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 2021

FINANCIAL HIGHLIGHTS

For the six months ended 30 September	**2021 (unaudited)**	2020 (unaudited)	Change
Operating results *(HK$'million)*			
Revenue	**1,740.5**	1,441.7	20.7%
Gross profit	**308.4**	303.8	1.5%
Total profit for the period – Adjusted *(Note)*	**114.9**	134.8	-14.8%
Total profit for the period	**91.4**	130.7	-30.1%
Basic earnings per share *(Hong Kong cents)* – Adjusted *(Note)*	**6.2**	7.3	-15.1%
Basic earnings per share *(Hong Kong cents)*	**5.0**	7.1	-29.6%
Key ratios *(%)*			
Gross profit margin	**17.7**	21.1	-3.4pts
Net profit margin – Adjusted *(Note)*	**6.6**	9.4	-2.8pts
Net profit margin	**5.3**	9.1	-3.8pts
EBITDA/Revenue	**11.2**	14.9	-3.7pts

Note: Total profit, basic earnings per share and net profit margin are calculated by excluding the professional fee for acquisition / extreme transaction expenses and the one-off withholding tax arising from the internal reorganisation and dividend income.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Time Interconnect Technology Limited (the "**Company**") hereby announces the condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2021 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 September 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
	Notes	**30.9.2021**	30.9.2020
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**1,740,522**	1,441,677
Cost of goods sold		**(1,432,158)**	(1,137,904)
Gross profit		**308,364**	303,773
Other income		**1,652**	9,162
Other gains and losses		**598**	(4,012)
Gain (loss) on revaluation of property, plant and equipment		**178**	(5,189)
Gain on bargain purchase	*12*	**3,201**	–
Distribution and selling expenses		**(32,180)**	(24,282)
Administrative expenses		**(66,320)**	(58,841)
Professional fees and costs relating to acquisition of business and business restructuring		**(3,084)**	(4,168)
Research and development expenses		**(57,469)**	(35,690)
Finance costs		**(20,015)**	(23,896)
Profit before taxation	*5*	**134,925**	156,857
Taxation	*6*	**(43,480)**	(26,186)
Profit for the period		**91,445**	130,671
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of right-of-use assets and property, plant and equipment		**(14,335)**	307,044
Deferred tax arising from revaluation of right-of-use assets and property, plant and equipment		**3,184**	(72,854)
		(11,151)	234,190
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**23,462**	40,314
Fair value loss on hedging instruments designated as cash flow hedge		**(269)**	–
		23,193	40,314
Other comprehensive income for the period		**12,042**	274,504
Total comprehensive income for the period		**103,487**	405,175

	Notes	Six months ended **30.9.2021** ***HK$'000*** **(unaudited)**	 30.9.2020 *HK$'000* (unaudited)
Profit for the period attributable to:			
Owners of the Company		**91,187**	130,399
Non-controlling interest		**258**	272
		91,445	130,671
Total comprehensive income for the period attributable to:			
Owners of the Company		**103,121**	401,736
Non-controlling interest		**366**	3,439
		103,487	405,175
Earnings per share	*8*		
– Basic (HK cents)		**4.95**	7.09
– Diluted (HK cents)		**4.90**	7.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	30.9.2021 HK$'000 (unaudited)	31.3.2021 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**766,213**	733,666
Right-of-use assets	9	**398,367**	400,171
Deposits paid for acquisition of property, plant and equipment		**6,097**	6,726
Financial assets at fair value through profit or loss		**6,152**	6,035
Rental deposits		**728**	700
		1,177,557	1,147,298
Current assets			
Inventories		**593,293**	474,894
Trade and other receivables	10	**1,028,110**	808,755
Contract assets		**7,032**	2,860
Taxation recoverable		**–**	1,516
Pledged bank deposits		**25,170**	7,091
Bank balances and cash		**220,910**	156,550
		1,874,515	1,451,666
Current liabilities			
Trade and other payables	11	**809,782**	571,869
Contract liabilities		**3,732**	5,093
Derivative financial liabilities		**36**	–
Lease liabilities		**8,949**	7,785
Taxation payable		**21,758**	9,605
Unsecured bank borrowings – amount due within one year		**755,077**	606,583
		1,599,334	1,200,935
Net current assets		**275,181**	250,731
Total assets less current liabilities		**1,452,738**	1,398,029
Non-current liabilities			
Derivative financial liabilities		**233**	–
Lease liabilities		**47,194**	36,471
Unsecured bank borrowings – amount due after one year		**372,544**	405,625
Deferred tax liabilities		**90,194**	91,532
		510,165	533,628
Net assets		**942,573**	864,401
Capital and reserves			
Share capital		**18,404**	18,404
Reserves		**911,876**	834,070
Equity attributable to owners of the Company		**930,280**	852,474
Non-controlling interest		**12,293**	11,927
Total equity		**942,573**	864,401

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and application of certain accounting policies which become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim 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.

Application of certain accounting policies relevant to the Group

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

3. SEGMENT INFORMATION

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) digital cable (previously named as "networking cables" as at 31 March 2021).

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

Cable assembly	–	manufacturing and trading of cable assembly products
Digital cable	–	manufacturing and trading of networking cable and specialty cable 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 and business restructuring, 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:

(a) Segment revenue and results

For the six months ended 30 September 2021 (unaudited)

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue					
External sales	**855,664**	**884,858**	**1,740,522**	**–**	**1,740,522**
Inter-segment sales	**75**	**21,404**	**21,479**	**(21,479)**	**–**
	855,739	**906,262**	**1,762,001**	**(21,479)**	**1,740,522**
Segment results	**109,544**	**55,471**	**165,015**	**–**	**165,015**
Other income					**258**
Professional fees and costs relating to acquisition of business and business restructuring					**(3,084)**
Finance costs					**(20,015)**
Unallocated expenses					**(7,249)**
Profit before taxation					**134,925**

For the six months ended 30 September 2020 (unaudited)

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Total *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 and business restructuring					(4,168)
Finance costs					(23,896)
Unallocated expenses					(4,929)
Profit before taxation					156,857

(b) 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 2021 (unaudited)	**Cable assembly** ***HK$'000***	**Digital cable** ***HK$'000***	**Consolidated** ***HK$'000***
Assets			
Reportable segment assets	**1,274,010**	**1,775,026**	**3,049,036**
Unallocated assets			**3,036**
Consolidated total assets			**3,052,072**
Liabilities			
Reportable segment liabilities	**576,631**	**404,303**	**980,934**
Unallocated liabilities			**1,128,565**
Consolidated total liabilities			**2,109,499**

At 31 March 2021 (audited)	Cable assembly *HK$'000*	Digital cable *HK$'000*	Consolidated *HK$'000*
Assets			
Reportable segment assets	985,734	1,610,509	2,596,243
Unallocated assets			2,721
Consolidated total assets			2,598,964
Liabilities			
Reportable segment liabilities	415,036	306,374	721,410
Unallocated liabilities			1,013,153
Consolidated total liabilities			1,734,563

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain other receivables and bank balances and cash; and
- all liabilities are allocated to operating segments other than certain derivative financial liabilities, bank borrowings and other payables.

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 digital cable products.

The Group's revenue is with fixed price and in short term contracts. Revenue amounting to HK$373,588,000 (six months ended 30 September 2020 (unaudited): HK$364,672,000) for the six months ended 30 September 2021 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	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cable assembly		
– Optical fibres	**471,013**	441,304
– Copper	**384,651**	366,721
Digital cable		
– Cat 6/6A cables	**708,019**	456,388
– Cat 5/5e cables	**106,928**	92,665
– Cat 7/7A cables	**24,929**	18,957
– Specialty cable	**44,982**	65,642
	1,740,522	1,441,677

Geographical information

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

	Six months ended	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The People's Republic of China ("**PRC**")	**857,157**	766,702
The United States of America	**375,910**	343,885
Singapore	**112,500**	101,062
Netherlands	**109,658**	86,639
Hong Kong	**101,172**	57,217
Others	**184,125**	86,172
	1,740,522	1,441,677

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Interests on:		
– bank borrowings	**18,680**	22,574
– lease liabilities	**1,335**	1,322
	20,015	23,896
Depreciation of property, plant and equipment	**30,785**	27,518
Depreciation of right-of-use assets	**8,650**	6,304
(Gain) loss on disposal of property, plant and equipment	**(482)**	38
Net foreign exchange (gain) loss	**(7)**	4,129
Written off of inventories	**2,138**	4,326
Government grants *(note)*	**(835)**	(7,289)
Bank interest income	**(236)**	(337)

Note: During the period ended 30 September 2020, the Group recognised government grants of HK$1,674,000 (2021: nil) relating to Employment Support Scheme provided by the Hong Kong Government. The remaining government grants for both periods were related to export and other incentive payments received by the Group from relevant government departments. There were no unfulfilled conditions attached to these grants. Such government grants were included under "other income".

6. TAXATION

	Six months ended	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**11,867**	9,384
PRC Enterprise Income Tax ("**EIT**")	**10,653**	16,614
Withholding tax in the PRC	**20,382**	–
	42,902	25,998
Deferred taxation charge	**578**	188
	43,480	26,186

(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 were awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15% for the periods ended 30 September 2021 and 2020.

During the period ended 30 September 2021, the withholding tax of HK$10,833,000 (six months ended 30 September 2020 (unaudited): nil) mainly represented taxation recognised in respect of dividend income from PRC subsidiaries and is recognised at tax rates of 5% in accordance with the Implementation Regulation of the EIT Law of the PRC. The Group also recognised the withholding tax of HK$9,549,000 (six months ended 30 September 2020 (unaudited): nil) in respect of shares transfer of subsidiaries in relation to group reorganisation in the PRC with tax rate of 10% under EIT law.

Certain entities operating in the PRC that have taxable income of not more than RMB3 million are qualified as small and micro enterprises for the periods ended 30 September 2021 and 2020. For the first RMB1 million taxable income, 25% of its first RMB1 million taxable income would be taxed at a reduced rate of 20%. With effect from 1 January 2021, these entities were entitled to a further reduced EIT rate of 10% 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 period up to 31 December 2020. With effect from 1 January 2021, these entities are entitled to claim an additional 100% of their research and development expenses ("**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 period ended 30 September 2021.

7. DIVIDENDS

During the current interim period ended 30 September 2021, a final dividend of HK1.5 cents per ordinary share in respect of the year ended 31 March 2021 (six months ended 30 September 2020 (unaudited): HK1.5 cents per ordinary share in respect of the year ended 31 March 2020) 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$27,606,000 (2020: HK$27,600,000).

