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**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 2022**

**FINANCIAL HIGHLIGHTS**

For the six months ended 30 September	<b>2022</b>	2021	Change
	<b>(unaudited)</b>	(unaudited)	
<b>Operating results (HK\$'million)</b>			
Revenue	<b>3,280.0</b>	1,740.5	88.5%
Gross profit	<b>312.0</b>	308.4	1.2%
Total profit for the period	<b>91.3</b>	91.4	-0.1%
Adjusted total profit for the period (Note)	<b>91.3</b>	114.9	-20.5%
Basic earnings per share (Hong Kong cents)	<b>4.7</b>	5.0	-6.0%
Adjusted basic earnings per share (Hong Kong cents) (Note)	<b>4.7</b>	<b>6.2</b>	<b>-24.2%</b>
<b>Key ratios (%)</b>			
Gross profit margin	<b>9.5</b>	17.7	-8.2pts
Net profit margin	<b>2.8</b>	5.3	-2.5pts
Adjusted net profit margin (Note)	<b>2.8</b>	6.6	-3.8pts
EBITDA/Revenue	<b>5.3</b>	11.2	-5.9pts
Adjusted EBITDA/Revenue (Note)	<b>5.3</b>	<b>11.3</b>	<b>-6.0pts</b>

Note: For reconciliations of the reported results to an adjusted basis, including lists of adjustment items, see page 22.

## 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 2022 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 September 2021.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>3,279,977</b>	1,740,522
Cost of goods sold		<u>(2,968,026)</u>	<u>(1,432,158)</u>
<b>Gross profit</b>		<b>311,951</b>	308,364
Other income		<b>6,670</b>	1,652
Other gains and losses	5	<b>(20,232)</b>	598
Gain on revaluation of property, plant and equipment		<b>644</b>	178
Gain on bargain purchase	13	–	3,201
Distribution and selling expenses		<b>(33,270)</b>	(32,180)
Administrative expenses		<b>(68,717)</b>	(66,320)
Professional fees and costs relating to acquisition of business and business restructuring		–	(3,084)
Research and development expenses		<b>(67,829)</b>	(57,469)
Finance costs		<u><b>(25,182)</b></u>	<u>(20,015)</u>
<b>Profit before taxation</b>	6	<b>104,035</b>	134,925
<b>Taxation</b>	7	<u><b>(12,714)</b></u>	<u>(43,480)</u>
<b>Profit for the period</b>		<b>91,321</b>	91,445
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Loss on revaluation of right-of-use assets and property, plant and equipment		<b>(14,305)</b>	(14,335)
Deferred tax arising from revaluation of right-of-use assets and property, plant and equipment		<u><b>3,609</b></u>	<u>3,184</u>
		<u><b>(10,696)</b></u>	<u>(11,151)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<b>(154,458)</b>	23,462
Fair value loss on hedging instruments designated as cash flow hedge		–	<u>(269)</u>
		<u><b>(154,458)</b></u>	<u>23,193</u>

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Other comprehensive (expense) income for the period	<u>(165,154)</u>	<u>12,042</u>
Total comprehensive (expense) income for the period	<u><b>(73,833)</b></u>	<u>103,487</u>
Profit for the period attributable to:		
Owners of the Company	<b>90,584</b>	91,187
Non-controlling interests	<u>737</u>	<u>258</u>
	<u><b>91,321</b></u>	<u>91,445</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	<b>(72,951)</b>	103,121
Non-controlling interests	<u>(882)</u>	<u>366</u>
	<u><b>(73,833)</b></u>	<u>103,487</u>
<b>Earnings per share</b>	9	
– Basic (HK cents)	<b>4.65</b>	4.95
– Diluted (HK cents)	<u><b>4.65</b></u>	<u>4.90</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Notes</i>	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	825,245	786,902
Right-of-use assets	10	332,148	383,731
Deposits paid for acquisition of property, plant and equipment		5,944	3,499
Financial assets at fair value through profit or loss		6,428	6,284
Rental deposits		2,038	1,690
		<b>1,171,803</b>	1,182,106
<b>Current assets</b>			
Inventories		2,137,611	653,649
Trade and other receivables	11	2,436,977	1,090,174
Contract assets		7,650	29,708
Taxation recoverable		2,323	450
Pledged bank deposits		27,197	5,769
Bank balances and cash		472,384	220,906
		<b>5,084,142</b>	2,000,656
<b>Current liabilities</b>			
Trade and other payables	12	3,577,276	885,572
Contract liabilities		2,126	4,413
Lease liabilities		15,656	10,584
Taxation payable		18,849	14,843
Amount due to a fellow subsidiary		334,461	–
Amount due to an intermediate holding company		222,421	–
Unsecured bank borrowings - amount due within one year		758,005	788,147
		<b>4,928,794</b>	1,703,559
<b>Net current assets</b>		<b>155,348</b>	297,097
<b>Total assets less current liabilities</b>		<b>1,327,151</b>	1,479,203
<b>Non-current liabilities</b>			
Unsecured bank borrowings – amount due after one year		224,053	274,016
Lease liabilities		57,229	48,251
Deferred tax liabilities		73,651	93,491
		<b>354,933</b>	415,758
<b>Net assets</b>		<b>972,218</b>	1,063,445
<b>Capital and reserves</b>			
Share capital		19,460	19,460
Reserves		941,417	1,031,714
Equity attributable to owners of the Company		<b>960,877</b>	1,051,174
Non-controlling interests		11,341	12,271
<b>Total equity</b>		<b>972,218</b>	1,063,445

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 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 2022 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2022.

