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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)

**REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING
CONNECTED TRANSACTION IN RELATION TO
THE LUXSHARE PRECISION MASTER PURCHASE AGREEMENT**

Financial adviser to the Company

FRONTPAGE富比

Reference is made to the announcement of the Company dated 19 July 2022 (the “**Announcement**”) and the circular of the Company dated 16 August 2022 (the “**Circular**”) in relation to, among other things, the Luxshare Precision Master Purchase Agreement entered into between the Company and Luxshare Precision and the related annual caps as approved by the Independent Shareholders at the extraordinary general meeting held on 5 September 2022.

THE SUPPLEMENTAL AGREEMENT

Pursuant to the Luxshare Precision Master Purchase Agreement, the Group has agreed, among other things, to purchase Raw Materials, which comprise Server Product Raw Materials and Cable Product Raw Materials, from the Luxshare Precision Group from time to time upon request from 19 July 2022 to 31 March 2025. In particular, the Luxshare Precision Group ordered Server Product Raw Materials from the independent suppliers as designated by the Group’s customers (the “**Designated Suppliers**”) on behalf of the Group before the Group’s customer account with the Designated Suppliers are successfully opened.

Having considered (i) more orders have been received from customers than originally expected since the entering of the Luxshare Precision Master Purchase Agreement but the customer account opening procedures with some Designated Suppliers have not been completed; and (ii) the credit terms offered by certain Designated Suppliers to the Luxshare Precision Group are more favourable than those currently offered to the Group, the Directors have decided to adjust the existing annual caps upward for the purchase of Server Product

Raw Materials under the Luxshare Precision Master Purchase Agreement in order to accommodate the business needs of the Group. On 30 September 2022, the Company entered into the Supplemental Agreement with Luxshare Precision to revise the existing annual caps for Server Product Raw Materials under the Luxshare Precision Master Purchase Agreement. Other than the revision of the existing annual caps, all other terms of the original Luxshare Precision Master Purchase Agreement shall remain unchanged and in full force pursuant to the Supplemental Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Luxshare Precision is a Controlling Shareholder of the Company interested in approximately 70.95% of the Company through its wholly-owned subsidiary, namely Luxshare Precision Limited, and is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng. As such, Luxshare Precision is a connected person of the Company and the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Luxshare Precision Master Purchase Agreement (as supplemented by the Supplemental Agreement) is more than 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to her beneficial interests in the Luxshare Precision Group, Ms. Wang Laichun, the chairman of the Board and a non-executive Director, is regarded as having a material interest in the transactions contemplated under the Supplemental Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the Supplemental Agreement and the Revised Annual Caps. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Ms. Wang Laichun, none of the Directors has any material interest in the Supplemental Agreement, and none of them is required to abstain from voting on the relevant resolutions of the Board.

GENERAL

An extraordinary general meeting will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the Revised Annual Caps. A circular containing, among other things (i) details of the Supplemental Agreement

and the Revised Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of extraordinary general meeting, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

Reference is made to the Announcement and the Circular in relation to, among other things, the Luxshare Precision Master Purchase Agreement entered into between the Company and Luxshare Precision and the related annual caps as approved by the Independent Shareholders at the extraordinary general meeting held on 5 September 2022.

THE SUPPLEMENTAL AGREEMENT

Pursuant to the Luxshare Precision Master Purchase Agreement, the Group has agreed, among other things, to purchase Raw Materials, which comprise Server Product Raw Materials and Cable Product Raw Materials, from the Luxshare Precision Group from time to time upon request from 19 July 2022 to 31 March 2025. In particular, the Luxshare Precision Group ordered Server Product Raw Materials from the Designated Suppliers on behalf of the Group before the Group's customer account with the Designated Suppliers are successfully opened.

Having considered (i) more orders have been received from customers than originally expected since the entering of the Luxshare Precision Master Purchase Agreement but the customer account opening procedures with some Designated Suppliers have not been completed; and (ii) the credit terms offered by certain Designated Suppliers to the Luxshare Precision Group are more favourable than those currently offered to the Group, the Directors have decided to adjust the existing annual caps upward for the purchase of Server Product Raw Materials under the Luxshare Precision Master Purchase Agreement in order to accommodate the business needs of the Group. On 30 September 2022, the Company entered into the Supplemental Agreement with Luxshare Precision to revise the existing annual caps for Server Product Raw Materials under the Luxshare Precision Master Purchase Agreement.

Set out below is a summary of the principal terms of the Supplemental Agreement:

Date

30 September 2022

Parties

- (i) Luxshare Precision; and
- (ii) the Company

Subject matter

Pursuant to the Supplemental Agreement, the Company and Luxshare Precision agreed to revise the existing annual caps for Server Product Raw Materials under the Luxshare Precision Master Purchase Agreement from HK\$1,200,000,000 to HK\$3,000,000,000 for the year ending 31 March 2023.

Save for the Revised Annual Caps, all other terms of the Luxshare Precision Master Purchase Agreement will remain unchanged and in full force.

Pricing policy

As set out in the Announcement and the Circular, the price payable for Server Product Raw Materials which are purchased from the Designated Suppliers by the Luxshare Precision Group on behalf of the Group shall be at the Luxshare Precision Group's purchase cost. The Group will be presented with the original invoices of the Designated Suppliers by the Luxshare Precision Group for settling the amounts payable. For Cable Product Raw Materials, the price payable shall be determined with reference to the prevailing market price for the same or similar raw materials charged by Independent Third Party vendors or by the Luxshare Precision Group to other Independent Third Parties from time to time. In order to ensure that the prices are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from Independent Third Party vendors which provide raw materials of similar specifications and quality not less frequently than on a quarterly basis. Such quotations will be compared against the quotations from Luxshare Precision and the Group will only accept Luxshare Precision's quotations if they are favourable to the Group.

Historical transaction amounts

The table below set out the actual transaction amounts for the period from 19 July 2022 (being the date of the Luxshare Precision Master Purchase Agreement) to the date of this announcement under the Luxshare Precision Master Purchase Agreement:

	For the period from 19 July 2022 to the date of this announcement <i>HK\$'000</i>
Purchase of Server Product Raw Materials	1,169,530
Purchase of Cable Product Raw Materials	70
Total	<u>1,169,600</u>

Revised Annual Caps under the Supplemental Agreement

The table below set out the existing annual caps under the Luxshare Precision Master Purchase Agreement and the Revised Annual Caps under the Supplemental Agreement:

	Existing annual caps for the year ending 31 March			Revised annual caps for the year ending 31 March		
	2023	2024	2025	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Purchase of Server Product						
Raw Materials	1,200,000	–	–	3,000,000	–	–
Purchase of Cable Product						
Raw Materials	<u>10,000</u>	<u>10,500</u>	<u>11,000</u>	<u>10,000</u>	<u>10,500</u>	<u>11,000</u>
Total	<u><u>1,210,000</u></u>	<u><u>10,500</u></u>	<u><u>11,000</u></u>	<u><u>3,010,000</u></u>	<u><u>10,500</u></u>	<u><u>11,000</u></u>

Basis of Revised Annual Caps

As at the date of this announcement, approximately 97.5% of the existing annual cap for the purchase of the Server Product Raw Materials for the year ending 31 March 2023 has been utilised. Nevertheless, the Group's customer account opening procedures with some Designated Suppliers have not been completed and the Group has to cater to the increasing demand for the Group's server products since the entering of the Luxshare Precision Master Purchase Agreement. In addition, given that the Group's server business has just commenced with no track record of financial results and proven credit record, certain Designated Suppliers currently request prepayments for raw materials ordered by the Group, while the Luxshare Precision Group is allowed to settle the payments for raw materials ordered on credit. In light of the aforesaid reasons, the Directors have proposed to revise the existing annual cap for the purchase of Server Product Raw Materials for the year ending 31 March 2023 to HK\$3,000,000,000. The Revised Annual Caps have been determined with reference to (i) the actual transaction amounts for the purchase of Server Product Raw Materials after the entering of the Luxshare Precision Master Purchase Agreement; (ii) the additional purchase orders for server products received from customers after the entering of the Luxshare Precision Master Purchase Agreement; (iii) the estimated demand of the Group's server products for the year ending 31 March 2023; and (iv) the quotations from the Designated Suppliers for the volume of Server Product Raw Materials needed. The Group will no longer purchase Server Product Raw Materials through the Luxshare Precision Group after all customer accounts with the Designated Suppliers are successfully opened and better credit terms are offered by the Designated Suppliers. Other than the Revised Annual Caps, there is no change in the existing annual caps for the purchase of Raw Materials under the Luxshare Precision Master Purchase Agreement.

