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 2019

FINANCIAL HIGHLIGHTS

Financial and Statistical Highlights

For the year ended 31 March	**2019**	2018	Change
Operating results ***(HK$'million)***			
Revenue	**1,314.4**	1,238.4	6.1%
Gross profit	**279.3**	273.0	2.3%
Total profit for the year	**122.9**	132.1	-7.0%
Basic earnings per share *(Hong Kong cents)*	**6.7**	8.7	-23.0%
Financial position ***(HK$'million)***			
Cash generated from operations	**171.5**	193.3	-11.3%
Bank balances and cash	**223.8**	279.6	-20.0%
Shareholders' funds	**549.1**	458.7	19.7%
Capital expenditure	**182.6**	11.3	1,515.9%
Key ratios ***(%)***			
Gross profit margin	**21.2**	22.0	-0.8pts
Net profit margin	**9.4**	10.7	-1.3pts
EBITDA/Revenue	**12.8**	14.9	-2.1pts
Return on shareholders' funds	**22.4**	28.8	-6.4pts

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 2019 (the "**FY2019**"), together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	**2019** **HK$'000**	2018 *HK$'000*
Revenue	*3*	**1,314,389**	1,238,374
Cost of goods sold		**(1,035,041)**	(965,379)
Gross profit		**279,348**	272,995
Other income	*4*	**4,844**	1,622
Other gains and losses	*5*	**(9,786)**	10,161
Distribution and selling expenses		**(23,227)**	(20,157)
Administrative expenses		**(57,878)**	(34,389)
Research and development expenses		**(45,672)**	(40,909)
Finance costs	*6*	**(1,649)**	(2,323)
Listing expenses		**–**	(24,415)
Imputed financial guarantee income		**–**	8,429
Profit before taxation	*7*	**145,980**	171,014
Taxation	*8*	**(23,046)**	(38,894)
Profit for the year		**122,934**	132,120
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(4,712)**	13,592
Total comprehensive income for the year		**118,222**	145,712
Earnings per share	*9*		
— Basic (HK cents)		**6.68**	8.68
— Diluted (HK cents)		**6.68**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**175,152**	110,059
Prepaid lease payments		**83,355**	–
Deposits paid for acquisition of property, plant and equipment		**2,315**	1,607
Rental deposits		**1,064**	998
		261,886	112,664
Current assets			
Inventories		**186,623**	195,273
Trade and other receivables	11	**197,755**	277,325
Contract assets		**1,644**	–
Prepaid lease payments		**2,017**	–
Tax recoverable		**583**	–
Pledged bank deposits		**16,260**	18,021
Bank balances and cash		**223,808**	279,623
		628,690	770,242
Current liabilities			
Trade and other payables	12	**286,084**	364,684
Contract liabilities		**80**	–
Tax payable		**5,284**	17,504
Unsecured bank borrowings		**49,233**	41,525
		340,681	423,713
Net current assets		**288,009**	346,529
Total assets less current liabilities		**549,895**	459,193
Non-current liability			
Deferred tax liabilities		**817**	471
		549,078	458,722
Capital and reserves			
Share capital		**18,400**	18,400
Reserves		**530,678**	440,322
Total equity		**549,078**	458,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The immediate holding company of the Company is Time Interconnect Holdings Limited which was incorporated in the British Virgin Islands. The ultimate holding company is Linkz Industries Limited, which was incorporated in Hong Kong. Its ultimate controlling shareholder is Mr. Lo Chung Wai Paul, who is also the non-executive director of the Company.

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$**") while the functional currency of the Company is United States dollars. The reason for selecting HK$ 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from sales of cable assembly products.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on accumulated profits at 1 April 2018:

	Note	**Impact of adopting HKFRS 15 at 1 April 2018** *HK$'000* Increase (decrease)
Accumulated profits		
Revenue from sales of cable assembly products recognised over time	*(a)*	14,073
Recognition of contract costs charged	*(a)*	(7,933)
Tax impact	*(a)*	(1,013)
Impact at 1 April 2018		5,127