### 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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

### 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.

During the period ended 30 September 2022, the Group commenced the business engaging in server business and it is considered as a new operating and reportable segment by CODM.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are (i) cable assembly, (ii) digital cable and (iii) server.

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
Server	–	manufacturing and trading of server 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:

#### Segment revenue and results

For the six months ended 30 September 2022 (unaudited)

	Cable assembly HK\$'000	Digital cable HK\$'000	Server HK\$'000	Total reportable segments HK\$'000	Eliminations HK\$'000	Total HK\$'000
<b>Segment revenue</b>						
External sales	958,456	790,596	1,530,925	3,279,977	–	3,279,977
Inter-segment sales	–	13,639	–	13,639	(13,639)	–
	<u>958,456</u>	<u>804,235</u>	<u>1,530,925</u>	<u>3,293,616</u>	<u>(13,639)</u>	<u>3,279,977</u>
<b>Segment results</b>	77,628	66,342	(10,132)	133,838	–	133,838
Other income						2,737
Finance costs						(25,182)
Unallocated expenses						(7,358)
Profit before taxation						<u>104,035</u>

For the six months ended 30 September 2021 (unaudited)

	Cable assembly <i>HK\$'000</i>	Digital cable <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>					
External sales	855,664	884,858	1,740,522	–	1,740,522
Inter-segment sales	<u>75</u>	<u>21,404</u>	<u>21,479</u>	<u>(21,479)</u>	<u>–</u>
	<u>855,739</u>	<u>906,262</u>	<u>1,762,001</u>	<u>(21,479)</u>	<u>1,740,522</u>
<b>Segment results</b>	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					<u>(7,249)</u>
Profit before taxation					<u>134,925</u>

#### 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 2022 (unaudited)	Cable assembly <i>HK\$'000</i>	Digital cable <i>HK\$'000</i>	Server <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>				
Reportable segment assets	<b>1,230,369</b>	<b>1,596,646</b>	<b>3,413,890</b>	<b>6,240,905</b>
Unallocated assets				<u>15,040</u>
Consolidated total assets				<u><b>6,255,945</b></u>
<b>Liabilities</b>				
Reportable segment liabilities	<b>539,113</b>	<b>346,250</b>	<b>3,421,352</b>	<b>4,306,715</b>
Unallocated liabilities				<u>977,012</u>
Consolidated total liabilities				<u><b>5,283,727</b></u>
At 31 March 2022 (audited)		Cable assembly <i>HK\$'000</i>	Digital cable <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>				
Reportable segment assets		1,446,020	1,717,387	3,163,407
Unallocated assets				<u>19,355</u>
Consolidated total assets				<u><b>3,182,762</b></u>
<b>Liabilities</b>				
Reportable segment liabilities		690,651	364,107	1,054,758
Unallocated liabilities				<u>1,064,559</u>
Consolidated total liabilities				<u><b>2,119,317</b></u>

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

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

#### 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, digital cable products and server products.

The Group's revenue is with fixed price and in short term contracts. Revenue amounting to HK\$356,310,000 (six months ended 30 September 2021 (unaudited): HK\$373,588,000) for the six months ended 30 September 2022 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:

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Cable assembly		
– Optical fibres	465,821	471,013
– Copper	492,635	384,651
	<u>958,456</u>	<u>855,664</u>
Digital cable		
– Cat 6/6A cables	644,669	708,019
– Cat 5/5e cables	50,975	106,928
– Cat 7/7A cables	38,651	24,929
– Specialty cable	56,301	44,982
	<u>790,596</u>	<u>884,858</u>
Server	1,530,925	–
	<u>3,279,977</u>	<u>1,740,522</u>

##### Geographical information

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

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
The People's Republic of China ("PRC")	2,373,145	857,157
The United States of America	400,935	375,910
Singapore	103,057	112,500
Netherlands	94,113	109,658
Hong Kong	77,389	101,172
Others	231,338	184,125
	<u>3,279,977</u>	<u>1,740,522</u>

## 5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2022 <i>HK\$'000</i> (unaudited)	30.9.2021 <i>HK\$'000</i> (unaudited)
Net foreign exchange (loss) gain	(19,685)	7
(Loss) gain on disposal of property, plant and equipment	(219)	482
Gain on change in fair value of financial assets at fair value through profit or loss	115	109
Impairment loss on other receivables	(443)	–
	<u>(20,232)</u>	<u>598</u>

## 6. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2022 <i>HK\$'000</i> (unaudited)	30.9.2021 <i>HK\$'000</i> (unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Interests on:		
– lease liabilities	1,503	1,335
– bank borrowings	18,666	18,680
– other borrowings	5,013	–
	<u>25,182</u>	<u>20,015</u>
Depreciation of property, plant and equipment	33,568	30,785
Depreciation of right-of-use assets	10,369	8,650
Written off of inventories	168	2,138
Expected credit loss on trade receivables	410	–
Government grants ( <i>note</i> )	(3,492)	(835)
Bank interest income	(2,737)	(236)
	<u>(2,737)</u>	<u>(236)</u>

*Note:* During the period ended 30 September 2022, the Group recognised government grants of HK\$1,008,000 (six months ended 30 September 2021 (unaudited): 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”.

