief executive officer of the Company or the five highest paid individuals (including directors, chief executive officer and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company nor the chief executive officer of the Company waived any emoluments during the year.

12. TAXATION

	2018	2017
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax	**16,291**	8,034
PRC Enterprise Income Tax	**22,403**	7,617
	38,694	15,651
Deferred taxation charge (Note 22)	**200**	9
	38,894	15,660

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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 subsidiary is 25% for both years.

12. TAXATION (continued)

Taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**171,014**	97,344
Tax charge of Hong Kong Profits Tax at 16.5%	**28,217**	16,062
Tax effect of expenses not deductible for tax purposes	**4,748**	395
Tax effect of income not taxable for tax purposes	**(1,392)**	(2,855)
Effect of different tax rates of subsidiaries in jurisdictions other than Hong Kong	**7,458**	2,300
Others	**(137)**	(242)
Taxation for the year	**38,894**	15,660

13. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK 1 cent (2017: nil) per ordinary share, in an aggregate amount of HK$18,400,000 (2017: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

During the year ended 31 March 2017, dividends of HK$130,000,000, representing HK$15,029 per share were declared and distributed by Time Interconnect HK.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2018 HK$'000	2017 HK$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year)	**132,120**	81,684

	Number of shares	
	2018 '000	2017 '000
Weighted average number of shares for the purpose of calculating basic earnings per share	**1,522,407**	1,313,070

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2018 and 2017 has been determined on the assumption that the Group Reorganisation and the Capitalisation Issue (as defined in Note 23) have been effective from 1 April 2016.

No dilutive earnings per share is presented as there were no potential dilutive shares in both years.

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
COST						
At 1 April 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	9,295	3,613	1,410	2,145	160	16,623
Additions	849	3,385	861	5,057	1,170	11,322
Disposals/write off	(9,795)	–	–	(357)	(791)	(10,943)
At 31 March 2018	87,920	42,331	15,058	24,383	2,570	172,262
ACCUMULATED DEPRECIATION						
At 1 April 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	3,411	1,104	648	1,099	99	6,361
Provided for the year	5,870	1,857	1,235	2,049	265	11,276
Eliminated on disposals/write off	(9,795)	–	–	(321)	(770)	(10,886)
At 31 March 2018	28,795	12,824	7,270	12,221	1,093	62,203
CARRYING VALUES						
At 31 March 2018	59,125	29,507	7,788	12,162	1,477	110,059
At 31 March 2017	58,262	25,470	7,400	8,144	532	99,808

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2018 **HK$'000**	2017 HK$'000
Raw materials	**81,746**	59,712
Work in progress	**29,849**	9,511
Finished goods	**83,678**	53,911
	195,273	123,134

17. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	234,264	195,795
Trade receivables from fellow subsidiaries	3,428	4,101
Bills receivables	–	1,156
Trade and bills receivables	237,692	201,052
Value added tax receivables	35,680	21,205
Other receivables	623	670
Deposits and prepayments	3,330	3,244
Deposits, prepayments and other receivables	39,633	25,119
Trade and other receivables	277,325	226,171

The Group allows an average credit period of 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 ageing 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:

	2018 HK$'000	2017 HK$'000
0-30 days	127,914	88,010
31-60 days	37,658	57,644
61-90 days	55,370	41,680
91-180 days	16,750	13,718
	237,692	201,052

The management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired to be of good credit quality.

17. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$20,879,000 (2017: HK$22,094,000), which are past due at the end of the reporting date for which the Group has not provided for impairment loss as there were settlements subsequent to the end of the reporting date. 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 ageing analysis of trade receivables, which are past due but not impaired:

	2018 HK$'000	2017 HK$'000
Overdue by:		
0-30 days	17,683	21,080
31-60 days	3,023	770
61-90 days	173	244
	20,879	22,094

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:

	2018 HK$'000	2017 HK$'000
HK$	–	98
Euro	1,794	2,266

18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits placed in a bank to secure general banking facilities granted to the Group and carry fixed interest rate of 2.10% (2017: 1.15%) per annum.