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

Impacts on assets, liabilities and reserve as at 1 April 2018

	Notes	**Carrying amount previously reported at 31 March 2018** *HK$'000*	**Impacts of adopting HKFRS 15** *HK$'000*	**Carrying amount under HKFRS 15 at 1 April 2018** *HK$'000* (Restated)
Inventories	*(a)*	195,273	(7,933)	187,340
Contract assets	*(a)*	–	14,073	14,073
Trade and other payables	*(b)*	364,684	(86)	364,598
Contract liabilities	*(b)*	–	86	86
Deferred tax liabilities	*(a)*	471	1,013	1,484
Accumulated profits	*(a)*	247,654	5,127	252,781

The following table summarises the impact of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flow for the year ended 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

		Year ended 31 March 2019		
	Notes	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Revenue	*(a)*	1,314,389	(1,644)	1,312,745
Cost of goods sold	*(a)*	1,035,041	(865)	1,034,176
Taxation	*(a)*	23,046	(160)	22,886
Profit for the year	*(a)*	122,934	(619)	122,315
Total comprehensive income for the year	*(a)*	118,222	(619)	117,603

Impact on the consolidated statement of financial position as at 31 March 2019

	Notes	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Inventories	*(a)*	186,623	865	187,488
Contract assets	*(a)*	1,644	(1,644)	–
Trade and other payables	*(b)*	286,084	80	286,164
Contract liabilities	*(b)*	80	(80)	–
Deferred tax liabilities	*(a)*	817	(160)	657
Accumulated profits	*(a)*	338,915	(619)	338,296

Impacts on the consolidated statement of cash flows for the year ended 31 March 2019

	Notes	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Operating activities				
Profit before taxation	*(a), (b)*	145,980	5,361	151,341
Operating cash flows before movements in working capital	*(a), (b)*	173,214	5,361	178,575
Decrease in inventories	*(a), (b)*	14,639	7,068	21,707
Decrease in contract assets	*(a), (b)*	12,429	(12,429)	–
Decrease in trade and other payables	*(a), (b)*	(103,289)	(6)	(103,295)
Decrease in contract liabilities	*(a), (b)*	(6)	6	–

Notes:

(a) The Group's contracts with certain customers for manufacturing of cable assembly products are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment, certain of the contracts provide the Group enforceable right to payment for performance completed to date and hence should be recognised over time upon application of HKFRS 15. As at 1 April 2018, HK$7,933,000, HK$1,013,000 and HK$5,127,000 have been adjusted from inventories, deferred tax liabilities and opening accumulated profits respectively with corresponding adjustment of HK$14,073,000 to contract assets.

As at 31 March 2019, HK$865,000, HK$160,000 and HK$619,000 would have been adjusted to inventories, deferred tax liabilities and accumulated profits, respectively with corresponding adjustment of HK$1,644,000 to contract assets, and HK$1,644,000, HK$865,000, HK$160,000 and HK$619,000 would have been adjusted from revenue, cost of sales, taxation, profit for the year and total comprehensive income for the year respectively for the year ended 31 March 2019 without the application of HKFRS 15.

(b) As at 1 April 2018, advances from customers of HK$86,000 in respect of purchase orders of goods placed with the Group previously included in the trade and other payables were reclassified to contract liabilities as the Group has obligations to transfer goods or services to its customers for which the Group has received consideration from the customers.

As at 31 March 2019, advances from customers of HK$80,000 included in trade and other payables would have been reclassified from contract liabilities without the application of HKFRS 15.

HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

(a) Classification and measurement

The directors of the Company reviewed and assessed the Group's financial assets and financial liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date. All financial assets previously classified as loans and receivables are now classified as financial assets at amortised cost. There is no material impact on the measurement on the Group's financial assets as at 1 April 2018.

(b) Impairment under ECL model

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The Group has applied the HKFRS 9 simplified approach to measure ECL using a lifetime ECL for trade receivables, trade receivable from a fellow subsidiary and contract assets. To measure the ECL, the Group assessed individually for trade receivables, trade receivable from a fellow subsidiary and contract assets. ECL for other financial assets at amortised cost, including other receivables, pledged bank deposits and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional impairment allowance was recognised at 1 April 2018.

3. 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 2019 and 2018. 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.

The revenue of the Group derives from manufacturing and sales of cable assembly products. The Group's revenue is fixed price and short term contracts.