## 7. TAXATION

<b>Six months ended</b>	
<b>30.9.2022</b>	30.9.2021
<b>HK\$'000</b>	HK\$'000
<b>(unaudited)</b>	(unaudited)

The charge comprises:

Current tax:

Hong Kong Profits Tax	<b>6,329</b>	11,867
PRC Enterprise Income Tax (“EIT”)	<b>14,542</b>	10,653
Withholding tax in the PRC	<u>–</u>	<u>20,382</u>
	<b>20,871</b>	42,902
Deferred taxation charge	<u><b>(8,157)</b></u>	<u>578</u>
	<u><b>12,714</b></u>	<u>43,480</u>

### (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 2022 and 2021.

During the period ended 30 September 2021, the withholding tax of HK\$10,833,000 (six months ended 30 September 2022 (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 2022 (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 2022 and 2021. 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 100% of their research and development expense (“**Super Deduction**”) so incurred as tax deductible expenses when determining their assessable profits with effect from 1 January 2021. 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 2022.

## 8. DIVIDENDS

During the current interim period ended 30 September 2022, a final dividend of HK1 cent per ordinary share in respect of the year ended 31 March 2022 (six months ended 30 September 2021 (unaudited): HK1.5 cents per ordinary share in respect of the year ended 31 March 2021) 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\$19,460,000 (2021: HK\$27,606,000).

On 29 November 2022, the board of directors of the Company has resolved to declare an interim dividend of HK0.5 cent per ordinary share totalling HK\$9,730,000 for the six months ended 30 September 2022.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Earnings for the purpose of calculating basic earnings per share (six months ended 30 September 2021 (unaudited): basic earnings per share and diluted earnings per share) (profit for the period attributable to owners of the Company)	<b>90,584</b>	91,187
	<b>1,945,952</b>	1,840,432
Effect of dilutive potential ordinary shares:		
– share options	<b>3,273</b>	19,876
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,949,225</b>	1,860,308

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

### Revaluation model

The Group's leasehold land and buildings were revalued on 30 September 2022 by RHL Appraisal Limited, an independent valuer not related to the Group. The resulting revaluation loss of approximately HK\$14,305,000 (six months ended 30 September 2021 (unaudited): loss of HK\$14,335,000), represented by loss of HK\$24,922,000 (six months ended 30 September 2021 (unaudited): loss of HK\$14,220,000) arising from right-of-use assets and gain of HK\$10,617,000 (six months ended 30 September 2021 (unaudited): loss of HK\$115,000) arising from property, plant and equipment, respectively, and the corresponding deferred tax asset of approximately HK\$3,609,000 (six months ended 30 September 2021 (unaudited): deferred tax asset of HK\$3,184,000) have been recognised in the property revaluation reserve for the period ended 30 September 2022. 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\$83,445,000 (as at 31 March 2022 (audited): HK\$94,856,000) as right-of-use assets and approximately HK\$146,753,000 (as at 31 March 2022 (audited): HK\$166,825,000) as property, plant and equipment as at 30 September 2022.

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

During the six months ended 30 September 2022, the Group incurred approximately HK\$151,211,000 (six months ended 30 September 2021 (unaudited): HK\$52,125,000) and HK\$29,341,000 (six months ended 30 September 2021 (unaudited): HK\$14,688,000) to acquire property, plant and equipment and right-of-use assets for its operations, respectively. In addition, during the six months ended 30 September 2022, the Group paid HK\$18,167,000 (six months ended 30 September 2021 (unaudited): nil) for construction costs of factory premises. During the six months ended 30 September 2021 (unaudited), HK\$11,734,000 and HK\$14,688,000 were addition of property, plant and equipment and right-of-use assets respectively being recognised from the acquisition of business as detailed in note 13.

During the six months ended 30 September 2022, the Group entered into new lease agreements for office premises with lease terms of 3 years. On lease commencement, the Group recognised HK\$29,341,000 (six months ended 30 September 2021 (unaudited): nil) of right-of-use assets and HK\$29,341,000 (six months ended 30 September 2021 (unaudited): nil) of lease liabilities.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30.9.2022</b>	31.3.2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Trade receivables	<b>1,726,071</b>	981,316
Trade receivables from fellow subsidiaries	<b>7,130</b>	128
Bills receivables	<b>5,239</b>	17,366
Trade and bills receivables	<b>1,738,440</b>	998,810
Other receivables	<b>1,269</b>	8,480
Other receivables from fellow subsidiaries	<b>401</b>	–
Value added tax receivables	<b>158,848</b>	56,582
Deposits and prepayments	<b>538,019</b>	26,302
Deposits, prepayments and other receivables	<b>698,537</b>	91,364
Trade and other receivables	<b>2,436,977</b>	1,090,174

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

	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
0 to 30 days	<b>882,757</b>	488,962
31 to 60 days	<b>383,676</b>	179,704
61 to 90 days	<b>332,698</b>	206,860
91 to 180 days	<b>138,041</b>	122,539
Over 180 days	<b>1,268</b>	745
	<b><u>1,738,440</u></b>	<b><u>998,810</u></b>

The Group allows a credit period ranging from 30 to 120 days to its trade customers. Expected credit loss of HK\$410,000 (six months ended 30 September 2021 (unaudited): nil) was recognised for the period ended 30 September 2022.

## 12. TRADE AND OTHER PAYABLES

	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
Trade payables	<b>2,013,333</b>	748,461
Trade payable to an intermediate holding company	<b>1,077,187</b>	–
Trade payables to fellow subsidiaries	<b>168,623</b>	–
Bills payables	<b>113,738</b>	46,659
Trade and bills payables	<b><u>3,372,881</u></b>	<u>795,120</u>
Other payables	<b>76,491</b>	7,225
Other payables to fellow subsidiaries	<b>33,513</b>	–
Salaries and staff related costs payables	<b>59,392</b>	45,808
Accrued charges	<b>25,087</b>	27,566
Other tax payables	<b>9,912</b>	9,853
Accruals and other payables	<b><u>204,395</u></b>	<u>90,452</u>
Trade and other payables	<b><u>3,577,276</u></b>	<b><u>885,572</u></b>

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

	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
0 to 30 days	<b>2,037,354</b>	448,782
31 to 60 days	<b>585,615</b>	123,150
61 to 90 days	<b>405,884</b>	93,947
91 to 180 days	<b>326,985</b>	129,032
Over 180 days	<b>17,043</b>	209
	<b><u>3,372,881</u></b>	<b><u>795,120</u></b>

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

### 13. 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 owned 38.13% of Linkz Industries Limited being a then connected party of the Company, to acquire 100% of the entire issued share capital of Time Interconnect Wire Technology Limited (formerly known as GP Industries Marketing Limited) (“**Time Wire Technology**”) at a cash consideration of HK\$69,000,000. Time Wire Technology and its subsidiary, Time Interconnect Wire Technology (Huizhou) Limited (formerly known as Huizhou GP Wiring Technology Limited) (“**Time Wire Huizhou**”), 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 had been excluded from the consideration transferred and had 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 was 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:

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

Consideration transferred:

	<i>HK\$'000</i>
Cash	69,000
Less: Bank balances and cash acquired	(13,177)
	<hr/>
	<b>55,823</b>

*Notes:*

- (a) *The receivables acquired (which principally comprised trade receivables amounting to HK\$66,398,000) with a fair value of HK\$82,406,000 at the date of acquisition had gross contractual amounts of HK\$82,406,000. No contractual cash flow is expected not to be collected.*
- (b) *The amounts due to related companies are due to GP Industries Limited and its subsidiaries. The amounts were subsequently settled during the year ended 31 March 2022.*

### **Impact of acquisition on the results of the Group**

Included in the profit for the interim period ended 30 September 2021 was a loss of HK\$174,000 attributable to the additional business generated by Time Wire Technology and Time Wire Huizhou. Revenue for the interim period ended 30 September 2021 included HK\$12,100,000 generated from Time Wire Technology and Time Wire Huizhou.

Had the acquisition of Time Wire Technology and Time Wire Huizhou been completed on 1 April 2021, revenue for the interim period ended 30 September 2021 of the Group from continuing operations would have been HK\$1,824,669,000, and the profit for the interim period ended 30 September 2021 from continuing operations would have been HK\$92,198,000. The pro forma information was for illustrative purposes only and was 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 was it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Time Wire Technology and Time Wire Huizhou been acquired at the beginning of the interim period ended 30 September 2021, 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 2022 (the “**Reporting Period**”), COVID-19 outbreaks and mobility restrictions have disrupted economic activity widely and severely. Shanghai, a major global supply chain hub, entered a strict lockdown in April 2022, forcing citywide economic activity to halt for about eight weeks. Since then, more contagious variants have driven a worrisome surge in COVID-19 cases. The worsening crisis in China’s property sector is also dragging down sales and real estate investment. The economic slowdown in China has global consequences: lockdowns added to global supply chain disruptions and the decline in domestic spending are reducing demand for goods and services from China’s trade partners. On the other hand, affected by the war in Ukraine, global food and energy prices have risen, causing food crises in low-income countries. In the context of increasingly tight supply chains and labour markets, global inflation has once again exceeded expectations, especially in developed economies, prompting central banks around the world to further tighten monetary policy and raise interest rates faster than expected, increasing long-term borrowing costs for companies, further dragging down overall economic growth.

Copper is one of the major materials of digital cable business, during the six months ended 30 September 2022, the average copper price was USD8,594 per ton, representing a decrease of 9.8% as compared with USD9,531 for the six months ended 30 September 2021 (the “**same period last year**”). Based on the existing quotation mechanism that the Group has used with customers, the selling price will be automatically adjusted with the price of copper, which means the impact of the copper price fluctuation has been directly passed through to customers. Even the amount of gross profit from orders has not been affected by such copper price, the gross profit margin has been changed accordingly. As the materials cost, which include PVC cost, packing materials cost and labour cost remain on the high side, the Group has adjusted the selling price (excluding copper component) again to its customers in a range of 5% to 10% in May 2022.

Meanwhile, central banks have tightened monetary policy further and raised interest rates, leading to the appreciation of US dollars. During the Reporting Period, the average foreign currency exchange rate from converting Renminbi into Hong Kong dollars was 3.1% lower than the same period last year. The Renminbi revenue converted into Hong Kong dollars decreased by HK\$76.7 million, representing 2.3% of the Group’s revenue. Furthermore, the closing rate of Renminbi converting into Hong Kong dollars as at 30 September 2022 was 10.8% lower than the one as at 31 March 2022, which created a significant exchange loss raised from RMB receivable and USD payable.

In spite of the challenges and the difficulties posed by the macro-economic environment, the Company strives to improve the Group’s business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group’s existing business portfolio, broaden its source of income and enhance value to the Shareholders. The Group has expanded its business to server business (the “**New Business**”) by setting up a wholly-owned subsidiary, Time X-Ware Technology Limited, in Hong Kong. Our go-to-market strategy and business model is JDM/ODM model. The server business is deeply customized based on brand customers’ requirements and the products offered by the Group under the New Business are mainly applied in data centres, which includes rack-mounted computing servers, edge servers, AI

smart servers, storage servers, smart network cards, GPU cards, complete cabinet products, etc. The New Business and the existing wire and cable business have an upstream and downstream relationship, so the New Business represents an opportunity for the Group to expand its existing converged wire and cable products to a larger customer portfolio.