At 31 March 2018, bank balances carry interest at prevailing market rates ranging from 0.01% to 1.15% (2017: 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:

	2018 HK$'000	2017 HK$'000
Renminbi ("RMB")	2,922	2,666
HK$	190,778	11,409
US$	–	144
Euro	3,052	1,312
Japanese Yen ("JPY")	1	1

19. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	267,141	160,573
Trade payables to fellow subsidiaries	1,069	3,354
Bills payables	60,071	29,104
Trade and bills payables	328,281	193,031
Other payables	6,294	5,319
Salaries and staff related costs payables	23,722	24,676
Accrued charges	6,387	4,689
Accruals and other payables	36,403	34,684
Trade and other payables	364,684	227,715

The average credit period of trade payables ranges from 30 days to 120 days.

19. TRADE AND OTHER PAYABLES (continued)

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

	2018 HK$'000	2017 HK$'000
0-30 days	143,803	80,678
31-60 days	43,978	33,465
61-90 days	53,179	18,891
91-180 days	84,396	59,519
181 days to 1 year	2,858	254
Over 1 year	67	224
	328,281	193,031

Included in trade and other payables are the following amounts denominated in currencies other than functional currencies of the respective group entities:

	2018 HK$'000	2017 HK$'000
HK$	770	385
JPY	1,406	335
Euro	1,582	1,625

20. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount was denominated in HK$, unsecured, interest-free and repayable on demand.

21. UNSECURED BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Import trade borrowings	41,525	33,105
Export trade borrowings	–	28,404
Revolving borrowings	–	16,911
	41,525	78,420
Fixed-rate borrowings	–	16,911
Variable-rate borrowings	41,525	61,509
	41,525	78,420
Carrying amount repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	41,525	11,274
Carrying amount of bank borrowings that contain a repayable on demand clause but repayable:		
Within one year	–	67,146
	41,525	78,420

The above variable-rate bank borrowings bear interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 1.75% to 2.25% (2017: HIBOR plus 1.75% to 2.50%) per annum.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at the end of the reporting period is as follows:

	2018	2017
Effective interest rate:		
Fixed-rate borrowings	N/A	5.00% to 5.87%
Variable-rate borrowings	2.72% to 3.54%	1.90% to 3.11%

21. UNSECURED BANK BORROWINGS (continued)

Included in unsecured bank borrowings are the following amounts denominated in currency other than functional currency of the respective group entity:

	2018 HK$'000	2017 HK$'000
HK$	**41,525**	61,509

Details of bank borrowings guaranteed by related parties are set out in Note 26.

22. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the year:

	Accelerated tax depreciation HK$'000
At 1 April 2016	262
Charge to profit or loss (Note 12)	9
At 31 March 2017	**271**
Charge to profit or loss (Note 12)	**200**
At 31 March 2018	**471**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to HK$103,054,000 (2017: HK$35,924,000) for the year ended 31 March 2018, 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.

23. SHARE CAPITAL

The share capital as at 1 April 2016 and 31 March 2017 represented the share capital of Time Interconnect HK.

The share capital as at 31 March 2018 represents the share capital of the Company. The followings are the movements of the share capital of the Company:

	Number of share	Amount	
		HK$	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 15 June 2017 (date of incorporation) (Note a)	38,000,000	380,000	380
Increased on 24 January 2018 (Note c)	2,962,000,000	29,620,000	29,620
At 31 March 2018	**3,000,000,000**	**30,000,000**	**30,000**
Issued and fully paid:			
At 15 June 2017 (date of incorporation) (Note a)	1	–	–
Issue of shares (Note b)	9,999	100	–
Capitalisation issue (Note d)	1,517,990,000	15,179,900	15,180
Issue of shares upon Listing (Note e)	322,000,000	3,220,000	3,220
At 31 March 2018	**1,840,000,000**	**18,400,000**	**18,400**

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, one 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 Investment 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 asset value of Time Holdings was credited to share premium.

(c) On 24 January 2018, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$30,000,000 divided into 3,000,000,000 shares by the creation of an additional 2,962,000,000 shares, ranking pari passu in all respect with the then existing shares.

