匯聚科技有限公司
TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1729)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

FINANCIAL HIGHLIGHTS

For the six months ended 30 September	**2020 (unaudited)**	2019 (unaudited and restated)	Change
Operating results (HK$'million)			
Revenue	**1,441.7**	1,523.9	-5.4%
Gross profit	**303.8**	281.4	8.0%
Total profit for the period			
– Adjusted *(Note)*	**134.8**	105.7	27.5%
Total profit for the period	**130.7**	100.0	30.7%
Basic earnings per share (Hong Kong cents)			
–Adjusted *(Note)*	**7.3**	5.7	28.1%
Basic earnings per share (Hong Kong cents)	**7.1**	5.4	31.5%
Key ratios (%)			
Gross profit margin	**21.1**	18.5	2.6pts
Net profit margin – Adjusted *(Note)*	**9.4**	6.9	2.5pts
Net profit margin	**9.1**	6.6	2.5pts
EBITDA/Revenue – Adjusted *(Note)*	**15.2**	13.0	2.2pts
EBITDA/Revenue	**14.9**	12.6	2.3pts

Note: Total profit, basic earnings per share, net profit margin and EBITDA are calculated by excluding the extreme transaction expenses.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Time Interconnect Technology Limited (the "**Company**") is pleased to announce the condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2020 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 September 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Six months ended	
		30.9.2020	30.9.2019
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited and restated)
Revenue	4	**1,441,677**	1,523,905
Cost of goods sold		**(1,137,904)**	(1,242,505)
Gross profit		**303,773**	281,400
Other income		**9,162**	1,994
Other gains and losses		**(4,012)**	9,426
Loss on revaluation of property, plant and equipment		**(5,189)**	–
Distribution and selling expenses		**(24,282)**	(26,919)
Administrative expenses		**(58,841)**	(62,337)
Professional fees and costs relating to acquisition of business		**(4,168)**	(5,684)
Research and development expenses		**(35,690)**	(38,149)
Finance costs		**(23,896)**	(34,928)
Profit before taxation	5	**156,857**	124,803
Taxation	6	**(26,186)**	(24,786)
Profit for the period		**130,671**	100,017

	NOTES	Six months ended 30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited and restated)
Profit for the period		**130,671**	100,017
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of right-of-use assets and property, plant and equipment		**307,044**	–
Deferred tax arising from revaluation of right-of-use assets and property, plant and equipment		**(72,854)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**40,314**	(61,418)
Other comprehensive income (expense) for the period		**274,504**	(61,418)
Total comprehensive income for the period		**405,175**	38,599
Profit for the period attributable to:			
Owners of the Company		**130,399**	99,740
Non-controlling interest		**272**	277
		130,671	100,017
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**401,736**	38,886
Non-controlling interest		**3,439**	(287)
		405,175	38,599
Earnings per share	8		
– Basic (HK cents)		**7.09**	5.42
– Diluted (HK cents)		**7.09**	5.35

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	NOTES	**30.9.2020** ***HK$'000*** **(unaudited)**	31.3.2020 *HK$'000* (unaudited and restated)
Non-current assets			
Property, plant and equipment	9	**711,294**	640,862
Right-of-use assets	9	**376,300**	134,716
Deposits paid for acquisition of property, plant and equipment		**2,830**	1,179
Financial assets at fair value through profit or loss		**5,912**	5,760
Rental deposits		**978**	920
		1,097,314	783,437
Current assets			
Inventories		**419,398**	401,171
Trade and other receivables	10	**713,070**	576,512
Amount due from ultimate holding company		**–**	1,024,630
Amount due from a fellow subsidiary		**13,531**	–
Contract assets		**736**	20,917
Taxation recoverable		**–**	320
Pledged bank deposits		**19,215**	13,511
Bank balances and cash		**155,169**	366,933
		1,321,119	2,403,994
Current liabilities			
Trade and other payables	11	**484,211**	553,604
Contract liabilities		**1,619**	714
Lease liabilities		**7,111**	6,653
Amount due to ultimate holding company		**–**	217,947
Taxation payable		**30,671**	12,508
Unsecured bank borrowings – amount due within one year		**576,939**	1,179,289
		1,100,551	1,970,715
Net current assets		**220,568**	433,279
Total assets less current liabilities		**1,317,882**	1,216,716

	30.9.2020	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Non-current liabilities		
Unsecured bank borrowings – amount due after one year	**467,764**	–
Lease liabilities	**38,961**	40,402
Deferred tax liabilities	**83,435**	10,419
	590,160	50,821
Net assets	**727,722**	1,165,895
Capital and reserves		
Share capital	**18,400**	28,790
Reserves	**698,030**	1,129,252
Equity attributable to owners of the Company	**716,430**	1,158,042
Non-controlling interest	**11,292**	7,853
Total equity	**727,722**	1,165,895

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

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

The condensed 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 condensed consolidated financial statements as the Company listed its shares on the Stock Exchange.

Merger accounting for business combination involving entities under common control

Extreme and connected transaction in relation to the acquisition of the entire issued share capital and the shareholders' loan of Linkz Cables Limited (the "Acquisition")

On 24 March 2020, the Company entered into a sale and purchase agreement ("**Sale and Purchase Agreement**") with Linkz Industries Limited ("**Linkz Industries**"), the ultimate holding company of the Company, pursuant to which the Company has conditionally agreed to acquire, and Linkz Industries has conditionally agreed to sell entire issued share capital of Linkz Cables Limited (the "**Target Company**", together with its subsidiaries upon completion a group reorganisation (the "**Linkz Cables Reorganisation**"), collectively referred to as (the "**Target Group**"), and the shareholder's loan owed by the Target Group to Linkz Industries at completion date. The consideration of the Acquisition is 95% of the completion net asset value, being defined as the sum of (i) consolidated net asset value of the Target Group at the date of completion (ii) the fair value gain of land and buildings of the Target Group, being the difference between the book value and the fair value of the land and buildings at the date of completion; and (iii) the monetary value of all obligations, liabilities and incurred or owing by the Target Group to Linkz Industries at the date of completion (the "**Shareholders' Loan**"). The Listing Committee of the Stock Exchange has resolved that the Acquisition constitutes an extreme transaction under Rule 14.06C of the Listing Rules and the reverse takeover rules do not apply. Linkz Industries, which is ultimately and beneficially owned by Mr. Lo Chung Wai Paul ("**Mr. Paul Lo**") as to 59.82% of its effective interest, is a controlling shareholder of the Company interested in 63.86% of the Company through Time Interconnect Holdings Limited. As such, Linkz Industries is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constituted an extreme and connected transaction under the Listing Rules. The principal activities of the Target Group are manufacturing and sales of networking cables products. Details of the Acquisition are set out in the Company's circular dated 30 March 2020.