The revenue of the Group is recognised at a point in time except for revenue from certain sales, which are recognised over time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of goods to the Group's customers in connection with the production of cable assembly products are recognised when the goods are physically passed to the customers, which is the point of time when the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods upon customer acceptance. For certain sales, revenue is recognised over time when the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Revenue from its major products

The following is an analysis of the Group's revenue from its major products:

	2019	2018
	HK$'000	*HK$'000*
Optical fibres	**584,149**	685,576
Copper	**730,240**	552,798
	1,314,389	1,238,374

	2019
	HK$'000
Over time	**410,254**
Point in time	**904,135**
	1,314,389

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:

	2019	2018
	HK$'000	*HK$'000*
People's Republic of China (the "**PRC**")	**785,241**	610,956
The United States of America	**287,002**	370,871
Netherlands	**178,274**	142,809
Hong Kong	**24,133**	32,072
Others	**39,739**	81,666
	1,314,389	1,238,374

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

	2019	2018
	HK$'000	*HK$'000*
PRC	**256,739**	108,411
Hong Kong	**4,083**	3,255
	260,822	111,666

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**410,254**	487,680
Customer B	**545,727**	457,088

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**1,344**	495
Bad debt recovery	**483**	–
Government grants *(Note)*	**1,133**	532
Compensation from insurance	**1,831**	–
Compensation from customers	**–**	502
Others	**53**	93
	4,844	1,622

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.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Net foreign exchange (loss) gain	**(9,786)**	9,719
Gain on disposal of property, plant and equipment	**–**	442
	(9,786)	10,161

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**1,649**	2,323

7. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**19,611**	11,276
Less: included in cost of goods sold	**(14,205)**	(7,237)
Less: included in research and development expenses	**(2,038)**	(2,087)
	3,368	1,952
Directors' emoluments	**10,590**	6,121
Other staff costs	**174,665**	136,057
Retirement benefits schemes contributions for other staff	**13,677**	14,570
Share-based payment for other staff	**2,625**	–
Total staff costs	**201,557**	156,748
Less: included in cost of goods sold	**(136,129)**	(115,413)
Less: included in research and development expenses	**(25,386)**	(19,294)
	40,042	22,041
Auditor's remuneration	**1,542**	1,505
Cost of inventories recognised as expense	**1,035,041**	965,379
Release of prepaid lease payments	**506**	–
Research and development expenses	**45,672**	40,909
Written off of inventories	**3,005**	2,628

8. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**11,658**	16,291
PRC Enterprise Income Tax ("**EIT**")	**15,817**	22,403
	27,475	38,694
Overprovision of tax in prior years:		
PRC EIT	**(3,762)**	–
Deferred taxation (credit) charge	**(667)**	200
	23,046	38,894

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

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim an additional 75% for the year ended 31 December 2017 of their research and development expense so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits for the year ended.

9. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic earnings per share (profit for the year)	**122,934**	132,120
Earnings for the purposes of calculating diluted earnings per share	**122,934**	N/A

	Number of shares	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,840,000**	1,522,407
Effect of dilutive potential ordinary shares:		
– Share options	**1,143**	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,841,143**	N/A

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 had been determined on the assumption that the group reorganisation and the capitalisation issue had been effective from 1 April 2017.

No diluted earnings per share for the year ended 31 March 2018 was presented as there were no potential ordinary shares in issue for 2018.

10. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2018 final dividend – HK1 cent per ordinary share	**18,400**	–
2019 interim dividend – HK1 cent per ordinary share	**18,400**	–
	36,800	–

On 21 June 2019, a final dividend of HK2 cents per ordinary share in respect of the year ended 31 March 2019, totalling HK$36,800,000 has been proposed by the board of directors of the Company. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**159,827**	234,264
Trade receivable from a fellow subsidiary	**800**	3,428
Bills receivables	**3,575**	–
Trade and bills receivables	**164,202**	237,692
Value added tax receivables	**29,014**	35,680
Other receivables	**472**	623
Deposits and prepayments	**4,067**	3,330
Deposits, prepayments and other receivables	**33,553**	39,633
Trade and other receivables	**197,755**	277,325

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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**108,740**	127,914
31–60 days	**21,661**	37,658
61–90 days	**23,887**	55,370
91–180 days	**9,914**	16,750
	164,202	237,692

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**201,519**	267,141
Trade payables to fellow subsidiaries	**239**	1,069
Bills payables	**54,201**	60,071
Trade and bills payables	**255,959**	328,281
Other payables	**5,667**	6,294
Rental payable to a related company *(Note)*	**41**	–
Salaries and staff related costs payables	**15,740**	23,722
Accrued charges	**8,677**	6,387
Accruals and other payables	**30,125**	36,403
Trade and other payables	**286,084**	364,684

Note: Mr. Paul Lo, a non-executive director of the Company is the controlling shareholder of the related company.