Reasons for and benefits of the Revised Annual Caps

After entering of the Luxshare Precision Master Purchase Agreement, the demand for the Group's server products has continued to grow with more orders being received from customers than originally anticipated. However, the customer account opening procedure with some Designated Suppliers have not been completed and the Group has to continue to purchase the Server Product Raw Materials from the Designated Suppliers through the Luxshare Precision Group. As of the date of this announcement, approximately 97.5% of the existing annual caps for the purchase of Server Product Raw Materials for the year ending 31 March 2023 has been utilised. As such, the Group has to revise the existing annual caps for the purchase of the Server Product Raw Materials before such caps are exceeded in order to meet customers' orders for the server products. In addition, since the Group's server business has just commenced with no track record of financial results and proven credit record, certain Designated Suppliers currently request prepayments for raw materials ordered by the Group after the opening of customer accounts with the said Designated Suppliers. In contrast, the Luxshare Precision Group is allowed to settle the payments for raw materials ordered on credit in light of its long business relationship with the said Designated Suppliers. Under the Luxshare Precision Master Purchase Agreement, the payments to the Luxshare Precision Group for the purchase of Server Product Raw Material from the Designated Suppliers on behalf of the Group is settled on a back-to-back basis. Given that Luxshare Precision Group has a more favourable credit terms over the Group as offered by certain Designated Suppliers, the Directors considered that the purchase on behalf arrangement can alleviate the financial and cash flow pressure of the Group's operations and reserve its capital for unforeseen circumstances of the new server business. Therefore, the Group has decided to revise the existing annual caps under the Luxshare Precision Master Purchase Agreement and continue to purchase Server Product Raw Materials through the Luxshare Precision Group as a transitional arrangement until better credit terms are offered by the Designated Suppliers.

Taking into consideration the above, the Directors (excluding the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement and the Revised Annual Caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Luxshare Precision is a Controlling Shareholder of the Company interested in approximately 70.95% of the Company through its wholly-owned subsidiary, namely Luxshare Precision Limited, and is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng. As such, Luxshare Precision is a connected person of the Company and the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Luxshare Precision Master Purchase Agreement (as supplemented by the Supplemental Agreement) is more than 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to her beneficial interests in the Luxshare Precision Group, Ms. Wang Laichun, the chairman of the Board and a non-executive Director, is regarded as having a material interest in the transactions contemplated under the Supplemental Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the Supplemental Agreement and the Revised Annual Caps. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Ms. Wang Laichun, none of the Directors has any material interest in the Supplemental Agreement, and none of them is required to abstain from voting on the relevant resolutions of the Board.

The connected persons and their associates who have a material interest in the Supplemental Agreement will be required to abstain from voting on the relevant resolutions at the extraordinary general meeting to be held by the Company.

INFORMATION ON THE PARTIES

Information on the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since February 2018. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Suzhou and Huizhou in the PRC. The Group is principally engaged in the manufacture and sales of cable assembly and digital cable products as well as server products. The Group supplies its products to customers worldwide, including global network solutions and infrastructure provider, global internet related service provider, multinational medical equipment manufacturer and automotive manufacturer.

Information on Luxshare Precision

Luxshare Precision is a company incorporated in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002475). The Luxshare Precision Group is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare. As at the date of this announcement, Luxshare Precision is owned as to (i) approximately 38.48% by Luxshare

Limited, which is in turn owned by Ms. Wang Laichun, the non-executive Director and the chairman of the Board, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun, as to 50% each; and (ii) approximately 0.17% by Mr. Wang Laisheng directly.

GENERAL

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps. The Company has appointed an Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement and the Revised Annual Caps.

An extraordinary general meeting will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the Revised Annual Caps. A circular containing, among other things (i) details of the Supplemental Agreement and the Revised Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of extraordinary general meeting, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cable Product Raw Materials”	raw materials produced by the Luxshare Precision Group, including but not limited to cables, connectors, terminal products and parts, which are applied in the Group’s cable products
“Company”	Time Interconnect Technology Limited (匯聚科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) who or which as far as the Directors are aware after having made all reasonable enquiries is/are not connected with the Company and its connected persons
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Supplemental Agreement
“Independent Financial Adviser”	Shang International Finance Limited (尚融國際金融有限公司), a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the extraordinary general meeting pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luxshare Precision”	Luxshare Precision Industry Co., Limited (立訊精密工業股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475)

“Luxshare Precision Group”	Luxshare Precision and its subsidiaries but excluding the Group
“Luxshare Precision Master Purchase Agreement”	the agreement entered into between the Company and Luxshare Precision on 19 July 2022 for a term ending 31 March 2025, pursuant to which the Group agreed to purchase Raw Materials from the Luxshare Precision Group
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Raw Materials”	raw materials to be purchased by the Group from the Luxshare Precision Group under the Luxshare Precision Master Purchase Agreement, which comprise Cable Product Raw Materials and Server Product Raw Materials, in relation to the production of the Group
“Revised Annual Caps”	the proposed revised annual caps for the Server Product Raw Materials as purchased by the Group from the Luxshare Precision Group under the Supplemental Agreement
“Server Product Raw Materials”	raw materials ordered by the Luxshare Precision Group from ultimate suppliers that are Independent Third Parties on behalf of the Group, including but not limited to central processing units and hard disks, which are applied in the Group’s server products
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 30 September 2022 and entered into between the Company and Luxshare Precision to amend and supplement the terms contained in the Luxshare Precision Master Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 30 September 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.