The Linkz Cables Reorganisation and the Acquisition were completed on 30 June 2020 ("**Completion Date**"). The consideration was amounted to HK$780,993,000 including payment for the equity interests of HK$658,756,000 and settlement of the Shareholders' Loan of HK$122,237,000. The consideration was satisfied by the Company through the payment in cash.

The Acquisition was considered as a business combination under common control as the Company and its subsidiaries and the Target Group are both ultimately controlled by Linkz Industries. The acquisition of the Target Group was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") issued by the HKICPA. The Group and the Target Group are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the interim financial information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to special reserve in the condensed consolidated statement of changes in equity.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the prior periods have been restated to include the results of the Target Group as if these acquisitions had been completed since the date the respective business first came under the common control of the Company. The condensed consolidated statement of financial position as at 31 March 2020 have been restated to adjust the carrying amounts of the assets and liabilities of the Target Group which had been in existence as at 31 March 2020 as if those entities or businesses were combined from the date when they first came under the common control of the Company (see below for the financial impacts).

(i) Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2019:

	The Group (before business combination under common control)	Business combination of entities under common control	Adjustments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(originally stated)		*(note)*	(unaudited and restated)
Revenue	801,882	735,340	(13,317)	1,523,905
Cost of goods sold	(627,075)	(628,747)	13,317	(1,242,505)
Gross profit	174,807	106,593	–	281,400
Other income	1,570	424	–	1,994
Other gains and losses	(2,283)	11,709	–	9,426
Distribution and selling expenses	(11,553)	(15,366)	–	(26,919)
Administrative expenses	(38,101)	(29,920)	5,684	(62,337)
Professional fees and costs relating to acquisition of business	–	–	(5,684)	(5,684)
Research and development expenses	(23,887)	(14,262)	–	(38,149)
Finance costs	(2,475)	(32,453)	–	(34,928)
Profit before taxation	98,078	26,725	–	124,803
Taxation	(20,722)	(4,064)	–	(24,786)
Profit for the period	77,356	22,661	–	100,017
Other comprehensive expense				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translating foreign operations	(24,351)	(37,067)	–	(61,418)
Total comprehensive income (expense) for the period	53,005	(14,406)	–	38,599
Profit for the period attributable to:				
Owners of the Company	77,356	22,384	–	99,740
Non-controlling interest	–	277	–	277
	77,356	22,661	–	100,017
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	53,005	(14,119)	–	38,886
Non-controlling interest	–	(287)	–	(287)
	53,005	(14,406)	–	38,599

Note: The adjustments represent the elimination of intercompany sales amounted to HK$13,317,000 between the Group and the Target Group, and the reclassification of professional fees and costs relating to acquisition of business amounted to HK$5,684,000 from administrative expenses.

(ii) Effect on the condensed consolidated statement of financial position as at 31 March 2020:

	The Group (before business combination under common control) *HK$'000* (audited and originally stated)	Business combination of entities under common control *HK$'000*	Adjustments *HK$'000* *(note)*	Consolidated *HK$'000* (restated)
Non-current assets				
Property, plant and equipment	155,069	485,793	–	640,862
Right-of-use assets	120,590	14,126	–	134,716
Deposits paid for acquisition of property, plant and equipment	840	339	–	1,179
Financial assets at fair value through profit or loss ("**FVTPL**")	–	5,760	–	5,760
Rental deposits	805	115	–	920
	277,304	506,133	–	783,437
Current assets				
Inventories	200,990	200,181	–	401,171
Trade and other receivables	247,449	332,338	(3,275)	576,512
Amount due from ultimate holding company	–	1,024,630	–	1,024,630
Contract assets	20,917	–	–	20,917
Taxation recoverable	265	55	–	320
Pledged bank deposits	13,273	238	–	13,511
Bank balances and cash	281,558	85,375	–	366,933
	764,452	1,642,817	(3,275)	2,403,994
Current liabilities				
Trade and other payables	341,908	214,971	(3,275)	553,604
Contract liabilities	425	289	–	714
Lease liabilities	5,089	1,564	–	6,653
Amount due to ultimate holding company	–	217,947	–	217,947
Taxation payable	11,170	1,338	–	12,508
Unsecured bank borrowings – amount due within one year	40,000	1,139,289	–	1,179,289
	398,592	1,575,398	(3,275)	1,970,715
Net current assets	365,860	67,419	–	433,279
Total assets less current liabilities	643,164	573,552	–	1,216,716
Non-current liabilities				
Lease liabilities	38,907	1,495	–	40,402
Deferred tax liabilities	852	9,567	–	10,419
	39,759	11,062	–	50,821
Net assets	603,405	562,490	–	1,165,895

	The Group (before business combination under common control) HK$'000 (audited and originally stated)	Business combination of entities under common control HK$'000	Adjustments HK$'000 (note)	Consolidated HK$'000 (restated)
Capital and reserves				
Share capital	18,400	10,390	–	28,790
Reserves	585,005	544,247	–	1,129,252
Equity attributable to owners of the Company	603,405	554,637	–	1,158,042
Non-controlling interest	–	7,853	–	7,853
Total equity	603,405	562,490	–	1,165,895

Note: The adjustments represent the elimination of trade and other receivables and trade and other payables of the Group owed by the Target Group.

(iii) The effect of the restatement on the Group's equity on 1 April 2019 is summarised as follows:

	1.4.2019 *HK$'000* (audited and originally stated)	**Business combination of entities under common control** *HK$'000*	**Adjustments** *HK$'000* *(note)*	**1.4.2019** *HK$'000* (restated)
Share capital	18,400	10,390	–	28,790
Share premium	271,921	–	–	271,921
PRC statutory reserves	2,872	–	21,241	24,113
Special reserves	(104,180)	–	112,000	7,820
Capital reserve	9,107	–	–	9,107
Share options reserve	3,807	–	–	3,807
Translation reserve	8,236	48,816	–	57,052
Accumulated profits	338,915	347,454	–	686,369
General reserve	–	12,482	(12,482)	–
Enterprise expansion reserve	–	8,759	(8,759)	–
Capital revaluation reserve	–	112,000	(112,000)	–
Total	549,078	539,901	–	1,088,979
Non-controlling interest	–	8,063	–	8,063
Total equity	549,078	547,964	–	1,097,042

Note: The adjustments represent the reclassification of reserves to conform with the presentation of the Group's condensed consolidated financial statements.