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

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**113,586**	143,803
31–60 days	**33,448**	43,978
61–90 days	**53,821**	53,179
91–180 days	**54,852**	84,396
181 days to 1 year	**–**	2,858
Over 1 year	**252**	67
	255,959	328,281

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The trade and tariff disputes between the United States and China caused the overall slowdown of global macro-economy. In the face of challenges and difficulties, the Group's turnover growth during the year has not been greatly affected, thanks to its unique customer profile and sensible business strategies.

As a reputable supplier of customised wiring components, the Company has given unremitting efforts in providing high-quality products and services for its customers. During the FY2019, the Group has continued to invest resources in product development and further enhance its research and development ("**R&D**") capabilities. It has launched more 5G next-generation products to form a product mix of diversified products and solutions. The Directors believe that the continuous innovation and outstanding product mix will elevate the Group's overall competitiveness, set it apart from the peers and leverage the expansion of the Group's market share.

The Group has kept expanding its customer base to capture the rising business opportunities from the communication equipment, data centre and medical equipment industries. During the FY2019, the Group has captured new customers in the PRC market and further improved the business relationships with its existing international customers. In FY2019, the Group achieved much progress made in innovation and supply chain management. The Group has received various recognitions from its customers on the Group's top-class products and services, such as two supply chain awards — "Excellent Supply Performance Award" and "Excellent Digital Collaboration Award" from Huawei Technologies Co., Ltd. In the fast-growing medical equipment sector, the Group has garnered the "Excellent Cooperation Award" from GE Healthcare Group, being the only winner of this award amongst the suppliers of wiring components. This was the first award the Group obtained in the medical equipment industry, reflecting its rapid development in this market sector.

Revenue

The Group's revenue for FY2019 increased by 6.1% to HK$1,314.4 million from $1,238.4 million in the previous financial year. The increase in revenue was mainly driven by the higher sales in telecommunication and medical equipment sectors.

	2019		2018		Change	
Market Sector	***HK$'million***	%	*HK$'million*	%	*HK$'million*	%
Telecommunication	**650.9**	**49.5%**	534.1	43.1%	116.8	21.9%
Data centre	**462.9**	**35.2%**	571.6	46.2%	(108.7)	–19.0%
Medical equipment	**138.0**	**10.5%**	62.1	5.0%	75.9	122.2%
Industrial equipment	**62.6**	**4.8%**	70.6	5.7%	(8.0)	–11.3%
Total	**1,314.4**	**100.0%**	1,238.4	100.0%	76.0	6.1%

Telecommunication sector: It recorded an increase of revenue from HK$534.1 million for the previous financial year to HK$650.9 million for FY2019, which represented an increase of 21.9%. Such increase was mainly attributable to the growing demand for new 5G products from its major customers in the sector, which remained as the main sales growth driver of the Group's revenue in terms of amount and percentage.

Data centre sector: The revenue recorded a decrease of 19.0% from HK$571.6 million for the previous financial year to HK$462.9 million for FY2019. Such decrease was mainly attributable to the decline in demand for products from the Group's major customers in this sector.

Medical equipment sector: The revenue achieved a significant growth rate of 122.2% from HK$62.1 million for the previous financial year to HK$138.0 million for FY2019. Such growth represented the highest growth rate among the Group's market sectors and the increase was mainly attributable to the robust demand for products from both existing customers and new customers.

Industrial equipment sector: The revenue dropped 11.3% from HK$70.6 million for the last financial year to HK$62.6 million for FY2019. The decrease was mainly due to the turmoil from the Sino-U.S. trade war.

Gross Profit/Margin

Gross profit for FY2019 was HK$279.3 million, an increase of HK$6.3 million or 2.3% compared to the HK$273.0 million recorded in the previous financial year. Gross profit margin slightly decreased from 22.0% to 21.2%. The change in gross profit and gross profit margin was mainly attributable to the change in product mix. Cost of materials as percentage of the Group's revenue was decreased as compared to the previous financial year as a result of its material cost savings program during the year. But for the direct labour costs and manufacturing overheads as a percentage of revenue, they were higher than last year due to the labour costs and depreciation increase.