For the Reporting Period, the Group recorded revenue amounting to HK\$3,280.0 million, representing an increase of HK\$1,539.5 million or 88.5% as compared with HK\$1,740.5 million for the same period last year. Operating profit for the Reporting Period was HK\$128.6 million, representing a decrease of HK\$29.2 million or 18.5%, as compared with HK\$157.8 million for the same period last year, with the operating profit margin dropped 5.2% to 3.9% for the Reporting Period. The decrease of operating profit was mainly attributable to the exchange loss from RMB depreciation and the temporary halt in the Group's production in Shanghai and Suzhou during the lockdown period.

## RESULTS OF OPERATIONS

### Financial Overview

For the six months ended 30 September	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>	Change <i>HK\$'million</i>
<b>Revenue</b>	<b>3,280.0</b>	1,740.5	1,539.5
<b>Gross profit</b>	<b>312.0</b>	308.4	3.6
Gross profit margin	<b>9.5%</b>	17.7%	
Other income and other gains and losses	<b>(13.6)</b>	5.4	(19.0)
Total operating expenses	<b>(169.8)</b>	(156.0)	(13.8)
Total operating expenses as a percentage of revenue	<b>5.2%</b>	9.0%	
<b>Operating profit</b>	<b>128.6</b>	157.8	(29.2)
Operating profit margin	<b>3.9%</b>	9.1%	
Gain on revaluation of building	<b>0.6</b>	0.2	0.4
Professional fee for acquisition	–	(3.1)	3.1
Finance costs	<b>(25.2)</b>	(20.0)	(5.2)
<b>Profit before taxation</b>	<b>104.0</b>	134.9	(30.9)
Taxation	<b>(12.7)</b>	(43.5)	30.8
Effective tax rate	<b>12.2%</b>	32.2%	
<b>Profit for the period</b>	<b>91.3</b>	91.4	(0.1)
Net profit margin	<b>2.8%</b>	5.3%	
<b>Adjusted profit for the period</b>	<b>91.3</b>	114.9	(23.6)
Adjusted net profit margin	<b>2.8%</b>	6.6%	

## Revenue

During the Reporting Period, copper price has decreased 9.8% from the average copper price of USD9,531 per ton to USD8,594 per ton compared with the same period last year. Based on the existing quotation mechanism that the Group has been using with customers, the selling price will be automatically adjusted to account for the price of copper, resulting in the impact of the copper price fluctuation being directly passed through to customers. As such the copper price impact was approximately HK\$43.8 million, which represented 1.3% of the Group's revenue. On the other hand, RMB depreciation also lead to a reduction in revenue. During the Reporting Period, the average foreign currency exchange rate from converting Renminbi into Hong Kong dollars was 3.1% lower than the same period last year. The Renminbi revenue converted into Hong Kong dollars decreased by HK\$76.7 million, representing 2.3% of the Group's revenue. The Group's revenue for the Reporting Period increased by HK\$1,539.5 million or 88.5% to HK\$3,280.0 million from HK\$1,740.5 million for the same period last year. The increase was mainly attributable to the increase of server business.

For the six months ended

30 September	2022		2021		Change	
Market Sector	HK\$'million	%	HK\$'million	%	HK\$'million	%
<b>Cable assembly</b>						
Data centre	358.0	10.9%	375.0	21.5%	(17.0)	-4.5%
Telecommunication	352.7	10.7%	282.9	16.3%	69.8	24.7%
Medical equipment	128.5	3.9%	126.0	7.2%	2.5	2.0%
Industrial equipment	28.6	0.9%	59.7	3.4%	(31.1)	-52.1%
Automotive	90.7	2.8%	12.1	0.7%	78.6	649.6%
	<u>958.5</u>	<u>29.2%</u>	<u>855.7</u>	<u>49.1%</u>	<u>102.8</u>	<u>12.0%</u>
<b>Digital cable</b>						
Networking cable	734.3	22.4%	839.8	48.3%	(105.5)	-12.6%
Specialty cable	56.3	1.7%	45.0	2.6%	11.3	25.1%
	<u>790.6</u>	<u>24.1%</u>	<u>884.8</u>	<u>50.9%</u>	<u>(94.2)</u>	<u>-10.6%</u>
<b>Server</b>	<u>1,530.9</u>	<u>46.7%</u>	<u>–</u>	<u>–</u>	<u>1,530.9</u>	<u>100%</u>
<b>Total</b>	<u><u>3,280.0</u></u>	<u><u>100.0%</u></u>	<u><u>1,740.5</u></u>	<u><u>100.0%</u></u>	<u><u>1,539.5</u></u>	<u><u>88.5%</u></u>

**Data centre sector:** The revenue from the data centre sector has slightly decreased by HK\$17.0 million or 4.5% to HK\$358.0 million for the Reporting Period as compared to HK\$375.0 million for the same period last year. The orders for this sector were maintained at a high shipment level during the Reporting period, and remained the highest revenue sector in the cable assembly business.

**Telecommunication sector:** It recorded an increase of revenue from HK\$282.9 million in the same period last year to HK\$352.7 million for the Reporting Period, representing an increase of HK\$69.8 million or 24.7%. The orders of 5G products have increased steadily and the profit margin has improved as these new products carry a higher margin.

**Medical equipment sector:** Although vaccines have been available, virus variants have appeared. Smooth and durable recoveries are not assured even in places where infections are seemingly under control. Under the backdrop of COVID-19, a high demand in medical equipment cables orders has been maintained. The revenue of medical equipment sector for the Reporting Period was HK\$128.5 million, representing a slightly increase of HK\$2.5 million or 2.0% as compared with HK\$126.0 million for the same period last year.