(iv) The effect of the restatement on the Group's equity on 31 March 2020 is summarised as follows:

	31.3.2020 *HK$'000* (audited and originally stated)	Business combination of entities under common control *HK$'000*	Adjustments *HK$'000* *(note)*	31.3.2020 *HK$'000* (restated)
Share capital	18,400	10,390	–	28,790
Share premium	271,921	–	–	271,921
PRC statutory reserves	13,460	–	21,241	34,701
Special reserves	(104,180)	–	112,000	7,820
Capital reserve	9,107	28,832	–	37,939
Share options reserve	10,066	–	–	10,066
Translation reserve	(16,610)	8,754	–	(7,856)
Accumulated profits	401,241	373,420	–	774,661
General reserve	–	12,482	(12,482)	–
Enterprise expansion reserve	–	8,759	(8,759)	–
Capital revaluation reserve	–	112,000	(112,000)	–
Total	603,405	554,637	–	1,158,042
Non-controlling interest	–	7,853	–	7,853
Total equity	603,405	562,490	–	1,165,895

Note: The adjustments represent the reclassification of reserves to conform with the presentation of the Group's condensed consolidated financial statements.

(v) The effect of the restatement on the Group's basic and diluted earnings per share for the six months ended 30 September 2019 is as follows:

	Six months ended 30.9.2019 *HK cents*
Basic earnings per share	
Unaudited and originally stated	4.20
Adjustments arising from business combination under common control	1.22
Restated	5.42
Diluted earnings per share	
Unaudited and originally stated	4.15
Adjustments arising from business combination under common control	1.20
Restated	5.35

(vi) The effect of the restatement on the Group's cash flow for the six months ended 30 September 2019 is summarised as follows:

	Six months ended 30.9.2019 *HK$'000*
Increase in net cash from operating activities	280,974
Increase in net cash used in investing activities	(652,922)
Increase in net cash from financing activities	330,824
Increase in cash and cash equivalents at the end of period	107,800

Certain comparative figures have been restated to conform with current period's classification and presentation.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and properties, which are measured at fair values and revalued amounts at the end of the reporting period respectively.

Other than changes in certain accounting policies, accounting policy on new line item and additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") as described in "Merger accounting for business combination involving entities under common control" in note 1 and below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2020.

Changes in certain accounting policies

Upon completion of the Acquisition as set out in note 1, the Group changed its policies to account for buildings included under property, plant and equipment and leasehold land included under right-of-use assets from cost model to revaluation model with effect from 30 June 2020. The revised accounting policies for property, plant and equipment and right-of-use assets are as follows:

Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment, other than buildings, are stated in the condensed consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the condensed consolidated statement of financial position at fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for leasehold land measured under revaluation model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Any revaluation increase arising from revaluation of right-of-use asset is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of right-of-use asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Accounting policy on new line item

Upon the completion of the Acquisition as set out in note 1, a financial asset of life insurance policy was acquired. That financial asset is classified as financial assets at FVTPL which is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes interest earned on the financial asset and is included in the other gains and losses line item.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

The amendments had no impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

Upon completion of the Acquisition as set out in note 1, the Group has a new reportable segment of networking cables.

The basis of measurement of segment results has been changed by presenting the segment results of cable assembly and networking cables. The corresponding segment revenue and results for the six months ended 30 September 2019 and segment assets and liabilities as at 31 March 2020 have been restated.

Information reported to the Group's chief executive officer, being the chief operating decision maker (the "**CODM**"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are (i) cable assembly and (ii) networking cables.

Principal activities of the Group's reportable segments are as follows:

Cable assembly	–	manufacturing and trading of cable assembly products
Networking cables	–	manufacturing and trading of networking cables products

These divisions are the basis on which the Group reports its operating segment information.

Segment results represent the profit earned or loss incurred by each segment without allocation of results attributable to other income, professional fees and costs relating to acquisition of business, finance costs and unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the period under review:

Segment revenue and results

For the six months ended 30 September 2020 (unaudited)

	Cable assembly	Networking cables	Total reportable segments	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	**808,025**	**633,652**	**1,441,677**	**–**	**1,441,677**
Inter-segment sales	**29**	**10,789**	**10,818**	**(10,818)**	**–**
	808,054	**644,441**	**1,452,495**	**(10,818)**	**1,441,677**
Segment results	**149,741**	**39,752**	**189,493**	**–**	**189,493**
Other income					**357**
Professional fees and costs relating to acquisition of business					**(4,168)**
Finance costs					**(23,896)**
Unallocated expenses					**(4,929)**
Profit before taxation					**156,857**

For the six months ended 30 September 2019 (unaudited)

	Cable assembly	Networking cables	Total reportable segments	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	801,754	722,151	1,523,905	–	1,523,905
Inter-segment sales	128	13,189	13,317	(13,317)	–
	801,882	735,340	1,537,222	(13,317)	1,523,905
Segment results	111,648	59,017	170,665	–	170,665
Other income					542
Professional fees and costs relating to acquisition of business					(5,684)
Finance costs					(34,928)
Unallocated expenses					(5,792)
Profit before taxation					124,803

Segment assets and liabilities

An analysis of the Group's segment assets and segment liabilities by reportable and operating segments is as follows:

At 30 September 2020 (unaudited)	**Cable assembly** *HK$'000*	**Networking cables** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Reportable segment assets	**967,164**	**1,448,067**	**2,415,231**
Unallocated assets			**3,202**
Consolidated total assets			**2,418,433**
Liabilities			
Reportable segment liabilities	**392,406**	**252,892**	**645,298**
Unallocated liabilities			**1,045,413**
Consolidated total liabilities			**1,690,711**

At 31 March 2020 (restated)	**Cable assembly** *HK$'000*	**Networking cables** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Reportable segment assets	1,032,941	2,145,675	3,178,616
Unallocated assets			8,815
Consolidated total assets			3,187,431
Liabilities			
Reportable segment liabilities	385,721	447,171	832,892
Unallocated liabilities			1,188,644
Consolidated total liabilities			2,021,536

4. REVENUE

Revenue represents the fair value of amounts received and receivable by the Group in respect of the manufacturing and trading of cable assembly products and networking cables products.

The Group's revenue is with fixed price and in short term contracts. Revenue amounting to HK$364,672,000 (six months ended 30 September 2019 (unaudited): HK$376,521,000) for the six months ended 30 September 2020 is recognised over time and the remaining revenue is recognised at a point in time.

Revenue from its major products

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

	Six months ended	
	30.9.2020	30.9.2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Cable assembly		
– Optical fibres	**441,304**	464,785
– Copper	**366,721**	336,969
Networking cables		
– Cat 6/6A cables	**456,388**	476,495
– Cat 5/5e cables	**92,665**	120,755
– Cat 7/7A cables	**18,957**	88,179
– Others	**65,642**	36,722
	1,441,677	1,523,905

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:

	Six months ended	
	30.9.2020	30.9.2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
PRC	**766,702**	742,814
The United States of America	**343,885**	363,864
Singapore	**101,062**	82,272
Netherlands	**86,639**	80,222
Hong Kong	**57,217**	83,728
United Kingdom	**20,791**	75,939
Others	**65,381**	95,066
	1,441,677	1,523,905

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2020	30.9.2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Profit before taxation has been arrived at after charging (crediting):		
Interests on:		
– bank borrowings	**22,574**	33,546
– lease liabilities	**1,322**	1,382
	23,896	34,928
Depreciation of property, plant and equipment	**27,518**	27,729
Depreciation of right-of-use assets	**6,304**	4,230
Loss on disposal of property, plant and equipment	**38**	26
Net foreign exchange loss (gain)	**4,129**	(9,355)
Written off of inventories	**4,326**	1,197
Government grants *(note)*	**(7,289)**	(1,271)
Bank interest income	**(337)**	(524)

Note: During the current interim period, the Group recognised government grants of HK$7,289,000 for export and other incentive payments received by the Group from relevant government departments, of which HK$1,674,000 is related to Employment Support Scheme provided by the government in Hong Kong. There are no unfulfilled conditions attached to these grants. Such government grants are included under "other income".