Operating Profit/Margin

Operating profit (excluding the listing expenses, imputed guarantee income and finance costs) for FY2019 was HK$147.6 million, which represented a decrease of HK$41.7 million or 22.0% as compared with the previous financial year. Operating profit margin also decreased from 15.3% to 11.2%. The ratio of EBITDA to revenue dropped from 14.9% to 12.8%.

Other income and other gains and losses decreased from a gain HK$11.8 million for the year ended 31 March 2018 to a loss HK$4.9 million for the FY2019. Such decrease was mainly attributable to exchange loss of HK$9.8 million recognised in FY2019, which arose from the Group's operations in the ordinary course of business, as compared with an exchange gain of HK$9.7 million in the last financial year.

The total operating expenses for FY2019 were HK$126.8 million, an increase HK$31.3 million or 32.8% over the last financial year. Total operating expenses as a percentage of Group's revenue increased from 7.7% to 9.6%.

Distribution and selling expenses increased from HK$20.2 million to HK$23.2 million during FY2019, an increase of 14.9% compared with the last financial year. It was mainly attributable to the increase of staff cost, travel and entertainment, freight and transportation cost. As a percentage of Group's revenue, distribution and selling expenses increased from 1.6% to 1.8%.

Administrative expenses increased from HK$34.4 million to HK$57.9 million over the last year. The increase was mainly due to the increase in staff cost, legal and professional fee, and depreciation. The staff cost increased due to headcount increase in I.T., salary and bonus increase, and the increase of share option expenses. The legal and professional fee increase was mainly due to expenses incurred in relation to the compliance of listing requirements and the acquisition of new factory. Administrative expenses as a percentage of revenue increased from 2.8% to 4.4%.

During FY2019, the research and development expenses were HK$45.7 million, which represented an increase of 11.7% compared with the previous financial year. It was mainly attributable to the increase of staff cost, which including headcount increase and salary increment. Research and development expenses as a percentage of Group's revenue slightly increased from 3.3% to 3.5%. 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.

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 30.4% from HK$2.3 million for the last financial year to HK$1.6 million for FY 2019.

Total Profit for the year and Earnings per Share

Total profit for the year of the Company for FY2019 was HK$122.9 million, a decrease of HK$9.2 million or 7.0% as compared to the last financial year. Net profit margin dropped from 10.7% to 9.4%.

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. Taxation charges decreased from HK$38.9 million in the last financial year to HK$23.1 million in FY2019. The effective tax rate decreased from 22.7% to 15.8%, due to overprovision tax amounting to HK$3.8 million in prior year and the additional tax deduction on R&D expenditure claim in the PRC amounting to HK$5.6 million in FY2019.

Basic and diluted earnings per share for FY2019 were HK6.68 cents as compared to the basic earnings per share of HK8.68 cents in the previous financial year.

Dividends

The Directors recommend to Shareholders the payment of a final dividend in respect of FY2019 of HK$0.02 (2018: HK$0.01) per share, amounting to a total of approximately HK$36.8 million.

OUTLOOK

Looking ahead, the Group will devote to strengthen its competitive advantages, namely cutting-edge innovation and R&D capabilities; in-depth industry understanding; high-quality and diversified product mix as well as long term and stable relationship with customers. Especially, the Group will continue to put resources on new product development and customer base expansion, and pursue strategic industries which it believes to have high growth potential, such as the telecommunication, data centre and medical equipment sectors.

According to a report released by Global System for Mobile Communication Association and Global TD-LTE Initiative, China is expected to become the world's largest 5G market by 2025, accounting for 430 million 5G connections, or one-third of the global total. All three Chinese mobile operators China Mobile, China Unicom and China Telecom are currently conducting live 5G trials as part of a multi-year plan that includes research and development, and a network deployment strategy with a view to a large scale commercial launch by 2020, according to the report released at the 2018 Mobile World Congress Shanghai. With the 5G network deployment pushing forward, the demand for optical fibre cable are believed to grow outstandingly and the Directors are confident on the Group's future performance in the telecommunication and data centre sector as its customers are the primary network equipment suppliers to the three nationwide mobile operators.