(d) Pursuant to the written resolutions passed by the sole shareholder of the Company on 24 January 2018, upon completion of the public offer and placing, the Company was authorised to capitalise a sum of HK$15,179,900 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 1,517,990,000 ordinary shares of the Company (the "Capitalisation Issue").

(e) In connection with the Listing on 13 February 2018, the Company allotted and issued a total of 322,000,000 new shares at HK$0.5 per share by way of public offer and placing.

24. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2018 HK$'000	2017 HK$'000
Minimum lease payments recognised in profit or loss during the year	7,052	6,616

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:

	2018 HK$'000	2017 HK$'000
Within one year	7,169	5,182
In the second to fifth year inclusive	26,235	22,929
Over five years	32,732	35,864
	66,136	63,975

Operating lease payments represent rentals payable by the Group for premises. Leases are negotiated for terms of fifteen years.

25. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements	3,287	740

26. FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES

At 31 March 2017, the Group had given guarantees of HK$1,080,000,000 to banks to secure certain general banking facilities granted to ultimate holding company, the Group and certain fellow subsidiaries. At 31 March 2017, the aggregate utilised amount of these banking facilities was approximately HK$284,906,000. Out of the banking facilities granted, HK$664,077,000 had been designated for use by the ultimate holding company and the fellow subsidiaries and the remaining banking facilities of HK$415,923,000 had been designated for use by the Group as agreed among the parties as at 31 March 2017.

Financial guarantee contracts were 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 year ended 31 March 2018, the Group early terminated a financial guarantee contract and a banking facility 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 movements of financial guarantee liabilities are shown as below:

	2018 HK$'000	2017 HK$'000
At the beginning of the year	8,712	7,816
Recognition of fair values of financial guarantee contracts at initial recognition as deemed distribution in equity	–	18,195
Amortisation of financial guarantee liabilities	(8,429)	(17,299)
Early termination of financial guarantee contract	(283)	–
At the end of the year	–	8,712

	2018 HK$'000	2017 HK$'000
Financial guarantee liability recognised on consolidated statement of financial position in respect of:		
Guarantee to ultimate holding company, the Group and certain fellow subsidiaries	–	8,712

26. FINANCIAL GUARANTEE AND CONTINGENT LIABILITIES (continued)

	2018 HK$'000	2017 HK$'000
Imputed financial guarantee income credited to profit or loss including:		
Guarantee to ultimate holding company, the Group and certain fellow subsidiaries	8,429	17,299

27. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the scheme, subject to a cap of monthly relevant income of HK$30,000 of employees, which contribution is matched by the employee. The Group also makes voluntary contribution in addition to the mandatory contribution.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefits scheme operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total expenses recognised in profit or loss of HK$14,679,000 (2017: HK$11,229,000) for the year ended 31 March 2018 represent contributions paid and payable to these plans by the Group at rates specified in the rules of the plans.

During the year ended 31 March 2017 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 employees of the PRC subsidiary. Pursuant to the <<中國人民共和國社會保險法>>, the PRC subsidiary 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 2018, the Group had made aggregate provision of HK$9,500,000 (2017: HK$16,985,000) 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 for both years is adequate.

28. NON-CASH TRANSACTIONS

During the year ended 31 March 2017, dividends of HK$130,000,000 were settled through the current account with ultimate holding company.

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed in the consolidated financial statements, the Group entered into the following transactions with related parties as follows:

	2018 HK$'000	2017 HK$'000
Sales to fellow subsidiaries (Note a)	4,573	7,516
Sales to a related company (Note b)	85	247
Purchases from fellow subsidiaries (Note c)	15,271	9,073
Service fee paid to ultimate holding company	3,750	3,570
Rental expenses paid to ultimate holding company	1,000	662
Imputed financial guarantee income	8,429	17,299
Management fee paid to ultimate holding company	–	6,053
Sub-contracting fee paid to a related company (Note b)	–	934

Notes:

(a) Sales to fellow subsidiaries include 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 Industries (Shanghai) Limited, Linkz Industries (Suzhou) Limited and Lighthouse Technologies (Huizhou) Limited.

(b) Guarantees given to banks by related parties are as follows:

	2018 HK$'000	2017 HK$'000
Guarantees from ultimate holding company	191,126	357,918
Cross guarantees from ultimate holding company and fellow subsidiaries	–	415,923

In addition, as at 31 March 2017, Mr. Paul Lo provided personal guarantees to banks for the banking facilities granted to ultimate holding company, the Group and fellow subsidiaries of HK$771,789,000. As at 31 March 2018, Mr. Paul Lo provided personal guarantees to banks for the banking facilities granted to the Group of HK$72,410,000.

29. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel

The remuneration of key management personnel was as follows:

	2018 HK$'000	2017 HK$'000
Short-term employee benefits	10,656	2,927
Retirement benefits schemes contributions	399	253
	11,055	3,180

The remuneration of key management personnel is determined by the remuneration committee and the executive directors, having regard to the performance of individuals and market trends.

30. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 24 January 2018. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participant(s) including employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The board of directors may, at its absolute discretion, offer to grant an option to eligible participant(s) to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Group must not in aggregate exceed 10% of the total number of shares in issue at the time dealings in the shares of the Company first commence on the Stock Exchange and that none of the options granted the Share Option Scheme are exercised.

The Share Option Scheme will remain in force for a period of ten years from its adoption date.

No options were granted or exercised during the year ended 31 March 2018 and no share options were outstanding as at 31 March 2018.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at 31 March 2018 is as follows:

	2018 HK$'000
Non-current asset	
Investment in a subsidiary	146,680
Current assets	
Other receivables	217
Amount due from a subsidiary	52,795
Bank balances and cash	80,951
	133,963
Current liability	
Accruals	993
Net current assets	132,970
Total assets less current liability	279,650
Net assets	279,650
Capital and reserves	
Share capital	18,400
Reserves (Note)	261,250
Total equity	279,650

Note:

	Share premium HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
On 15 June 2017 (date of incorporation)	–	–	–	–
Issue of shares	146,680	–	–	146,680
Capitalisation issue (Note 23(d))	(15,180)	–	–	(15,180)
Issue of shares upon the Listing	157,780	–	–	157,780
Capital contribution from ultimate holding company	–	7,324	–	7,324
Expenses incurred in connection with issue of shares	(17,359)	–	–	(17,359)
Loss and total comprehensive expense for the period	–	–	(17,995)	(17,995)
At 31 March 2018	271,921	7,324	(17,995)	261,250

32. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries held by the Company as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Nominal value of issued share capital	Proportion of nominal value of issued share capital held by the Company 2018	2017	Principal activities
Directly held						
Time Investment	BVI 29 May 2017	N/A	US$10,000	100%	–	Investment holding
Indirectly held						
Time Interconnect HK	Hong Kong 29 December 1992	Hong Kong	HK$2,000,000	100%	100%	Trading in cable assembly products
惠州滙聚電綫制品有限公司 Huizhou TIME (Note)	PRC 25 April 2002	PRC	US$6,600,000	100%	100%	Manufacturing and trading in cable assembly products

Note: This subsidiary's name is changed to 匯聚科技(惠州)有限公司 (Time Interconnect Technology (Huizhou) Limited) with effective from 28 April 2018.

None of the subsidiaries had issued any debt securities at the end of both years.

33. 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 year.

The capital structure of the Group consists of net debts, which include unsecured bank borrowings in Note 21, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital 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.

34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**535,959**	253,276
Financial liabilities		
Amortised cost	**376,100**	342,110
Financial guarantee liabilities	**–**	8,712
	376,100	350,822

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amount due to ultimate holding company 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 18 and 21 for details of these balances). Interests 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.

34. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (Continued)

Interest rate risk (Continued)

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 represents 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 post-tax profit for the year ended 31 March 2018 would decrease or increase by approximately HK$35,000 (2017: HK$51,000).

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 year.

Foreign currency risk

The carrying amounts of the Group's monetary assets (mainly including trade and other receivables, pledged bank deposits and bank balances and cash) and monetary liabilities (mainly including trade and other payables, amount due to ultimate holding company and unsecured bank borrowings) denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
HK$ against US$	**190,778**	11,507	**42,295**	127,234
RMB against US$	**2,922**	2,666	**–**	–
Euro against US$	**4,846**	3,578	**1,582**	1,625
JPY against US$	**1**	1	**1,406**	335
US$ against RMB	**–**	144	**–**	–

34. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Other than above, several subsidiaries of the group have the following intra-group payables denominated in HK$ and US$, which are foreign currencies of the relevant group entities.