6. TAXATION

	Six months ended	
	30.9.2020	30.9.2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**9,384**	12,774
PRC Enterprise Income Tax ("**EIT**")	**16,614**	11,668
	25,998	24,442
Deferred taxation charge	**188**	344
	26,186	24,786

(i) Hong Kong Profits Tax

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

(ii) PRC EIT

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%. Pursuant to the relevant laws and regulations in the PRC, certain entities of the Group operating in the PRC was awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15% for the period ended 30 September 2020. Another two entities operating in the PRC are qualified as small and micro enterprises for the period ended 30 September 2020 and are entitled to a reduced EIT rate of 20% on 25% of its first RMB1 million taxable income. For the portion over first RMB1 million and up to RMB3 million, only 50% of the taxable income would be taxed at a reduced EIT rate of 20%.

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% of their research and development expense so incurred as tax deductible expenses when determining their assessable profits for the prior period ("**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 prior period ended.

7. DIVIDENDS

During the current interim period ended 30 September 2020, a final dividend of HK1.5 cents per ordinary share in respect of the year ended 31 March 2020 (six months ended 30 September 2019 (unaudited): HK2 cents per ordinary share in respect of the year ended 31 March 2019) was declared to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK$27,600,000 (2019: final dividend declared amounted to HK$36,800,000).

On 27 November 2020, the board of directors of the Company has resolved to declare an interim dividend of HK1.5 cents per ordinary share totalling HK$27,600,000 for the six months ended 30 September 2020.

8. 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:

	Six months ended	
	30.9.2020	30.9.2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Earnings for the purpose of calculating basic earnings per share and diluted earnings per share (profit for the period attributable to owners of the Company)	**130,399**	99,740

	Six months ended	
	30.9.2020	30.9.2019
	'000	*'000*
	(unaudited)	(unaudited and restated)
Weighted average number of shares for the purpose of calculating basic earnings per share *(note)*	**1,840,000**	1,840,000
Effect of dilutive potential ordinary shares:		
– share options	**–**	24,340
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,840,000**	1,864,340

Note: The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the periods ended 30 September 2020 and 2019 has been determined on the assumption that the Linkz Cables Reorganisation have been effective from 1 April 2019.

The computation of diluted earnings per share for the period ended 30 September 2020 did not assume the exercise of the Company's share options because the adjusted exercise price of the share options (after the adjustment of the fair value of the unvested share options) was higher than the average market prices of shares of the Company during the period ended 30 September 2020.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

Change from cost model to revaluation model

The Group has accounted for leasehold land (classified as right-of-use assets) and buildings (classified as property, plant and equipment) using the cost model in previous years. In order to more accurately reflect the value of leasehold land and buildings held by the Group and provide more relevant information to the users of the financial statements of the Group, the directors of the Company have approved changes in the accounting policies of the Group for the leasehold land and buildings from cost model to revaluation model with effect from 30 June 2020. The Group has adopted the change in accounting policy of leasehold land and building prospectively.

Upon the change to revaluation model on 30 June 2020, these leasehold land and buildings were revalued with gain on revaluation of approximately HK$231,518,000 arising from right-of-use assets and approximately HK$64,037,000 arising from property, plant and equipment, respectively, net of the corresponding deferred tax liability of approximately HK$69,687,000, have been credited to property revaluation reserve through other comprehensive income. A loss on revaluation on certain buildings of approximately HK$5,282,000 from property, plant and equipment is recognised in profit or loss.

The Group's leasehold land and buildings were revalued on 30 September 2020 by RHL Appraisal Limited, an independent valuer not related to the Group. The resulting revaluation surplus of approximately HK$11,024,000 arising from right-of-use assets and approximately HK$465,000 arising from property, plant and equipment, respectively, net of the corresponding total deferred tax liability of approximately HK$3,167,000, have been credited to the property revaluation reserve for the period ended 30 September 2020. The valuations by the independent qualified professional valuer are arrived by direct comparison approach assuming sale of the properties in their existing states with their highest and best use and by making reference to comparable sales transactions as available in the relevant market. The direct comparison approach is based on market observable recent transactions of similar properties in similar locations.

If the leasehold land and buildings of the Group had not been revalued, they would have been included in these condensed consolidated financial statements at historical cost less accumulated depreciation and their carrying amounts would have been approximately HK$652,460,000 as property, plant and equipment and approximately HK$134,722,000 as right-of-use assets as at 30 September 2020. No comparative amounts at 31 March 2020 have been disclosed since the Group changed to revaluation model for these assets since 30 June 2020.

Additions of property, plant and equipment/right-of-use assets

During the six months ended 30 September 2020, the Group incurred approximately HK$15,935,000 (six months ended 30 September 2019: HK$29,964,000) to acquire property, plant and equipment for its operations.

During the six months ended 30 September 2020, the Group entered into a new lease agreement for an office premise with lease terms of 3 years (six months ended 30 September 2019: nil). On lease commencement, the Group recognised HK$35,000 (six months ended 30 September 2019: nil) of right-of-use assets and HK$35,000 (six months ended 30 September 2019: nil) of lease liabilities.

Change of estimated useful lives of certain buildings

On 30 June 2020, the directors of the Company reviewed the estimated useful lives of certain buildings and considered the estimated useful lives of these buildings had been changed from 30 years to 50 years. The effect of change in estimated useful lives of the buildings were accounted for on a prospective basis and was recognised as reduction in depreciation expense of approximately HK$2,019,000 for property, plant and equipment for the current period ended 30 September 2020.

10. TRADE AND OTHER RECEIVABLES

The following is an aging analysis of trade and bills receivables presented based on the invoice date, which approximated the revenue recognition date:

	30.9.2020	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(restated)
0 to 30 days	**316,874**	260,980
31 to 60 days	**175,361**	94,136
61 to 90 days	**146,684**	121,895
Over 90 days	**29,479**	34,360
	668,398	511,371

The Group allows a credit period ranging from 30 to 120 days to its trade customers. No impairment allowance was recognised for the periods ended 30 September 2020 and 2019 as amounts involved are insignificant.

11. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade and bill payables presented based on the invoice date:

	30.9.2020	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(restated)
0 to 30 days	**213,305**	275,232
31 to 60 days	**81,238**	43,135
61 to 90 days	**59,083**	52,069
91 to 120 days	**43,308**	123,731
Over 120 days	**17,206**	346
	414,140	494,513

The credit period granted by suppliers ranges from 30 to 120 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Reporting Period, the pace of global economic growth has continued to slow down due to the Sino-U.S. trade war. The Group has resolved the additional tariffs issue by procuring the "Country of Origin and Marking Ruling" from the U.S. Customs and Border Protection for data centre sector's products last year. The shipments of the data centre sector resumed to the normal level prior to the Sino-U.S. trade war since May 2019. However, the Department of Commerce of the United States had added the Group's largest customer ("**Customer A**") in telecommunication sector to the entity list under Export Administration Regulations, which would not allow companies from the United States to sell goods or services to this customer without the relevant license or authorisation.

The Sino-U.S. trade war also led to depreciation of Renminbi ("**RMB**"). During the Reporting Period, the average foreign currency exchange rate from converting RMB into Hong Kong dollars was 2.4% lower than the same period last year. The RMB revenue converted into Hong Kong dollars decreased by HK$18.7 million, representing 1.3% of the Group's revenue. Besides the data centre sector, all other business sectors of the Group were also affected by this impact, leading the Group's revenue dropped inevitably.

Meanwhile, the COVID-19 pandemic has had a more negative impact on economic activities in the Reporting Period than anticipated. Greater scarring from the larger-than-anticipated hit to economic activities have shown during the lockdown and persistent social distancing, and a negative impact has been made on productivity as surviving businesses enhance workplace safety and hygiene standards. For economies still struggling to control infection rates, the need for continued lockdowns and social distancing will take an additional toll on economic activities.

In order to cope with the changes and uncertainties of the external environment and to ensure continued growth of the Group's business, a "Strategic Business Development Task Force" has been set up under the Executive Office of TIME Interconnect Technology Group on 1 September 2020. The Task Force is led by the Group's Chief Executive Officer (the "**CEO**") and its main responsibilities are to formulate long-term business strategies for the Group, accelerate the development of new markets and strategic customers for both cable assembly and networking cables business. It is expected that the Task Force can make use of the Group's business advantages and resources of different business units to create positive synergy. In addition, the Group reintegrated internal resources by transferring more than 130 indirect personnel to the production front line, which has improved the overall production efficiency without adding any additional personnel. Besides, the Group has hired doctoral consultants to enhance its internal technology and product development capabilities. The Group continued to pay great efforts in solidifying its customer base by developing relationships with leading international customers and further enhancing the business relationships with existing customers. During the Reporting Period, the Group has successfully captured new customers and carried out the fundamental works for cooperation. In the meantime, the Group has pushed forward to improve its research and development ("**R&D**") capabilities and improve its product mix, so as to elevate the Group's overall competitiveness and seize the huge opportunities from the arrival of next-generation 5G networking technology.

The acquisition of Linkz Cables Limited and its subsidiaries ("**Target Group**"), a long-established networking cables manufacturer with its manufacturing facilities located in the People's Republic of China (the "**PRC**"), was completed on 30 June 2020. The Target Group has over 26 years of business operation and currently owns three sizable industrial complexes situated in Shanghai and Kunshan City, Jiangsu Province. It is certified as the first market share ranking of the PRC networking cables market by the China Electronic Components Association. It has technical know-how in the next-generation networking cables, such as Cat 8 cables, PoE, hybrid cables and compatibility with the HDBaseT standard. The Target Group has distinct customer base as compared with the Group and its major customers are reputable multinational corporations that have presence in the PRC. With the successful acquisition, the Group's revenue base will be significantly enlarged and its risk of customer concentration will be mitigated by merging with the diverse customer base of the Target Group. Moreover, the Company believes that the acquisition can better position the Group and the Target Group to capture the evolving opportunities brought by the rapid development of 5G technology, and strategically improves the Group's defence position amid the global economic uncertainties. The expanded business scale after the completion of the acquisition provides the Group a broader and more diversified revenue stream and enhances its profit source.

In addition, the Company's wholly-owned subsidiary Linkz Industries (Suzhou) Limited ("**Linkz Ind (Suzhou)**") has achieved ISO14064 accreditation on environmental control on July 2020, being the first wire and cable company in Asia to receive the Greenhouse Gas verification from Underwriters Laboratories Inc. ("**UL**"). With the increasing problems on global environment, the society has higher requirements for environmental protection. In particular, the Chinese government has issued a number of environmental protection policies in recent years, vigorously promoting enterprises to reduce damage on environment during production. As a well-established supplier of custom cable assemblies, the Group has always attached great importance to the protection of natural resources and the environment, and has actively implemented a series of environmental protection measures to achieve sustainable development, including low energy consumption, recycling, solar energy, electricity reduction etc. This time, Linkz Ind (Suzhou) has commissioned UL, one of the world's leading safety science companies, to verify the greenhouse gas declaration of Linkz Ind (Suzhou) according to ISO14064-3:2019 greenhouse gas specification, and confirmed that the greenhouse gas emission of Linkz Ind (Suzhou) meets standard. This fully reflects Linkz Ind (Suzhou)'s unremitting efforts in strengthening environmental protection.

In spite of the challenges in the macro-economy environment and the difficulties brought by RMB depreciation, the Group still reported solid operating results during the Reporting Period. During the six months ended 30 September 2020, although the Group recorded revenue amounting to HK$1,441.7 million, representing a decrease of HK$82.2 million or 5.4% as compared with HK$1,523.9 million (restated) for the six months ended 30 September 2019 (the "**same period last year**"), operating profit for the Reporting Period was HK$190.2 million, representing an increase of HK$24.8 million or 15.0%, as compared with HK$165.4 million (restated) for the same period last year, with the operating profit margin improved 2.3% to 13.2% for the Reporting Period. The increase of operating profit was mainly attributable to the improvement of profit margin of new 5G products in the telecommunication sector and the increase in revenue from the medical equipment sector and the industrial equipment sector.