For the medical equipment sector, the Group has achieved great progress in the past one year. Besides the substantial revenue growth recorded, the Group also successfully secured new customers in this sector and got recognition from its existing renowned customer GE Healthcare Group, reflecting its rapid development in this sector. The Group expects this sector to maintain a strong growth momentum in the coming year in view of the constant increasing demand for medical care services. In this occasion, the Group will continuously expand its R&D team so as to enhance the R&D capabilities in respect of launching such medical-grade products and technologies.

The recent escalation of the trade tensions between the United States and China has brought more uncertainties to the global economy. The heavy additional tariffs that may be raised by the United States would negatively influence different industries once it is adopted. Revenue of industrial equipment sector becomes difficult to predict, the Group will pay close attention to the changes in relevant circumstances. In the meantime, the Group will strive to grasp different business opportunities in order to minimise the risks and uncertainties involved in the unstable economies.

To meet with the increasing demand as aforementioned, the Group is making great efforts to enhance its production capacity and look for more space for the production. On 24 September 2018, the proposed acquisition of a parcel of industrial land with two industrial buildings (the "**Target Property**") of Huizhou Light Engine Limited (94% equity interest owned by United Luminous, which in turn is wholly owned by Mr. Lo Chung Wai Paul, the Chairman, a non-executive Director and a controlling shareholder of the Group) has been approved at the extraordinary general meeting by the independent shareholders, at the consideration of HK$166.8 million. Such acquisition would increase more than 120% of production capacity for telecommunication sector, data centre sector and medical equipment sector. The acquisition has been completed on 25 December 2018, and the Group plans to utilise the enlarged capacity by stages within three years, 24 production lines will be schedule installed in the coming twelve months. The Directors believe the acquisition of the Target Property would add stability to the Group's sustainable development in medium term.

With regard to the additional tariffs that may be raised by the United States on certain Chinese imported goods, the Group has been taking measures to mitigate the impact of trade war on its businesses since 2018. In April 2019, the Group has changed the supply source away from China for the certain major components of products to be shipped to the United States for avoidance of the additional tariffs. Besides, the Group also procured from the U.S. Customs and Border Protection the "Country of origin and Marking Ruling" for the Group's fibre cable assembly products in February 2019. Accordingly, the fibre cable assembly products will not be subjected to additional tariffs when importing into the United States in the future even though the major components of the fibre cable assembly products are purchased from China. In this connection, the Group has preliminarily assessed that the additional tariffs will not have a material adverse impact on its businesses in the United States in the current fiscal year 2020.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds as at 31 March 2019 were approximately HK$549.1 million, which represented an increase of 19.7% from HK$458.7 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 FY2019. Shareholders' funds per share was HK$0.30, same as last financial year.

As at 31 March 2019, the Group had bank balances and cash of HK$223.8 million, representing a decrease of 20.0% as compared to HK$279.6 million as of 31 March 2018. It was mainly due to HK$104.8 million was utilised from 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 2019, the Group's bank loan was HK$49.2 million, an increase of 18.6% from HK$41.5 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 2019.

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 the Group, as at 31 March 2019 and 2018, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$18.0 million and HK$16.3 million as at 31 March 2018 and 2019 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 2019, the Group's gearing ratio was 9.0% as compared to the last financial year 9.1%.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 30 January 2018 (the "**Prospectus**") with the actual business progress for the period from the date of Listing (i.e. 13 February 2018) to 31 March 2019 is set out below:

Business plan as set out in Prospectus	Actual business progress up to 31 March 2019
Pursue strategic industries which the Group believes to have high growth potential:	
• The Group plans to intensify its presence in the telecommunication, data centre, and medical equipment sectors by dedicating sufficient resources, including the purchase of new laboratory and testing equipment, and the hiring of experienced and talented personnel to join its R&D team and to strengthen its product development capabilities. The Group plans to invest and spend approximately HK$8.6 million in further strengthening its R&D capability.	Up to 31 March 2019, the Group has utilised HK$2.5 million of the net proceeds for the new testing equipment and hired 17 experienced personnel in order to strengthen the Group's R&D capabilities. The remaining balance of the net proceeds will be expected to utilise after the completion of the production plant acquisition.