On 29 November 2021, the board of directors of the Company has resolved to declare an interim dividend of HK1 cent per ordinary share totalling HK$18,440,000 for the six months ended 30 September 2021.

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	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
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)	**91,187**	130,399

	Six months ended	
	30.9.2021	30.9.2020
	'000	*'000*
	(unaudited)	(unaudited)
Weighted average number of shares for the purpose of calculating basic earnings per share *(note)*	**1,840,432**	1,840,000
Effect of dilutive potential ordinary shares:		
– share options	**19,876**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,860,308**	1,840,000

Note: 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

Revaluation model

The directors of the Company had approved changes in the accounting policies of the Group for the leasehold land (classified as right-of-use assets) and buildings (classified as property, plant and equipment) from cost model to revaluation model with effect from 30 June 2020. The Group had adopted the change in accounting policy of leasehold land and building prospectively.

The Group's leasehold land and buildings were revalued on 30 September 2021 by RHL Appraisal Limited, an independent valuer not related to the Group. The resulting revaluation loss of approximately HK$14,335,000 (six months ended 30 September 2020 (unaudited): gain of HK$307,044,000), represented by loss of HK$14,220,000 (six months ended 30 September 2020 (unaudited): gain of HK$242,542,000) arising from right-of-use assets and loss of HK$115,000 (six months ended 30 September 2020 (unaudited): gain of HK$64,502,000) arising from property, plant and equipment, respectively, and the corresponding total deferred tax asset of approximately HK$3,184,000 (six months ended 30 September 2020 (unaudited): deferred tax liability of HK$72,854,000) have been recognised in the property revaluation reserve for the period ended 30 September 2021. 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 the market observable transactions of similar properties and adjusted to reflect conditions and locations of subject properties. 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$93,446,000 (as at 31 March 2021: HK$93,253,000) as right-of-use assets and approximately HK$164,177,000 (as at 31 March 2021: HK$163,666,000) as property, plant and equipment as at 30 September 2021.

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

During the six months ended 30 September 2021, the Group incurred approximately HK$52,125,000 (six months ended 30 September 2020 (unaudited): HK$15,935,000) and HK$14,688,000 (six months ended 30 September 2020 (unaudited): HK$35,000) to acquire property, plant and equipment and right-of-use assets for its operations, respectively, of which approximately HK$11,734,000 (six months ended 30 September 2020 (unaudited): nil) and HK$14,688,000 (six months ended 30 September 2020 (unaudited): nil) were addition of property, plant and equipment and right-of-use assets respectively being recognised from the acquisition of business as detailed in note 12.

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. On lease commencement, the Group recognised HK$35,000 of right-of-use assets and HK$35,000 of lease liabilities.

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:

	30.9.2021 ***HK$'000*** **(unaudited)**	31.3.2021 *HK$'000* (audited)
0 to 30 days	**362,500**	336,684
31 to 60 days	**243,199**	166,088
61 to 90 days	**180,580**	165,580
91 to 180 days	**160,731**	83,863
Over 180 days	**7,777**	404
	954,787	752,619

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 2021 and 2020 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:

	30.9.2021	31.3.2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**368,934**	283,373
31 to 60 days	**129,397**	60,778
61 to 90 days	**103,204**	81,089
91 to 180 days	**100,442**	81,759
Over 180 days	**1,088**	370
	703,065	507,369

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

12. ACQUISITION OF BUSINESS

On 31 May 2021, a direct wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with GP Industries Limited, who owns 38.13% Linkz Industries and is a connected party of the Company, to acquire 100% of the entire issued share capital of GP Industries Marketing Limited at a cash consideration of HK$69,000,000. GP Industries Marketing Limited and its subsidiary, Huizhou GP Wiring Technology Limited ("**Huizhou GP**"), are principally engaged in the manufacturing and trading of automotive wire harness. The acquisition of business was completed on 31 August 2021 and has been accounted for using the acquisition method.

Acquisition-related costs amounting to HK$1,388,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period and included in the "professional fees and costs relating to acquisition of business and business restructuring" line item in the condensed consolidated statement of profit or loss and other comprehensive income. There is a gain on bargain purchase amounting to HK$3,201,000 arising from the acquisition, which was a result of fair values of net assets acquired exceeded the fair value of the consideration paid.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	11,734
Right-of-use assets	14,688
Inventories	32,026
Trade and other receivables	82,406
Bank balances and cash	13,177
Trade and other payables	(44,363)
Amounts due to related companies *(Note)*	(22,344)
Lease liabilities	(14,785)
Taxation payable	(338)
	72,201
Gain on bargain purchase	(3,201)
	69,000

Consideration transferred:

	HK$'000
Cash	69,000
Less: Bank balances and cash acquired	(13,177)
	55,823

Note: The amounts due to related companies are due to GP Industries Limited and its subsidiaries. The amounts were subsequently settled in September 2021.

Impact of acquisition on the results of the Group

Included in the profit for the interim period is a loss of HK$174,000 attributable to the additional business generated by GP Industries Marketing Limited and Huizhou GP. Revenue for the interim period includes HK$12,100,000 generated from GP Industries Marketing Limited and Huizhou GP.

Had the acquisition of GP Industries Marketing Limited and Huizhou GP been completed on 1 April 2021, revenue for the interim period of the Group from continuing operations would have been HK$1,824,669,000, and the profit for the interim period from continuing operations would have been HK$92,198,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2021, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had GP Industries Marketing Limited and Huizhou GP been acquired at the beginning of the interim period, the directors of the Company calculated depreciation and amortisation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the six months ended 30 September 2021 (the "**Reporting Period**"), although vaccines have been available, vaccine promotion has been slow and virus variants have appeared. The pandemic has taken a turn for the worse in some parts of the world since April 2021. Meanwhile, a speedy vaccine rollout has helped bring down caseloads quickly in other regions. Economies are diverging even further, influenced by differences in the pace of vaccine rollout and policy support. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID-19 death tolls. However, smooth and durable recoveries are not assured even in places where infections are seemingly under control. On the other hand, a large number of containers are stranded in ports with inactive business, and there is a serious shortage of containers in the market, which has led to a surge in transportation costs and freight delays. The Group's shipments have been obstructed directly and the business growth has been stifled.

Started from December 2020, copper (one of major materials of digital cable business) price has continuously increased and reached a record high USD10,725 per ton in May 2021. During the six months ended 30 September 2021, the average copper price was USD9,531 per ton, representing an increase of 60.0% as compared with USD5,956 for the six months ended 30 September 2020 (the "**same period last year**"). Based on the existing quotation mechanism that the Group has been used with customers, the selling price will be automatically adjusted with the price of copper, that means the impact of the copper price fluctuation will be directly pass through to customers. Even the amount of gross profit of the orders will not be affected by such copper price impact, but the gross profit margin will be diluted inevitably. In the meantime, coupled with the increase in other various costs, such as PVC cost, packing materials cost and labour cost, the Group's profitability in certain sectors have been affected differently. In view of it, the Group has adjusted the selling price (excluding copper component) in a range of 5% to 8% in May 2021.

On 19 July 2021, TIME Interconnect Technology (Huizhou) Limited ("**Huizhou TIME**"), an indirect wholly-owned subsidiary of the Company, was honoured to receive the Supplier Award for Outstanding Contribution from ASM Pacific Technology Limited ("**ASM**") in the first two quarters of 2021. This recognition should be thanks for the concerted efforts of its colleagues who have been committed to providing high quality service to the customers. The Company greatly appreciate the long-term collaboration with ASM and look forward to continue being a valued partner of their global supply chain.

On 31 August 2021, Time Interconnect Investment Limited, a direct wholly-owned subsidiary of the Company, has completed the acquisition of the business of manufacturing and sales of automotive wire harness engaged by GP Industries Marketing Limited and its subsidiaries ("**GPIM Group**") from GP Industries Limited ("**GP Industries**", a controlling shareholder of the Company) at the final consideration of HK$69.0 million. The acquisition provides the Group with an attractive opportunity to expand and diversify its business and investment portfolio, and enhance its income sources and long-term development potential. The Group believes that the automotive wiring products can help the Group to provide its customers with a broader product portfolio, and to step in new business sector by enriching the Group's business portfolio and broadening its unique customer base, which can capture opportunities brought by the booming electric vehicle market.

On 16 September 2021, to align with the Group's business direction and its strategy of accelerating the development of specialty cable, "Networking Cables Business Unit" will be re-named as "Digital Cable Business Unit" and sub-divided into two sectors, "Networking Cable Sector" and "Specialty Cable Sector". Networking Cable Sector includes a full range of CAT3, CAT5/5E, CAT6/6A, CAT7, CAT7A, CAT8 series products in U/UTP, F/UTP, SF/UTP, F/FTP and S/FTP structures, which also obtaining some environmental regulations such as anti-rats, chemical resistance, weather proof and oil proof. On the other hand, Specialty Cable Sector includes Industrial Communication Cables, Rail Transit Cables, HDBT Hi-Res Data Communication Cables and etc. Those products are widely used for networking communication system, smart buildings, security engineering, hi-fidelity digital audio and video system, industrial automation control system and rail transit communication system.

In September 2021, the Develop & Reform Ministry has set restrictions to reduce the energy consumption level during the next 3 months in the provinces of Guangdong and Jiangsu among other provinces. It reflects the PRC government's commitment in Carbon Emission reduction. In terms of short-term measure, the Group manages to minimize its impact by turning on its own standby power generator to support the daily demand so that no influence occurs in regular production lines. For the long-term direction, the Group are taking every action to improve the productivity in terms of power consumption. The Group has regularly reviewed its own business and strived to seize any business opportunities and made regular strategic deployments to expand its business in order to cope with the impact of global economic changes, pandemic and potential trade wars.

In spite of the challenges in the macro-economy environment and the difficulties brought by COVID-19, the Group's business has been continuously growing through a series of strategic acquisition and deployments. For the Reporting Period, the Group recorded revenue amounting to HK$1,740.5 million, representing an increase of HK$298.8 million or 20.7% as compared with HK$1,441.7 million for the same period last year. Operating profit for the Reporting Period was HK$157.8 million, representing a decrease of HK$32.4 million or 17.0%, as compared with HK$190.2 million for the same period last year, with the operating profit margin dropped 4.1% to 9.1% for the Reporting Period. The decrease of operating profit was mainly attributable to the increase in various materials cost, labour cost and transportation costs.

RESULTS OF OPERATIONS

Financial Overview

For the six months ended 30 September	**2021** *HK$'million*	2020 *HK$'million*	Change *HK$'million*
Revenue	**1,740.5**	1,441.7	298.8
Gross profit	**308.4**	303.8	4.6
Gross profit margin	**17.7%**	21.1%	
Other income and other gains and losses	**5.4**	5.2	0.2
Total operating expenses	**(156.0)**	(118.8)	(37.2)
Total operating expenses as a percentage of revenue	**9.0%**	8.2%	
Operating profit	**157.8**	190.2	(32.4)
Operating profit margin	**9.1%**	13.2%	
Gain/(Loss) on revaluation of building	**0.2**	(5.2)	5.4
Professional fee for acquisition/Extreme transaction expenses	**(3.1)**	(4.2)	1.1
Finance costs	**(20.0)**	(23.9)	3.9
Profit before taxation	**134.9**	156.9	(22.0)
Taxation	**(43.5)**	(26.2)	(17.3)
Effective tax rate	**32.2%**	16.7%	
Profit for the period	**91.4**	130.7	(39.3)
Net profit margin	**5.3%**	9.1%	
Profit for the period (excluding professional fee for acquisition/extreme transaction expenses and the one-off withholding tax arising from the internal reorganisation and dividend income)	**114.9**	134.8	(19.9)
Net profit margin	**6.6%**	9.4%	

Revenue

During the Reporting Period, copper price has significant increased. The average copper price increased from USD5,956 per ton to USD9,531 per ton, which represented an increase of 60.0% compared with the same period last year. Based on the existing quotation mechanism that the Group has been used with customers, the selling price will be automatically adjusted with the price of copper, that means the impact of the copper price fluctuation will be directly pass through to customers. As such the copper price impact was approximately HK$170.0 million, which represented 9.8% of the Group's revenue. On the other hand, a serious shortage of containers in the market has led to a surge in transportation costs and freight delays, which also directly hindered the Group's shipments and stifled normal business growth. The Group's revenue for the Reporting Period increased by HK$298.8 million or 20.7% to HK$1,740.5 million from HK$1,441.7 million for the same period last year. By excluding the copper price impact, the Group's revenue increased by HK$128.8 million or 8.9% as compared with the same period last year. The increase was mainly attributable to the increase of digital cable sector since the major oversea markets have been reopened progressively and the organic growth of cable assembly sector.

For the six months ended 30 September	**2021**		2020		Change	
Market Sector	***HK$'million***	**%**	*HK$'million*	%	*HK$'million*	%
Cable assembly						
Data centre	**375.0**	**21.5%**	367.9	25.5%	7.1	1.9%
Telecommunication	**282.9**	**16.3%**	308.7	21.4%	(25.8)	-8.4%
Medical equipment	**126.0**	**7.2%**	93.5	6.5%	32.5	34.8%
Industrial equipment	**59.7**	**3.4%**	37.9	2.6%	21.8	57.5%
Automotive	**12.1**	**0.7%**	–	–	12.1	100.0%
	855.7	**49.1%**	808.0	56.0%	47.7	5.9%
Digital cable						
Networking cable	**839.8**	**48.3%**	568.1	39.4%	271.7	47.8%
Specialty cable	**45.0**	**2.6%**	65.6	4.6%	(20.6)	-31.4%
	884.8	**50.9%**	633.7	44.0%	251.1	39.6%
Total	**1,740.5**	**100.0%**	1,441.7	100.0%	298.8	20.7%

Data centre sector: The revenue of data centre sector has slightly increased by HK$7.1 million or 1.9% to HK$375.0 million for the Reporting Period as compared to HK$367.9 million for the same period last year. The orders of this sector still maintained at a high shipment level during the Reporting period, and remaining the highest revenue sector in the cable assembly business.

Telecommunication sector: It recorded a decline of revenue from HK$308.7 million in the same period last year to HK$282.9 million for the Reporting Period, representing a decrease of HK$25.8 million or 8.4%. The orders of 5G products have maintained a stable level and the profit margin has improved as these new products carry a better margin.

Medical equipment sector: Although vaccines have been available, vaccine promotion has been slow and virus variants have appeared. Smooth and durable recoveries are not assured even in places where infections are seemingly under control. The COVID-19 has still stimulated an increase in medical equipment cables orders. The revenue of medical equipment sector for the Reporting Period was HK$126.0 million, representing a substantial increase of HK$32.5 million or 34.8% as compared with HK$93.5 million for the same period last year.

Industrial equipment sector: With the introduction of vaccines, and the economic recovery measures launched by different countries. The market started to reopen and rebound, which drove the orders in industrial equipment sector has been increased continuously. The Group has strived to grasp different business opportunities in order to minimise the risks and uncertainties involved in the unstable economies. The revenue of industrial equipment sector increased by HK$21.8 million or 57.5% from HK$37.9 million for the same period last year to HK$59.7 million for the Reporting Period.

Automotive sector: On 31 August 2021, the Group has completed the acquisition of the business of manufacturing and sales of automotive wire harness. The acquisition provides the Group with an attractive opportunity to expand and diversify its business and investment portfolio, and enhance its income sources and long-term development potential. The Group believes that the automotive wiring products can help the Group to provide its customers with a broader product portfolio, and to step in new business sector by enriching the Group's business portfolio and broadening its unique customer base, which can capture opportunities brought by the booming electric vehicle market. The revenue of automotive sector HK$12.1 million represented only one month revenue for the Reporting Period.

Networking cable: The revenue of networking cable for the Reporting Period was HK$839.8 million, represented an increase of HK$271.7 million or 47.8% as compared with HK$568.1 million for the same period last year. The increase was mainly attributable to the increase of copper price during the Reporting Period and the major oversea markets reopened. Based on the existing quotation mechanism that the Group has been used with customers, the selling price will be automatically adjusted with the price of copper, so the impact of the copper price fluctuation will be directly pass through to customers. By excluding the copper price impact, the networking cable's revenue increased by HK$114.3 million or 20.1% as compared with the same period last year.

Specialty cable: Specialty Cable Sector includes Industrial Communication Cables, Rail Transit Cables, HDBT Hi-Res Data Communication Cables and etc. Those products are widely used for networking communication system, smart buildings, security engineering, hi-fidelity digital audio and video system, industrial automation control system and rail transit communication system. For the Reporting Period, the revenue of specialty cable was HK$45.0 million, represented a decrease of HK$20.6 million or 31.4% as compared with HK$65.6 million for the same period last year. By excluding the copper price impact, the specialty cable's revenue decreased by HK$29.1 million or 44.3% as compared with the same period last year.

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$308.4 million, a slightly increase of HK$4.6 million or 1.5% compared with HK$303.8 million for the same period last year. The copper price increased significantly during the Reporting Period, based on the existing quotation mechanism, the selling price will be automatically adjusted with the price of copper. The copper price fluctuation impact has been passed through to customers, but the gross profit margin has been diluted passively. Coupled with the increase in other various costs, such as PVC cost, packing materials cost and labour cost, the Group's profitability in certain sectors have been affected differently. Although the Group has adjusted the selling price in a range of 5% to 8% in May 2021, the Group's gross profit margin decreased from 21.1% to 17.7% as compared with the same period last year. Manufacturing overhead increased HK$7.9 million or 3.7% for the Reporting Period, the increase was mainly due to lack of the last year's relief of social insurance of HK$6.6 million by the PRC government and the increase of depreciation HK$3.6 million.

Operating Profit/Margin

Operating profit (excluding the professional fee for acquisition/extreme transaction expenses and finance costs) for the Reporting Period was HK$157.8 million, which represented a decrease of HK$32.4 million or 17.0% as compared with the same period last year. Operating profit margin was 9.1% for the Reporting Period compared to 13.2% in the same period last year. The ratio of EBITDA (excluding the professional fee for acquisition/extreme transaction expenses) to revenue decreased to 11.3% from 15.2% in the same period last year.

Other income, which comprise of primarily bank interest income, government grants, handling income was in aggregate HK$1.6 million for the Reporting Period, representing a decrease of 82.6% as compared with HK$9.2 million for the same period last year. Such decrease was mainly attributable to the decrease of government grants of HK$6.5 million and handling income of HK$1.3 million.

Other gains and losses were recorded a gain of HK$3.8 million for the Reporting Period compared to a loss of HK$4.0 million for the same period last year. Such gain was mainly due to the gain on acquisition of GPIM Group of HK$3.2 million, as compared to an exchange loss from RMB depreciation of HK$4.1 million which was attributable to the Group's operations in the ordinary course of business in the same period last year.

The total operating expenses were HK$156.0 million, an increase of HK$37.2 million or 31.3% compared to HK$118.8 million recorded in the same period last year. Total operating expenses as a percentage of the Group's revenue increased from 8.2% to 9.0%.

Distribution and selling expenses increased from HK$24.3 million to HK$32.2 million, an increase of HK$7.9 million or 32.5% compared with the same period last year. It was mainly attributable to the increase of salaries cost HK$4.2 million due to the expansion of salesforce, transportation cost increased HK$1.7 million related to the sales volume increase and the shortage of containers in the market, credit insurance increased HK$0.8 million since the copper price drove the sales value increase, and travel and entertainment expenses increased HK$0.7 million due to the market reopen. As a percentage of the Group's revenue, distribution and selling expenses slightly increased from 1.7% to 1.8% as compared to the same period last year.

Administrative expenses increased from HK$58.8 million to HK$66.4 million in the Reporting Period, increased HK$7.6 million or 12.9% as compared with the same period last year. The increase was mainly due to the increase of staff cost of HK$4.9 million, lack of the last year's relief of social insurance of HK$1.3 million by the PRC government, the increase in share option expenses of HK$0.4 million, and the increase in depreciation of HK$0.7 million. Administrative expenses as a percentage of revenue decreased from 4.1% to 3.8% for the Reporting Period.

During the Reporting Period, the research and development expenses were HK$57.4 million, which represented a significant increase of HK$21.7 million or 60.8% compared with the same period last year. It was mainly attributable to the increase of staff cost of HK$12.2 million, materials cost and testing fee of HK$7.4 million, and depreciation of HK$1.3 million. Research and development expenses as a percentage of the Group's revenue increase from 2.5% to 3.3% for the Reporting Period. The Company continuously put great efforts to enhance its research and development ("**R&D**") capabilities by expanding the R&D team, so as to launch more new products and technologies.

Professional fee for acquisition/Extreme Transaction Expenses

As at 30 June 2020, the Company completed the acquisition of the business of manufacturing and sales of networking cables business engaged by Linkz Cables Limited and its subsidiaries, at a final consideration HK$781.0 million. The expenses incurred in connection with this acquisition was approximately HK$4.2 million for the same period last year.

As at 31 August 2021, the Company completed the acquisition of the business of manufacturing and sales of automotive wire harness business engaged by GPIM Group (the relevant subsidiaries of GP Industries, being a controlling shareholder of the Company), at a final consideration of HK$69.0 million. The expenses incurred in connection with this acquisition was approximately HK$1.4 million for the Reporting Period. In addition, approximately HK$1.7 million professional fee incurred in connection with the possible spin-off and separate listing of Huizhou TIME as at 30 September 2021.

Finance Costs

For the Reporting Period, the finance costs were recorded at HK$20.0 million against HK$23.9 million for the same period last year. The finance costs included (i) bank loan interest of HK$11.8 million for short-term bank borrowings mostly for networking cables business; (ii) interest expenses of HK$6.9 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 2021 and Earnings per Share

Total profit of the Group for the Reporting Period was HK$91.4 million, a decrease of HK$39.3 million or 30.1% as compared to the same period last year. By excluding the professional fee for acquisition/extreme transaction expenses and the one-off withholding tax arising from the internal reorganisation, total profit was HK$114.9 million and net profit margin was recorded at 6.6% as compared to 9.4% in the same period last year.

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, Huizhou TIME and Linkz Industries (Suzhou) Limited, were awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15%. Taxation charges increased from HK$26.2 million in the same period last year to HK$43.5 million for the Reporting Period. The effective tax rate increased from 16.7% to 32.2%, such increase was mainly attributable to the withholding tax of HK$10.8 million charged at 5% of dividend income received from Huizhou TIME and the withholding tax of HK$9.5 million charged at 10% of capital gain related to internal reorganisation during the Reporting Period.

Basic earnings per share for the Reporting Period was HK5.0 cents as compared to HK7.1 cents in the same period last year.

Dividends

The Board is pleased to declare an interim dividend of HK1 cent per share, amounting to a total of approximately HK$18.4 million.

OUTLOOK

Even we are facing such challenges in the macro-economy environment and the difficulties brought by COVID-19, according to the latest forecast of the "World Economic Outlook" issued by the "International Monetary Fund" in July, as the vaccine continues to spread, more financial support measures are introduced, it is expected that economic activities will further return to normal in the second half of 2021. It is estimated that the global economy will continue to grow by 4.9% in 2022, and the growth of Asian emerging markets and developing economies will be 6.4%, of which China/India/ASEAN will grow by 5.7%/8.5%/6.3% respectively. Such forecast is based on the assumptions: 1) local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022 through a combination of better-targeted precautions and improved access to vaccines and therapies, 2) the United States will provide further financial resources support, this will have a positive spill over effect on the global economy, and 3) major central banks of various countries are assumed to leave the low interest rate policy unchanged throughout in 2022. The cable industry is expected to sustain growth in the coming years and 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 this generation 5G network.

With the rapid development of the 5G cellular network technology in the PRC and the 5G network deployment announced by various mobile operators in these two years, 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 of telecommunication sector will continue to increase and benefit the Group's business growth. In the meantime, the COVID-19 pandemic has changed many economic activities. Such as companies are forced to work from home and increase online meetings during the lockdown period and persistent social distancing, which will also directly increase the application and demand of network communication.

Moreover, the utilisation rate of cloud technology in the companies around the world is continuously increasing. In cloud computing, the computing storage network must be placed in the data centre, therefore, the growing cloud technology is expected to drive the development of data centre. Meanwhile, as the development of 5G will boost the application of big data, IoT, internet gaming and video streaming through cloud platform. The Group remains very positive on the continuous growth of the business of data centre sector.

Although the COVID-19 vaccines have been available, and countries vigorously urged people to get vaccinated, the epidemic is still severe or has rebounded due to the mutation of the virus, and the number of confirmed cases and deaths is still on the rise in the near future. As for the medical equipment sector, 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 this year. 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.

On the other hand, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022 through a combination of better-targeted precautions and improved access to vaccines and therapies. Coupled with some advanced economies will still provide further financial resources support, this will have a positive spill over effect on the global economy and it is expected that the market will rebound accordingly. The Group noticed that the orders in industrial equipment sector is still increasing in recent months. For the industrial equipment sector, the Group has striven to grasp different business opportunities in order to minimise the risks and uncertainties involved in the unstable economies. Moving ahead, the Group expects the demand for sales order in this sector will increase gradually for the coming year.

In addition, through the successful acquisition of GPIM Group, it provides the Group with an attractive opportunity to expand and diversify the Group's business and investment portfolio, and enhance its income sources and long-term development potential. Considered the vigorous development of the automotive and electric vehicle markets, the acquisition has helped the Group to enter a new business area. In the past few years, China has remained the world's largest auto market and auto producer. As the PRC government has launched certain industry plans that focus on technological improvements and fossil fuels are expected to be exhausted soon in the future, large PRC companies have announced their initiatives to develop electric vehicles and/or autonomous driving technologies. In October 2020, the State Council set a goal and stated that by 2025, the sales of new energy vehicles in China will reach 20% of the total sales of new vehicles. In view of this, the management noted that one of the major customers of the Group cooperated with automobile manufacturers to launch the first electric vehicle model named after the customer's brand. The Group believes that the automotive wiring products can help the Group to provide this major customer with a broader product portfolio, and to step in new business sector by enriching the Group's business portfolio and broadening its unique customer base, which can capture opportunities brought by the booming electric vehicle market.