RESULTS OF OPERATIONS

Financial Overview

For the six months ended 30 September	2020	2019 (restated)	Change
	HK$'million	*HK$'million*	*HK$'million*
Revenue	**1,441.7**	1,523.9	(82.2)
Gross profit	**303.8**	281.4	22.4
Gross profit margin	**21.1%**	18.5%	
Other income and other gains and losses	**5.2**	11.4	(6.2)
Total operating expenses	**(118.8)**	(127.4)	8.6
Total operating expenses as a percentage of revenue	**8.2%**	8.4%	
Operating profit	**190.2**	165.4	24.8
Operating profit margin	**13.2%**	10.9%	
Loss on revaluation of building	**(5.2)**	–	(5.2)
Extreme transaction expenses	**(4.2)**	(5.7)	1.5
Finance costs	**(23.9)**	(34.9)	11.0
Profit before taxation	**156.9**	124.8	32.1
Taxation	**(26.2)**	(24.8)	(1.4)
Effective tax rate	**16.7%**	19.9%	
Profit for the period	**130.7**	100.0	30.7
Net profit margin	**9.1%**	6.6%	
Profit for the period (excluding extreme transaction expenses)	**134.8**	105.7	29.1
Net profit margin	**9.4%**	6.9%	

Revenue

The Group's revenue for the Reporting Period slightly decreased by HK$82.2 million or 5.4% to HK$1,441.7 million from HK$1,523.9 million (restated) in the same period last year. The decrease was mainly attributable to (i) the lockdowns on major oversea markets caused by the COVID-19 pandemic which affected the demand of networking cables customers; and (ii) RMB depreciation during the Reporting Period, the RMB revenue converted in Hong Kong dollars decreased HK$18.7 million, which represented 1.3% of the Group's revenue. Besides the data centre sector, all other business sectors were affected by this impact differently, and making the Group's revenue dropped inevitably.

For the six months ended 30 September	**2020**		2019 (restated)		Change	
	HK$'million	*%*	*HK$'million*	*%*	*HK$'million*	*%*
Cable assembly						
Data centre	**367.9**	**25.5%**	396.5	26.0%	(28.6)	-7.2%
Telecommunication	**308.7**	**21.4%**	313.0	20.5%	(4.3)	-1.4%
Medical equipment	**93.5**	**6.5%**	65.4	4.3%	28.1	43.0%
Industrial equipment	**37.9**	**2.6%**	26.9	1.8%	11.0	40.9%
	808.0	**56.0%**	801.8	52.6%	6.2	0.8%
Networking cables						
Cat 5/5e cables	**92.7**	**6.4%**	120.7	7.9%	(28.0)	-23.2%
Cat 6/6A cables	**456.4**	**31.7%**	476.5	31.3%	(20.1)	-4.2%
Cat 7/7A cables	**19.0**	**1.3%**	88.2	5.8%	(69.2)	-78.5%
Others	**65.6**	**4.6%**	36.7	2.4%	28.9	78.7%
	633.7	**44.0%**	722.1	47.4%	(88.4)	-12.2%
Total	**1,441.7**	**100.0%**	1,523.9	100.0%	(82.2)	-5.4%

Data centre sector: The Group had resolved the additional tariffs issue by procuring the "Country of Origin and Marking Ruling" from the U.S. Customs and Border Protection for data centre sector's products last year. The shipments of the data centre sector resumed to the normal level prior to the Sino-U.S. trade war since May 2019. Even the revenue of data centre sector has decreased by HK$28.6 million or 7.2% to HK$367.9 million for the Reporting Period as compared to HK$396.5 million for the same period last year, the orders of this sector still maintained at a high shipment level during the Reporting period, remaining the highest revenue sector in the cable assembly business.

Telecommunication sector: It recorded a slight decline of revenue from HK$313.0 million in the same period last year to HK$308.7 million for the Reporting Period, representing a decrease of HK$4.3 million or 1.4%. Although the RMB depreciation has led to the drop of revenue, the Group noticed that orders of new 5G products have increased gradually and the profit margin has been improved as these new products carry a better margin.

Medical equipment sector: The outbreak of COVID-19 has stimulated an increase in medical equipment cables orders. In the early stage of the epidemic, the order level has increased by two to three times than normal from some of the customers. The revenue of medical equipment sector for the Reporting Period was HK$93.5 million, representing a substantial increase of HK$28.1 million or 43.0% as compared with HK$65.4 million for the same period last year.

Industrial equipment sector: In order to minimise the risks and uncertainties in the unstable economy environment, the Group has strived to grasp different business opportunities. For example, in March 2020, the Group successfully gained trial orders from a new prestigious customer, which has become one of the Group's major revenue contributors in this sector. The revenue of industrial equipment sector increased by HK$11.0 million or 40.9% from HK$26.9 million (restated) for the same period last year to HK$37.9 million for the Reporting Period.

Networking cables: As the impact of COVID-19 pandemic was longer than originally expected, the revenue of networking cables for the Reporting Period was HK$633.7 million, representing a decrease of HK$88.4 million or 12.2% as compared with HK$722.1 million (restated) for the same period last year. The COVID-19 pandemic has seriously affected the global economic activities as the major overseas markets being in lockdown, and many companies have to adopt work from home policies or no-pay leave arrangements. The flow of people and logistics have been restricted. As a result, some new projects were on hold and customer demand reduced. Fortunately, PRC is one of the fastest market to reopen, where the recovery from the sharp contraction in the first quarter is underway. The demand from PRC customers remained relatively stable and there was no significant decrease or cancellation of sales orders from customers.

Segment Information

Segmental information is presented for the Group as disclosed on Note 3 to the condensed consolidated financial statements.

Gross Profit/Margin

Gross profit for the Reporting Period was HK$303.8 million, an increase of HK$22.4 million or 8.0% compared with HK$281.4 million (restated) for the same period last year. Gross profit margin increased from 18.5% (restated) to 21.1%. Although the direct labour costs increased due to the labour shortage and the depreciation increased due to the amortisation of fair value gain of the PRC properties, the Group's gross profit margin has made improvement mainly due to the increase in revenue from the new 5G products of the telecommunication sector and the increase in revenue from the medical equipment sector, which carries a higher profit margin.

Operating Profit/Margin

Operating profit (excluding the extreme transaction expenses and finance costs) for the Reporting Period was HK$190.2 million, which represented an increase of HK$24.8 million or 15.0% as compared with the same period last year. Operating profit margin was 13.2% for the Reporting Period compared to 10.9% (restated) in the same period last year. The ratio of EBITDA (excluding the extreme transaction expenses) to revenue increased to 15.2% from 13.0% (restated) in the same period last year.

Other income, which comprise of primarily bank interest income, government grants, handling income was in aggregate HK$9.2 million for the Reporting Period, representing an increase of 360.0% as compared with HK$2.0 million for the same period last year. Such increase was mainly attributable to the significant increase of government grants of HK$7.3 million, in which included HK$1.7 million from the "Employment Support Scheme" under the HKSAR Government's "Anti-epidemic Fund" to provide time-limited financial support to employers to retain employees.

Other gains and losses were recorded a loss of HK$4.0 million for the Reporting Period compared to a gain of HK$9.4 million (restated) for the same period last year. Such loss was mainly due to the exchange loss from RMB depreciation of HK$4.1 million, which was attributable to the Group's operations in the ordinary course of business, as compared to an exchange gain of HK$9.4 million (restated) in the same period last year.