Business plan as set out in Prospectus	Actual business progress up to 31 March 2019
Enhance and increase the production capacity:	
• The Group plans to acquire new production facilities to aim at high level of automation yet capable of assembling a wide variety of cable assembly products. The Group plans to invest approximately HK$96.1 million for the production capacity expansion (HK$88.6 million for the new production facility and HK$7.5 million for the related production machinery) and HK$15.9 million for the automation expenditures.	As at 31 March 2019, the Group has spent HK$6.2 million and HK$3.2 million for the production machinery and automation process in order to meet the demand of existing production capacity. In addition, the Group has acquired a parcel of industrial land with two industrial buildings of Huizhou Light Engine Limited at the consideration of HK$166.8 million, where HK$88.6 million was paid by the net proceeds from the Listing, and the balance was paid by internal resources. The new factory would offer more than 120% of the increased production capacity in terms of increment in gross floor area for production, and the Company plans to utilise the enlarged capacity by stages within three years following completion. The new factory will be utilised for telecommunication, data centre and medical equipment sector.
Strengthen established customer relationships and continue to expand customer base:	
• The Group plans to spend approximately HK$1.9 million to set up regional representative offices or centre in key strategic locations where potential customers are located to support its future business development and to enable the Group to respond quickly to the needs of customers in different regions.	As at 31 March 2019, the Group has spent HK$0.2 million for setting up a regional representative office in Shanghai where will take care its potential customers in eastern and northern part of China. The Group plans to hire 2 to 3 new sales personnel in order to provide services to strengthen the Group's salesforce.

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

During FY2019, 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 2019 was approximately as follows:

Use of proceeds	**Percentage of net proceeds** *%*	**Net proceeds** *HK$'million*	**Amount utilised** *HK$'million*	**Amount remaining** *HK$'million*
New production facility	70.0%	88.6	88.6	–
R&D equipment	6.8%	8.6	2.5	6.1
Production machinery	5.9%	7.5	6.2	1.3
Automation process	12.6%	15.9	3.2	12.7
Marketing development	1.5%	1.9	0.2	1.7
General working capital	3.2%	4.1	4.1	–
Total	100.0%	126.6	104.8	21.8

As of 31 March 2019, 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.

As at 31 March 2019, the capital commitment of the Group is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements	**3,595**	3,287

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

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and associations for FY2019. There is no other plan for material investments or capital assets as at 31 March 2019.

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.

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 2019, the Company's issued share capital was HK$18.4 million and the number of its issued ordinary shares were 1,840,000,000 of HK$0.01 each.

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.

EMPLOYEE

As of 31 March 2019, the total headcount for the Company was approximately 2,033, compared to 2,168 in the previous financial year. Fair and competitive remuneration package and benefits are offered to employees as well as discretionary bonuses and share option. Various types of trainings were provided to the employees. Total employee benefit expenses including Directors' remuneration for the year ended 31 March 2019 were approximately HK$201.6 million, as compared to approximately HK$156.7 million in the financial year 2018. Remuneration is determined with reference to performance skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In additional to salaries and wages, other employee benefit expenses include double pay, bonus, incentive allowance, medical insurance, housing fund and other social insurances, as well as share option. The Company adopted the Share Option Scheme to offer valuable incentive to attract and retain quality personnel. The remuneration of the Directors is reviewed by the remuneration committee of the Company (the "**Remuneration Committee**") and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

MATERIAL EVENT SINCE THE END OF THE FINANCIAL PERIOD

Save as disclosed in this announcement, there has no other important event affecting the Group since 31 March 2019 and up to the date of this announcement.

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 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. During the year ended 31 March 2019, 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. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the year ended 31 March 2019.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Wednesday, 28 August 2019 (the "**2019 AGM**"). For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Friday, 23 August 2019 to Wednesday, 28 August 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2019 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Thursday, 11 July 2019), for registration not later than 4:30 p.m. on Thursday, 22 August 2019.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Tuesday, 3 September 2019 to Thursday, 5 September 2019, 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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Thursday, 11 July 2019), for registration not later than 4:30 p.m. on Monday, 2 September 2019. If the resolution of the proposed final dividend is passed at the 2019 AGM, the proposed final dividend is expected to be paid on or before Wednesday, 25 September 2019.

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 2019 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 2019.

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, 21 June 2019

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.