	Amounts due to group entities	
	2018	2017
	HK$'000	HK$'000
HK$ against US$	**93,194**	–
US$ against RMB	**87,846**	125,458

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.

Sensitivity analysis

The Group is mainly exposed to the foreign currency risk of HK$, RMB, Euro and JPY. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ 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.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in US$ against RMB, Euro 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, Euro, JPY and US$. A positive (negative) number indicates a decrease (increase) in post-tax profit when US$ strengthens 5% against RMB, Euro and JPY. For a 5% weakening of US$ against RMB, Euro and JPY, there would be an equal but opposite impact on the post-tax profit for the year.

	2018	2017
	HK$'000	HK$'000
RMB against US$	**122**	111
Euro against US$	**136**	82
JPY against US$	**(59)**	(14)
US$ against RMB	**(3,294)**	(4,699)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposures do not reflect the exposure during the year.

34. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk

At the end of the reporting period, 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 26.

At the end of the reporting period, the Group has concentration of credit risk as 48% (2017: 57%) and 79% (2017: 84%) 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 the PRC which accounted for 71% (2017: 72%) of trade receivables as at 31 March 2018.

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 the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management 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 monitored 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 would 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 management considered that the Group's credit risk was 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.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations. The management also monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group'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 can be required to pay. The maturity date for other non-derivative financial liabilities is based on the agreed repayment dates.

34. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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 the reporting period.

Liquidity risk tables

	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018					
Non-derivative financial liabilities					
Trade and other payables	–	262,671	71,904	334,575	334,575
Unsecured bank borrowings (Note a)	3.20	41,525	–	41,525	41,525
		304,196	71,904	376,100	376,100
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
		991,194	15,150	1,006,344	350,822

34. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity risk tables (continued)

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 2018, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$41,525,000 (2017: HK$67,146,000). 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 borrowings will be repaid within 3 months (2017: within 3 months) 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 %	On demand or less than 3 months HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
Unsecured bank borrowings				
At 31 March 2018	**3.20**	**41,779**	**41,779**	**41,525**
At 31 March 2017	2.81	67,333	67,333	67,146

(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 26, 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 measured of financial instruments

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 cost in the consolidated financial statements approximate their fair values.

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 statement of cash flows as cash flows from financial activities.

	Accrued expenses incurred in connection with issue of shares of the Company	Amount due to ultimate holding company	Amounts due to fellow subsidiaries	Unsecured bank borrowings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016	–	–	2,940	66,654	69,594
Financing cash flows (Note)	–	(64,660)	(2,940)	9,830	(57,770)
Non-cash transaction (Note 28)	–	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 (Note)	(17,359)	(65,340)	–	(39,950)	(122,649)
Finance cost recognised	–	–	–	2,323	2,323
Share issue costs	17,359	–	–	–	17,359
Currency realignment	–	–	–	732	732
At 31 March 2018	–	–	–	41,525	41,525

Note: The cash flows represent the addition of and repayment of borrowings/amounts due to ultimate holding company/fellow subsidiaries, interest paid and share issue costs paid in the consolidated statement of cash flows.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March			
	2015	2016	2017	**2018**
	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	941,482	911,593	864,571	**1,238,374**
Profit before taxation	72,211	83,119	97,344	**171,014**
Taxation	(5,494)	(11,520)	(15,660)	**(38,894)**
Profit for the year	66,717	71,599	81,684	**132,120**

ASSETS AND LIABILITIES

	At 31 March			
	2015	2016	2017	**2018**
	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	659,194	545,944	502,047	**882,906**
Total liabilities	(518,743)	(352,261)	(380,785)	**(424,184)**
Net assets	140,451	193,683	121,262	**458,722**

The result and summary of assets and liabilities for last three financial years, which were extracted from the Company's prospectus dated 30 January 2018 have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited, has been in existence throughout those years.