The total operating expenses were HK$118.8 million, a decrease of HK$8.6 million or 6.8% compared to HK$127.4 million (restated) recorded in the same period last year. Total operating expenses as a percentage of the Group's revenue slightly improved from 8.4% (restated) to 8.2%.

Distribution and selling expenses decreased from HK$26.9 million (restated) to HK$24.3 million, a decrease of 9.7% compared with the same period last year. It was mainly attributable to the decrease of salaries cost HK$1.1 million due to share of resources with networking cables business and travel and entertainment expenses decreased HK$0.9 million due to the lockdown and social distancing. As a percentage of the Group's revenue, distribution and selling expenses slightly decreased from 1.8% (restated) to 1.7% as compared to the same period last year.

Administrative expenses decreased from HK$62.3 million (restated) to HK$58.8 million in the Reporting Period. The decline was mainly due to the drop of share option expenses of HK$1.3 million and the relief of social insurance of HK$1.3 million by the PRC government for supporting employers. Administrative expenses as a percentage of revenue remain stable at 4.1%, same as the same period last year.

During the Reporting Period, the research and development expenses were HK$35.7 million, which represented a decrease of HK$2.5 million or 6.4% compared with the same period last year. It was mainly attributable to the decline of materials cost and testing fee HK$3.0 million. Research and development expenses as a percentage of the Group's revenue remained stable at 2.5%, same as the same period last year. The Company continuously put great efforts to enhance its R&D capabilities by expanding the R&D team, so as to launch more new products and technologies.

Extreme Transaction Expenses

As at 30 June 2020, the Company completed the acquisition of the business of manufacturing and sales of networking cables engaged by the Target Group, at a final consideration of HK$781.0 million. The expenses incurred in connection with this acquisition was approximately HK$4.2 million for the Reporting Period.

Finance Costs

For the Reporting Period, the finance costs were recorded at HK$23.9 million against HK$34.9 million (restated) for the same period last year. The finance costs included (i) bank loan interest of HK$18.5 million for short-term bank borrowings mostly for networking cables business; (ii) interest expenses of HK$4.1 million for the Company's club loan financing its acquisition of the networking cables business; and (iii) interest expenses of HK$1.3 million on the lease liabilities under adoption of HKFRS 16 "Leases" effective from 1 April 2019.

Total Profit for the six months ended 30 September 2020 and Basic Earnings per Share

Total profit of the Group for the Reporting Period was HK$130.7 million, an increase of HK$30.7 million or 30.7% as compared to the same period last year. By excluding the extreme transaction expenses, total profit was HK$134.8 million and net profit margin was recorded at 9.4% as compared to 6.9% (restated) in the same period last year. As compared to HK$77.4 million for the net profit of the Group for the six months ended 30 September 2019 as disclosed in the 2019/2020 interim report, it represented a significant increase of HK$53.3 million or 68.9%.

Taxation represents the tax expenses arising from the assessable profit generated by the Group in Hong Kong and the PRC. Taxation was provided at the respective tax rate of 16.5% and 25% based on the profit from operating activities. The major manufacturing subsidiaries, TIME Interconnect Technology (Huizhou) Limited and Linkz Ind (Suzhou), were awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15%. Taxation charges increased from HK$24.8 million (restated) in the same period last year to HK$26.2 million for the Reporting Period. The effective tax rate decreased from 19.9% (restated) to 16.7%.

Basic earnings per share for the Reporting Period was HK7.1 cents as compared to HK5.4 cents (restated) in the same period last year.

Dividends

The Board is pleased to declare an interim dividend of HK1.5 cents per share, amounting to a total of approximately HK$27.6 million.

OUTLOOK

Looking ahead, the cable assembly industry is expected to sustain growth in the coming years. To meet the market demand, the Group is striving to enhance its production capacity by acquiring a parcel of industrial land with two industrial buildings for its production. The management remains confident that the Group's enlarged production capacity and well-established business fundamentals would enable it to capture the market opportunities upon the arrival of the next-generation 5G network. In the meantime, with the successful acquisition of networking cables business (engaged by Linkz Cables Limited and its subsidiaries), the Group's revenue base will be significantly enlarged and its risk of customer concentration will be mitigated by merging with the diverse customer base of the Target Group. Moreover, the Company believes that the acquisition can better position the Group and the Target Group to capture the evolving opportunities brought by the rapid development of 5G technology, and strategically improves the Group's defence position amid the global economic uncertainties. The expanded business scale after the completion of the acquisition provides the Group a broader and more diversified revenue stream and enhances its profit source.

With the rapid development of the 5G cellular network technology in the PRC and the 5G network deployment announced by various mobile operators in the second half of 2019, the Group noted that there will be gradual and large scale replacement of 5G devices and equipment in the coming years, which is expected to drive the demand of cable assembly products. The PRC has continuously made great efforts to accelerate the research and development of 5G technology, it is expected the sales order from Customer A will increase and benefit the telecommunication sector. In addition, the COVID-19 pandemic has changed many economic activities. For example, companies are forced to work from home and increase online meetings during the lockdown period and persistent social distancing, which will directly increase the application and demand of network communication.

For data centre sector, since the additional tariffs issue had been resolved, the fibre cable assembly products will not be subjected to any additional tariffs when importing into the United States anymore. The shipments of the data centre sector were back to the normal level prior to the Sino-U. S. trade war since May 2019. As the development of 5G will boost the application of big data, IoT, internet gaming and video streaming through cloud platform, the Group remains positive on the continuous growth of the business of the data centre sector.

As for the medical equipment sector, since the COVID-19 broke out across the world, the Group expects the demand for medical cables will last for a while and it will continue to bring positive impact to the Group's medical cables orders in the coming few months. Moving ahead, the Group believes that this sector will maintain its dynamic pace of growth, considering the arising demand from the medical equipment market. To catch up with the trend, the Group will continue to enhance its medical equipment customers base, as well as to strengthen its R&D capabilities.

For the industrial equipment sector, the Group has strived to grasp different business opportunities in order to minimise the risks and uncertainties involved in the unstable economies. In March 2020, the Group received a big trial order from a new prestigious customer, which has become one of its major revenue contributors in this sector. Additionally, Huawei's intelligent automotive solution BU was officially established last year and this will be a part of Information and Communication Technology (ICT) business sectors of Huawei. The Group is honoured to become one of the four first tier suppliers of Huawei in this sector. Moving ahead, the Group expects the demand for sales order in this sector will increase gradually for the coming year.

In addition to the cable assembly and networking cables business units, the Group is going to set up a new business unit – Robotics Business Unit. Robotics is becoming one of the fastest growing industries in the PRC and is also one of the key industries of the "Made in China 2025" (a national strategic plan). Whilst it is challenging, robotics business is a new endeavour of the Group. In order to better develop this new business, the Group is collaborating with a well-known robot customer, who owns a leading artificial intelligence ("**AI**") technology, and has set up a new wholly-owned subsidiary "TIME Robotics Technology (Shanghai) Limited" in Shanghai. It carries a flexible manufacturing setup, provides digitised supply chain management and high-level product traceability. The Group is also building a new team for robotic product assembly and developing related manufacturing capabilities in vertical integration. The Group believes that this new business can create many possibilities and lead the Group to another new stage.