**Industrial equipment sector:** Global inflation has exceeded expectations, prompting central banks around the world to further tighten monetary policy and raise interest rates faster than expected, increasing long-term borrowing costs for companies, further dragging down overall economic growth. The revenue of industrial equipment sector decreased by HK\$31.1 million or 52.1% from HK\$59.7 million for the same period last year to HK\$28.6 million for the Reporting Period.

**Automotive sector:** On 31 August, 2021, the Group completed the acquisition of the business of manufacturing and sales of automotive wire harness. The revenue of automotive sector HK\$12.1 million represented only one month revenue for the same period last year, which compared with the revenue for the Reporting Period was HK\$90.7 million, representing a significantly increase of HK\$78.6 million or 649.6%. 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.

**Networking cable:** COVID-19 outbreaks and mobility restrictions have disrupted economic activity widely and severely. Shanghai, a major global supply chain hub, entered a strict lockdown in April 2022, forcing citywide economic activity to halt for about eight weeks. The Group's factories in Shanghai and Suzhou had temporarily halted operations because of the lockdown. The revenue of networking cable for the Reporting Period was HK\$734.3 million, represented a decrease of HK\$105.5 million or 12.6% as compared with HK\$839.8 million for the same period last year. The decrease was mainly attributable to the temporary halt in the Group's production during the lockdown period.

**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\$56.3 million, represented an increase of HK\$11.3 million or 25.1% as compared with HK\$45.0 million for the same period last year.

**Server:** The Group has expanded its business to server business which is deeply customized based on brand customers' requirements. The products offered by the Group are mainly applied in data centres, which includes rack-mounted computing servers, edge servers, AI smart servers, storage servers, smart network cards, GPU cards, complete cabinet products, etc. For the Reporting Period, the New Business has generated revenue of HK\$1,530.9 million. Up to the end of Reporting Period, the Group have already started business with eight new 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\$312.0 million, a slightly increase of HK\$3.6 million or 1.2% compared with HK\$308.4 million for the same period last year. It is because the average selling price of the server is much higher than that of the wire and cable business, and the profit margin was also lower than that of the wire and cable business, so the overall profit margin of the Group is inevitably pulled down. In the meantime, as the materials cost was still on the high side, 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 again to its customers in a range of 5% to 10% in May 2022, the Group's gross profit margin decreased from 17.7% to 9.5% as compared with the same period last year.

### Operating Profit/Margin

Operating profit for the Reporting Period was HK\$128.6 million, which represented a decrease of HK\$29.2 million or 18.5% as compared with the same period last year. Operating profit margin was 3.9% for the Reporting Period compared to 9.1% in the same period last year. The ratio of EBITDA to revenue decreased to 5.3% from 11.2% in the same period last year.

Other income, which comprise of primarily bank interest income, government grants, handling income was in aggregate HK\$6.7 million for the Reporting Period, representing an increase of HK\$5.1 million as compared with HK\$1.6 million for the same period last year. Such increase was mainly attributable to the increase of bank interest income of HK\$2.5 million and the increase of government grants of HK\$2.7 million.

Other gains and losses were recorded a loss of HK\$20.2 million for the Reporting Period compared to a gain of HK\$0.6 million for the same period last year. Such loss was mainly due to the exchange loss from RMB depreciation of HK\$19.7 million which was attributable to the Group's operations in the ordinary course of business in the Reporting Period.

The total operating expenses were HK\$169.8 million, an increase of HK\$13.8 million or 8.9% compared to HK\$156.0 million recorded in the same period last year. Total operating expenses as a percentage of the Group's revenue decreased from 9.0% to 5.2%.

Distribution and selling expenses increased from HK\$32.2 million to HK\$33.3 million, an increase of HK\$1.1 million or 3.4% compared with the same period last year. It was mainly attributable to the increase of commission paid to agents under the automotive sector business. As a percentage of the Group's revenue, distribution and selling expenses decreased from 1.8% to 1.0% as compared to the same period last year.

Administrative expenses increased from HK\$66.4 million to HK\$68.7 million in the Reporting Period, increased HK\$2.3 million or 3.5% as compared with the same period last year. The increase was mainly due to the increase of new server business of HK\$3.3 million. Administrative expenses as a percentage of revenue decreased from 3.8% to 2.1% for the Reporting Period.

During the Reporting Period, the research and development expenses were HK\$67.8 million, which represented an increase of HK\$10.4 million or 18.0% compared with the same period last year. It was mainly attributable to the increase of new server business of HK\$7.1 million. Research and development expenses as a percentage of the Group's revenue decrease from 3.3% to 2.1% for the Reporting Period. 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.

### **Professional fee for acquisition**

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 same period last year. 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\$25.2 million against HK\$20.0 million for the same period last year. The finance costs included (i) bank loan interest of HK\$11.5 million for short-term bank borrowings for the Group's operating working capital; (ii) bank loan interest of HK\$7.2 million for the bank loan financing its acquisition of the digital cable business and automotive wire harness business; (iii) interest expenses of HK\$5.0 million for a new RMB loan from Luxshare Group for the operating working capital of the Group; and (iv) interest expenses of HK\$1.5 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 2022 and Earnings per Share**

Total profit of the Group for the Reporting Period was HK\$91.3 million, a decrease of HK\$0.1 million or 0.1% as compared to the same period of last year and net profit margin was recorded at 2.8% as compared to 5.3% in the same period of 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 Ind (Suzhou), were awarded the Advanced-Technology Enterprise Certificate and is eligible for tax concessionary rate of 15%. Taxation charges decreased from HK\$43.5 million in the same period last year to HK\$12.7 million for the Reporting Period. The effective tax rate decreased from 32.2% to 12.2%, such decrease was mainly attributable to the preparation of spin-off and separate listing in the PRC last year which included the withholding tax of HK\$10.8 million charged at 5% of dividend declared by Huizhou TIME and the withholding tax of HK\$9.5 million charged at 10% of capital gain related to internal reorganisation during the same period last year.

Basic earnings per share for the Reporting Period was HK4.7 cents as compared to HK5.0 cents in the same period last year.

### **Dividends**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to declare an interim dividend of HK0.5 cent per share, amounting to a total of approximately HK\$9.7 million.

### **Adjusted Performance**

The reported results are prepared in accordance with HKFRSs. The Company also present alternative performance measures (non-GAAP financial measures). These include adjusted performance, which the Company use to align internal and external reporting, identify and quantify items management believes to be significant, and provide insight into how management assesses period-on-period performance. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRSs. The non-GAAP financial measures facilitate investors’ assessment of the Group’s operating performance, enhance the understanding of the Group’s past performance as well as the future prospects and allow for greater visibility with respect to key metrics used by the management in their financial and operational decision-making. The non-GAAP financial measures are generally defined as profit for the year adjusted by excluding non-recurring and one-off items from continuing operations, which includes the professional fee for acquisition and the one-off withholding tax arising from the internal reorganisation relating to the preparation of spin-off and separate listing in the PRC.

The following information details the adjustments made to the reported results and the calculation of other alternative performance measures. All alternative performance measures are reconciled to the closest reported performance measure.

## Reconciliations on Non-GAAP Financial Measures

For the six months ended 30 September	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>	Change
Reported profit for the period	<b>91.3</b>	91.4	-0.1%
Adjustment for Professional fee for acquisition	–	3.1	
Adjustment for One-off withholding tax	–	20.4	
<b>Adjusted total profit for the period</b>	<b>91.3</b>	114.9	-20.5%
Revenue	<b>3,280.0</b>	1,740.5	
<b>Adjusted net profit margin (%)</b>	<b>2.8</b>	6.6	-3.8pts
Weighted average number of ordinary shares ('000)	<b>1,945,952</b>	1,840,432	
<b>Adjusted basic earnings per share (Hong Kong cents)</b>	<b>4.7</b>	6.2	-24.2%
Reported profit for the period	<b>91.3</b>	91.4	-0.1%
Interest expense	<b>25.2</b>	20.0	
Taxation	<b>12.7</b>	43.5	
Depreciation and amortisation	<b>44.0</b>	39.5	
<b>EBITDA</b>	<b>173.2</b>	194.4	-10.9%
Adjustment for Professional fee for acquisition	–	3.1	
<b>Adjusted EBITDA</b>	<b>173.2</b>	197.5	-12.3%
<b>EBITDA/Revenue (%)</b>	<b>5.3</b>	11.2	-5.9pts
<b>Adjusted EBITDA/Revenue (%)</b>	<b>5.3</b>	11.3	-6.0pts

**Adjusted Total Profit for the period:** By excluding the professional fee for acquisition and the one-off withholding tax arising from the internal reorganisation relating to the preparation of spin-off and separate listing in the PRC, the adjusted total profit of the Reporting Period was HK\$91.3 million which representing a decrease of HK\$23.6 million or 20.5% as compared with HK\$114.9 million for the same period of last year. The adjusted net profit margin was recorded at 2.8% as compared with 6.6% for the same period of last year.

**Adjusted Basic Earnings per Share:** Adjusted basic earnings per share for the Reporting Period was HK4.7 cents as compared to the adjusted basic earnings per share of HK6.2 cents in the same period of last year.

**Adjusted EBITDA:** By excluding the professional fee for acquisition, the adjusted EBITDA of the Reporting Period was HK\$173.2 million which representing a decrease of HK\$24.3 million or 12.3% as compared with HK\$197.5 million for the same period last of year. The ratio of adjusted EBITDA to revenue decreased to 5.3% from 11.3% for the same period of last year.

## OUTLOOK

According to the latest forecast of the “World Economic Outlook update” issued by the “International Monetary Fund” in July, downgrades for China and the United States, as well as for India, are driving the downward revisions to global growth during 2022-2023, which reflect the materialisation of downside risks, such as a sharper slowdown in China due to extended lockdowns, tightening global financial conditions associated with expectations of steeper interest rate hikes by major central banks to ease inflation pressure, and spill overs from the war in Ukraine. It is estimated that the global economy will moderate to 2.9% in 2023, and the growth of Asian emerging markets and developing economies will be 5.0%, of which China/India/ASEAN will grow by 4.6%/6.1%/5.1% respectively. The baseline projections are predicted on several assumptions, which include, among others, i) no further unexpected reductions in flows of natural gas from Russia to the rest of Europe; ii) that long-term inflation expectations remain stable; and iii) no worsening of disorderly adjustments in global financing markets as a result of disinflationary monetary policy tightening. Even when we are facing such challenges and difficulties in the macro-economic environment, the management remains confident that since the Group’s major focus market is still in China and Asian markets, 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.

The PRC has continuously made great efforts to accelerate the research and development of 5G technology. With the rapid development of the 5G cellular network technology and the 5G network deployment announced by various mobile operators in recent years, more and more 5G devices and equipment will be gradual and large scale replacement in the coming years. It is expected to drive the demand of cable assembly products and telecommunication sector and benefit to the Group’s business growth. In the meantime, the COVID-19 pandemic has changed many economic activities, such as work from home and online meetings have become a trend even not 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.