The Group also acquired Linkz Cables Limited last year, which has created synergy by integrating the R&D resources of the Group and GPIM Group by utilizing rich knowledge and existing production facilities to deliver reliable and high-quality products to its customers. Since the autonomous driving technology of smart cars usually requires reliable and high-speed data transmission, the Group can produce new smart car products that can meet the highest standards and specifications with the technical support of Linkz Cables Limited. In addition, GPIM Group's production facilities are close to the Group's existing production facilities in Huizhou. As a result, the efficiency of GPIM Group's management operations can be optimized through the local management of the Group.

The COVID-19 pandemic is impacting the business operations of various enterprises in different manner and disrupting the way we live, work and learn. As a reputable customised interconnect solutions supplier, the Group remain committed to fighting against COVID-19 and protecting and supporting its people, as well as its valued customers, partners and communities. Over the past several months, the Group have mobilized across the Hong Kong office and China factories to respond to the COVID-19 pandemic, by focusing on the safety of its staff, manufacturing continuity and providing solutions to support the customers' response. Its factories are in full operation to receive the incoming deliveries from suppliers and making outgoing shipments to customers. The Group is closely monitoring the potential adverse impact on supply chain continuity to support its global customers who depend on its products. 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 2021 were approximately HK$930.3 million, which represented an increase of HK$77.8 million or 9.1% from HK$852.5 million as at 31 March 2021. The increase was mainly due to the profit attributable to shareholders equity for the Reporting Period HK$37.9 million and the appreciation of RMB at the reporting date, an increase of HK$23.3 million in the translation reserve from converting Renminbi into Hong Kong dollars as recorded in the financial statements of the PRC subsidiary. As a result, shareholders' funds per share increased by 10.9% from HK$0.46 to HK$0.51.

As at 30 September 2021, the Group had bank balances and cash of HK$220.9 million, representing an increase of 41.1% as compared to HK$156.6 million as of 31 March 2021. It was mainly due to the increase in cash generated from operating activities during the Reporting Period. As at 30 September 2021, the Group's bank loan was HK$1,127.6 million, an increase of HK$115.4 million or 11.4% from HK$1,012.2 million as of 31 March 2021, it was mainly due to i) the new bank loan of HK$50 million for the acquisition of automotive wire harness business as at 31 August 2021 which have a maturity of 3 years; and ii) the operating working capital increase (such as the trade receivable and inventory balance) due to the copper price increase. The Group believes it has sufficient committed and unutilised banking facilities as at 30 September 2021 to meet current business operation and capital expenditure requirements.

Capital Expenditure

For the Reporting Period, the Group invested HK$39.7 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 2021 and 31 March 2021, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$25.2 million and HK$7.1 million as at 30 September 2021 and 31 March 2021 respectively.

Gearing Ratio

Gearing ratio is calculated as total debt divided by total equity and multiplied by 100%. As at 30 September 2021, the Group's gearing ratio was 119.6% as compared to 117.1% as of 31 March 2021.

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 2021, the Company's issued share capital was HK$18.4 million and the number of its issued ordinary shares were 1,840,432,000 of HK$0.01 each.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2021, the capital commitment of the Group is as follows:

	30.9.2021	31.3.2021
	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	**7.9**	3.6

As of 30 September 2021, 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.

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

Time Interconnect Investment Limited (a direct wholly-owned subsidiary of the Company) completed the acquisition of the business of manufacturing and sales of automotive wire harness engaged by GPIM Group from GP Industries on 31 August 2021 at the final consideration of HK$69.0 million. As the highest of the applicable percentage ratios was greater than 5% but less than 25%, the acquisition constituted a discloseable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). In addition, as at the date of completion, Linkz Industries Limited ("**Linkz Industries**"), which in turn hold 63.85% equity interests of the Company through Time Interconnect Holdings Limited ("**Time Holdings**"), was owned as to 38.13% by GP Industries (which was owned as to 85.47% by Gold Peak Industries (Holdings) Limited ("**Gold Peak**"). As such, GP Industries was a connected person of the Company under Chapter 14A of the Listing Rules.

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 2021 and up to the date of this announcement.

EMPLOYEE

As of 30 September 2021, the total headcount for the Group was approximately 2,851 employees (30 September 2020: approximately 2,821). 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$215.9 million, as compared to approximately HK$186.8 million 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 2021.

DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

On 30 June 2020, the Company entered into a four years term loan facility agreement for an aggregate amount of HK$630.0 million with four leading banks in Hong Kong for the exclusive purpose of acquisition of the networking cables business. Pursuant to the terms of the facility agreement, it shall be an event of default if (i) Mr. Lo Chung Wai Paul ceases to be the single largest beneficial shareholder of the Company or beneficially own more than 51% of the issued share capital of Linkz Industries; (ii) Mr. Lo Chung Wai Paul ceases to be the chairman of the board of directors of the Company or have control over the management and business of the Group; or (iii) Linkz Industries ceases to beneficially own more than 50% of the issued share capital of the Company. Upon the occurrence of an event of default, the entire outstanding amount of the facility shall be prepaid together with accrued interest.

As at 30 September 2021 and up to the date of this announcement, there is no breach of the covenants.

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 2021.

SHARE OPTION SCHEMES

The Company conditionally adopted a share option scheme on 24 January 2018 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Scheme are set out in 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 2021.

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 2021, 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 Thursday, 16 December 2021.

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 Tuesday, 14 December 2021 to Thursday, 16 December 2021, 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 Monday, 13 December 2021. The proposed interim dividend is expected to be paid on or before Friday, 7 January 2022.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 September 2021 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 2021 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, 29 November 2021

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.