Moving ahead, the Group will continue to stay alert to the changes in economic environment and take prompt and decisive actions to maintain the Group's competitiveness and sustainability. Meanwhile, the Group will keep enhancing its business operations, so that it is fully capable to capitalise on an eventual market turnaround.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds as at 30 September 2020 were approximately HK$716.4 million, which represented a decrease of HK$441.6 million or 38.1% from HK$1,158.0 million (restated) as at 31 March 2020. The decrease was mainly due to the acquisition of networking cables business during the Reporting Period, which was partly offset by (i) the revaluation surplus of PRC properties HK$231.3 million under adoption of revaluation model HKAS 16 effective from 1 July 2020; (ii) the profit attributable to owners of the Company for the Reporting Period HK$130.4 million; and (iii) the appreciation of RMB at the reporting date, an increase of HK$40.0 million in the translation reserve from converting RMB into Hong Kong dollars as recorded in the financial statements of the PRC subsidiary. As a result, shareholders' funds per share decreased by 38.1% from HK$0.63 (restated) to HK$0.39.

As at 30 September 2020, the Group had bank balances and cash of HK$155.2 million, representing a decrease of 57.7% as compared to HK$366.9 million (restated) as of 31 March 2020. It was mainly due to the balance payment of the acquisition of networking cables business of HK$151.0 million and distribution of the Company's final dividend for the year ended 31 March 2020 of HK$27.6 million during the Reporting Period. As at 30 September 2020, the Group's bank loan was HK$1,044.7 million, a decrease of HK$134.6 million or 11.4% from HK$1,179.3 million (restated) as of 31 March 2020. The Group believes it has sufficient committed and unutilised banking facilities as at 30 September 2020 to meet current business operation and capital expenditure requirements.

Capital Expenditure

For the Reporting Period, the Group invested HK$17.5 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, as well as the improvement of manufacturing working environment. All of these capital expenditures were financed from internal resources.

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 30 September 2020 and 31 March 2020, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$19.2 million and HK$13.5 million (restated) as at 30 September 2020 and 31 March 2020 respectively.

Gearing Ratio

Gearing ratio is calculated as total debt divided by total equity and multiplied by 100%. As at 30 September 2020, the Group's gearing ratio was 143.6% as compared to 101.1% (restated) as of 31 March 2020.

CAPITAL STRUCTURE

The shares of the Company were listed on the Main Board of the Stock Exchange. 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 30 September 2020, 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.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

The reporting currency of the Group is presented in Hong Kong dollars, as the Directors consider that it is more relevant to the users of the condensed 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 the Reporting Period, the Company 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 30 September 2020 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	8.6	–
Production machinery	5.9%	7.5	7.5	–
Automation process	12.6%	15.9	15.9	–
Marketing development	1.5%	1.9	1.9	–
General working capital	3.2%	4.1	4.1	–
Total	100.0%	126.6	126.6	–

As of 30 September 2020, 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 30 September 2020, the capital commitment of the Group is as follows:

	30.9.2020	31.3.2020 (restated)
	HK$'million	*HK$'million*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements	**2.7**	2.9

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

The Company completed the acquisition of the business of manufacturing and sales of networking cables engaged by the Target Group on 30 June 2020. As one or more of the applicable percentage ratios in respect of the acquisition exceeds 100%, the acquisition constituted a very substantial acquisition of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). In addition, as the acquisition may have the effect of achieving a listing of the Target Group, the Listing Committee has resolved that the acquisition was an extreme transaction under Rule 14.06C of the Listing Rules.

As at the date of completion, Linkz Industries, which was ultimately and beneficially owned by Mr. Paul Lo as to 59.82% of its effective interest, was a Controlling Shareholder of the Company interested in 63.86% of the Company through Time Holdings. As such, Linkz Industries was a connected person of the Company under Chapter 14A of the Listing Rules.

The acquisition of the Target Group was approved by the independent shareholders at the extraordinary general meeting of the Company held on 29 April 2020. Completion of the acquisition of the Target Group took place on 30 June 2020 (the "**Completion Date**") upon which the initial sum of the consideration of HK$802.7 million was satisfied by the Company through (i) the payment of HK$630.0 million financed by club loan which coordinated with four leading banks in Hong Kong and (ii) the remaining HK$172.7 million in cash financed by internal resources. An adjustment cash payment for this acquisition of HK$21.7 million was refunded on 11 September 2020 with reference to the finalisation of the Completion NAV from the Post Completion Accounts of the Target Group. The final consideration for this acquisition is thus HK$781.0 million.

Save as disclosed above, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and associations for the Reporting Period. There is no other plan for material investments or capital assets for the Reporting Period.

MATERIAL EVENT SINCE THE END OF THE FINANCIAL PERIOD

Apart from the acquisition as set out in above section, there has been no other important event affecting the Group since 30 September 2020 and up to the date of this announcement.

EMPLOYEE

As of 30 September 2020, the total headcount for the Group was approximately 2,821 employees (30 September 2019: approximately 2,880 (restated)). 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 Reporting Period were approximately HK$186.8 million, as compared to approximately HK$176.3 million (restated) in the same period last year. Remuneration is determined with reference to performance skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

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 six months ended 30 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 six months ended 30 September 2020.

SHARE OPTION SCHEMES

The Company conditionally adopted a share option scheme on 24 January 2018 (the "**Scheme**") and further granted the share options to the senior management of the Company on 7 August 2020 (the "**New Share Option Scheme**"). The terms of the Scheme and New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Scheme is disclosed on Note 14 to the condensed consolidated financial statements of the interim report.

CORPORATE GOVERNANCE PRACTICE

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 30 September 2020.

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.

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

The Audit Committee has reviewed with the management of the Company on the accounting principles and practices adopted by the Group, the interim report and the interim results announcement of the Group for the six months ended 30 September 2020, and is of the view that such results comply with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend, details of the interim dividend are set out in Note 7 of the condensed consolidated financial statements. Interim dividend will be payable to shareholders whose names appear on the register of members of the Company on Wednesday, 16 December 2020.

CLOSURES OF REGISTER OF MEMBERS

In order to qualify for the entitlement to the proposed interim dividend, the register of members of the Company will be closed from Monday, 14 December 2020 to Wednesday, 16 December 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 December 2020. The proposed interim dividend is expected to be paid on or before Friday, 8 January 2021.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 September 2020 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu whose unmodified review report is set out on the interim report. The interim results of the Group for the six months ended 30 September 2020 have also been reviewed by the Audit Committee.

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 period.

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

Hong Kong, 27 November 2020

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.