In view of the great market potential of cloud service, communications, transportation and electricity in the PRC, the Group has set up a wholly-owned subsidiary, Time X-Ware Technology Limited, in April 2022 to commence a new server business, which is deeply customized based on brand customers' requirements. Our go-to-market strategy and business model will be JDM/ODM model. The products offered by the Group under the New Business are mainly applied in data centres, which includes rack-mounted computing servers, edge servers, AI smart servers, storage servers, smart network cards, GPU cards, complete cabinet products, etc. The New Business and the existing wire and cable business have an upstream and downstream relationship. It is expected the New Business will represent an opportunity for the Group to expand its existing converged wire and cable products to a larger customer portfolio. In addition, the Company considers there will be a degree of vertical integration with the existing production of the Group allowing an optimized cost structure. Given Luxshare Group has (i) a solid technical team with efficient operation management/automation capabilities; and (ii) good relationship with core customers in the PRC, it is expected that Luxshare Group will bring synergy to the Group to further expand the PRC market by increasing the share of orders from data centre customers in the market. Moreover, having considered that (i) China is actively conducting investment activities to build digital infrastructure; (ii) the PRC manufacturers continue to increase the share of local supply chain due to geopolitics relationship; and (iii) Luxshare Group has extensive technological knowhow and good customers' relationships, the Board is optimistic on the future potential growth of the New Business. The Board believes the development of the New Business is a good opportunity for the Group to further develop its business and will help diversify the Group's business as well as the Group's income stream.

After Luxshare Precision Limited has acquired the shares of the Company from Datatech Investment Inc. and Time Interconnect Holdings Limited, which was representing approximately 72.18% of the issued shares capital of the Company, it became the controlling shareholder of the Company as at the date of the completion date on 16 March 2022. Riding on the policy of the PRC government on "channelling computing resources from the eastern areas to the western regions" (東數西算), Luxshare Precision would deploy the platform advantages and market position of the Luxshare Group and introduce strategic resources to the Company with intention to further strengthen the Company's potential for continuous growth and core competitiveness in its market and to enable the Company to develop strategically to become an all-rounded network solutions and infrastructure providers, so as to create greater value for the shareholders. In this regard, Luxshare Precision is conducting a strategic review of the operations and financial position of the Company, and actively exploring business opportunities for the growth and development, in both organic and inorganic manners, of the Company. The Company believes that, following the acquisition, the strategic alliance between Luxshare Precision and the Company would enable the Company to further benefit from the development and synergy in the fields of consumer electronics, communications, healthcare, automobile industry in terms of products, customers, and marketing, through integration of customer and market resources as well as technologies and R&D capabilities of the Luxshare Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Shareholders' funds as at 30 September 2022 were approximately HK\$960.9 million, which represented a decrease of HK\$90.3 million or 8.6% from HK\$1,051.2 million as at 31 March 2022. The decrease was mainly due to the depreciation of RMB at the reporting date, a decrease of HK\$153.0 million in the translation reserve from converting Renminbi into Hong Kong dollars as recorded in the financial statements of the PRC subsidiaries. As a result, shareholders' funds per share decreased by 14.0% from HK\$0.57 to HK\$0.49.

As at 30 September 2022, the Group had bank balances and cash of HK\$472.4 million, representing an increase of 113.9% as compared to HK\$220.9 million as of 31 March 2022. It was mainly due to a new RMB500 million loan from Luxshare Group for financing the operating working capital of the Group. As at 30 September 2022, the Group's bank loan was HK\$982.1 million, a decrease of HK\$80.1 million or 7.5% from HK\$1,062.2 million as of 31 March 2022, it was mainly due to the repayment of club loan for the acquisition of the digital cable business. The Group believes it has sufficient committed and unutilised banking facilities as at 30 September 2022 to meet current business operation and capital expenditure requirements.

### **Capital Expenditure**

For the Reporting Period, the Group invested HK\$50.3 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, as well as the improvement of manufacturing working environment. All of these capital expenditures were financed from internal resources.

### **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 2022 and 31 March 2022, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK\$27.2 million and HK\$5.8 million as at 30 September 2022 and 31 March 2022 respectively.

### **Gearing Ratio**

Gearing ratio is calculated as total debt divided by total equity and multiplied by 100%. As at 30 September 2022, the Group's gearing ratio was 101.0% as compared to 99.9% as of 31 March 2022.

## 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 2022, the Company's issued share capital was HK\$19.5 million and the number of its issued ordinary shares were 1,945,952,000 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 2022, the capital commitment of the Group is as follows:

	<b>30.9.2022</b>	31.3.2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements	<u>25.3</u>	<u>5.7</u>

As of 30 September 2022, 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**

Save as disclosed in this announcement, 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**

Save as disclosed in this announcement, there has been no other important event affecting the Group since 30 September 2022 and up to the date of this announcement.

## **EMPLOYEE**

As of 30 September 2022, the total headcount for the Group was approximately 3,805 employees (30 September 2021: approximately 2,851). 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\$261.9 million, as compared to approximately HK\$215.9 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 2022.

## **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 2022.

## **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 15 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 2022.

## **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 2022 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 8 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 Friday, 16 December 2022.

## **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 Wednesday, 14 December 2022 to Friday, 16 December 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 December 2022. The proposed interim dividend is expected to be paid on or before Wednesday, 11 January 2023.

## **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the six months ended 30 September 2022 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 2022 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 2022

*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 Ms. Wang Laichun and three independent non-executive Directors, namely Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric.*