匯聚科技有限公司
TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Time Interconnect Technology Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 ("**FY2018**"), together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	NOTES	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*4*	**1,238,374**	864,571
Cost of goods sold		**(965,379)**	(707,927)
Gross profit		**272,995**	156,644
Other income	*5*	**1,622**	2,504
Other gains and losses	*6*	**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	*7*	**(2,323)**	(3,277)
Profit before taxation	*8*	**171,014**	97,344
Taxation	*9*	**(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)	*11*	**8.68**	6.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	NOTES	**2018**	2017
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**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		**195,273**	123,134
Trade and other receivables	*12*	**277,325**	226,171
Pledged bank deposits		**18,021**	8,731
Bank balances and cash		**279,623**	42,823
		770,242	400,859
Current liabilities			
Trade and other payables	*13*	**364,684**	227,715
Amount due to ultimate holding company		**–**	65,340
Taxation payable		**17,504**	327
Unsecured bank borrowings		**41,525**	78,420
Financial guarantee liabilities		**–**	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		**471**	271
		458,722	121,262
Capital and reserves			
Share capital		**18,400**	2,000
Reserves		**440,322**	119,262
Total equity		**458,722**	121,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 June 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The immediate holding company of the Company is Time Interconnect Holdings Limited 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 the 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 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 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 which conform with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**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.

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

The Hong Kong Institute of Certified Public Accountants 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, the Group has adopted all these new and revised HKFRSs consistently throughout each of the two years ended 31 March 2018.

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.

4. 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. 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

4. **REVENUE AND SEGMENT INFORMATION – CONTINUED**

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	2017
	HK$'000	*HK$'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.

5. **OTHER INCOME**

	2018	2017
	HK$'000	*HK$'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.

6. **OTHER GAINS AND LOSSES**

	2018	2017
	HK$'000	*HK$'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)

7. **FINANCE COSTS**

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

8. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'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	**6,121**	–
Other staff costs	**136,057**	115,326
Retirement benefit 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

9. 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	**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.

10. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK1 cent (2017: nil) per ordinary share, in an aggregate amount of HK$18,400,000 (2017: nil), has been proposed by the Directors 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 Limited.

11. 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	2017
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic earnings per share (profit for the year)	**132,120**	81,684

	Number of shares	
	2018	2017
	'000	*'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 have been effective from 1 April 2016.

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

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'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

12. TRADE AND OTHER RECEIVABLES – CONTINUED

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	2017
	HK$'000	*HK$'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.

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'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.

13. 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	2017
	HK$'000	*HK$'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

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is a well-established supplier of custom cable assemblies with more than 20 years of experience in the 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 partners. 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 the FY2018, the Group performed brilliantly and achieved encouraging results.

The successful listing (the "**Listing**") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 the FY2018 is presented.

BUSINESS REVIEW AND OUTLOOK

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 existing customer base by developing relationships with leading international customers. The Directors are of the belief that market share within the communication equipment and data centre industry has increased. In order to maximise the Company's potential, the Company launched more next generation products and expanded its reach into new products other than existing products solutions. The Company remains committed to improving its market-leading position in technology and the development of 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 increased new customers in the PRC market and further enhanced 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 research and development in the next generation technology including new projects and related equipment and staffing.

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.

REVENUE

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

	2018		2017		Increase	
Market Sector	***HK$'million***	*%*	*HK$'million*	*%*	*HK$'million*	*%*
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%	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 to 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 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, 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 included 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 the 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 research and development ("**R&D**") team to enhance its R&D capabilities in respect of launching new products and technologies.

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 the FY2018.

TOTAL PROFIT FOR THE YEAR AND EARNINGS PER SHARE

Total profit for the year of the Company for the 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 the 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 the 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.

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.

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%.

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.

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 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 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 minimize 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.

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 of the Company dated 30 January 2018 (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.

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.

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 the FY2018.

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 the 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.

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 purposes, 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 announcement. 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.

CLOSURES OF REGISTER OF MEMBERS

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.

AUDIT COMMITTEE

The audit committee of the Company (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 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises three independent non-executive directors of the Company, had reviewed the audited consolidated financial statements for the year in conjunction with the Group's auditors, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at the annual results for the year ended 31 March 2018.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board
Time Interconnect Technology Limited
Cua Tin Yin Simon
Executive Director and Chief Executive Officer

Hong Kong, 22 June 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen, one non-executive Director, namely Mr. Lo Chung Wai Paul and three independent non-executive Directors, namely Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric.