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 JUNE 2024

FINANCIAL HIGHLIGHTS

	Unaudited		
For the six months ended	**30.06.2024**	30.09.2023	Change
Operating results *(HK$'million)*			
Revenue	**2,666.1**	2,626.7	1.5%
Gross profit	**490.2**	405.0	21.0%
Profit for the period	**203.2**	151.3	34.3%
Adjusted profit for the period *(Note)*	**204.5**	151.3	35.2%
Basic earnings per share *(Hong Kong cents)*	**10.4**	7.8	33.3%
Adjusted basic earnings per share *(Hong Kong cents) (Note)*	**10.5**	7.8	34.6%
Key ratios (%)			
Gross profit margin	**18.4**	15.4	3.0pts
Net profit margin	**7.6**	5.8	1.8pts
Adjusted net profit margin *(Note)*	**7.7**	5.8	1.9pts
EBITDA/Revenue	**13.0**	10.8	2.2pts
Adjusted EBITDA/Revenue *(Note)*	**13.1**	10.8	2.3pts

Note:

For reconciliations of the reported results to an adjusted basis, including lists of adjustment items, see page 24.

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 June 2024, together with the comparative figures for the six months ended 30 September 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

For the six months ended	Notes	**Unaudited** **30.6.2024** *HK$'000*	30.9.2023 *HK$'000*
Revenue	4	**2,666,123**	2,626,697
Cost of goods sold		**(2,175,927)**	(2,221,711)
Gross profit		**490,196**	404,986
Other income		**22,365**	16,775
Other gains and losses	5	**6,049**	(28,071)
(Loss) gain on revaluation of property, plant and equipment and right-of-use assets, net		**(9,949)**	1,061
Reversal of impairment losses under expected credit loss on trade receivables		**1,098**	98
Distribution and selling expenses		**(35,570)**	(30,364)
Administrative expenses		**(87,331)**	(68,540)
Professional fees and costs relating to acquisition of business		**(1,354)**	–
Research and development expenses		**(87,562)**	(59,801)
Finance costs		**(42,504)**	(49,050)
Profit before taxation	6	**255,438**	187,094
Taxation	7	**(52,279)**	(35,751)
Profit for the period		**203,159**	151,343
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of right-of-use assets and property, plant and equipment, net		**(13,260)**	9,236
Deferred tax arising from revaluation of right-of-use assets and property, plant and equipment		**3,199**	(2,245)
		(10,061)	6,991
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating financial statements of foreign operations		**(13,328)**	(74,923)
		(13,328)	(74,923)
Other comprehensive expense for the period		**(23,389)**	(67,932)
Total comprehensive income for the period		**179,770**	83,411

		Unaudited	
For the six months ended		**30.6.2024**	30.9.2023
	Notes	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**202,597**	151,113
Non-controlling interests		**562**	230
		203,159	151,343
Total comprehensive income for the period attributable to:			
Owners of the Company		**179,335**	83,713
Non-controlling interests		**435**	(302)
		179,770	83,411
Earnings per share	9		
– Basic (HK cents)		**10.41**	7.77
– Diluted (HK cents)		**10.41**	7.77

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Unaudited 30.6.2024 HK$'000	Audited 31.12.2023 HK$'000
Non-current assets			
Property, plant and equipment	10	**883,488**	872,553
Right-of-use assets	10	**289,915**	332,100
Deposits paid for acquisition of property, plant and equipment		**23,850**	11,175
Rental deposits		**2,431**	2,167
		1,199,684	1,217,995
Current assets			
Inventories		**1,511,421**	1,310,287
Trade and other receivables	11	**1,376,376**	2,313,745
Contract assets		**15,304**	20,279
Taxation recoverable		**3,624**	4,239
Derivative financial instrument		**1,303**	–
Pledged bank deposits		**474,122**	957,902
Bank balances and cash		**939,208**	338,013
		4,321,358	4,944,465
Current liabilities			
Trade and other payables	12	**1,353,559**	1,635,023
Contract liabilities		**63,340**	30,557
Amounts due to related companies		**–**	6,215
Lease liabilities		**25,091**	23,083
Taxation payable		**39,887**	36,448
Bank borrowings		**657,500**	1,166,575
Loans from related companies		**1,143,246**	1,172,042
Derivative financial instrument		**–**	5,088
		3,282,623	4,075,031
Net current assets		**1,038,735**	869,434
Total assets less current liabilities		**2,238,419**	2,087,429
Non-current liabilities			
Lease liabilities		**32,778**	41,934
Bank borrowings		**60,000**	80,000
Loans from related companies		**498,998**	499,034
Deferred tax liabilities		**84,797**	91,757
Long service payment obligation		**525**	1,693
		677,098	714,418
Net assets		**1,561,321**	1,373,011
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital		**19,460**	19,460
Reserves		**1,529,602**	1,341,728
Equity attributable to owners of the Company		**1,549,062**	1,361,188
Non-controlling interests		**12,259**	11,823
Total equity		**1,561,321**	1,373,011

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2024 has 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 D2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Pursuant to a resolution of the Board dated 24 July 2023, the financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2023 in order to align the financial year end date with that of its intermediate holding company; and the principal operating subsidiaries of the Company, which are statutorily required to fix their financial year end date at 31 December in the PRC. Accordingly, the accompanying condensed consolidated financial statements for the current financial period covers a period of six months from 1 January 2024 to 30 June 2024. The corresponding comparative figures presented for the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover the unaudited figures of the financial period from 1 April 2023 to 30 September 2023 and therefore are not comparable with those shown for the current period.

2. 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 change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the annual financial statements of the Group for the nine months ended 31 December 2023.

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 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

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, finance costs and unallocated expenses. There were asymmetrical allocations to operating segments because the Group allocates the pledged bank deposits and bank balances without allocating the related interest income to those segments. 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

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Server *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
For the six months ended 30 June 2024 (unaudited)						
Segment revenue						
External sales	**1,326,587**	**726,215**	**613,321**	**2,666,123**	**–**	**2,666,123**
Inter-segment sales	**38**	**13,398**	**–**	**13,436**	**(13,436)**	**–**
	1,326,625	**739,613**	**613,321**	**2,679,559**	**(13,436)**	**2,666,123**
Segment results	**236,834**	**27,110**	**32,344**	**296,288**	**–**	**296,288**
Unallocated income						**13,139**
Professional fees and costs relating to acquisition of business						**(1,354)**
Unallocated finance costs						**(42,504)**
Unallocated expenses						**(10,131)**
Profit before taxation						**255,438**
For the six months ended 30 September 2023 (unaudited)						
Segment revenue						
External sales	1,060,151	548,789	1,017,757	2,626,697	–	2,626,697
Inter-segment sales	14	11,870	980	12,864	(12,864)	–
	1,060,165	560,659	1,018,737	2,639,561	(12,864)	2,626,697
Segment results	134,765	18,146	76,079	228,990	–	228,990
Unallocated income						14,508
Unallocated finance costs						(47,669)
Unallocated expenses						(8,735)
Profit before taxation						187,094

Segment assets and liabilities

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

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Server *HK$'000*	Consolidated *HK$'000*
As at 30 June 2024 (unaudited)				
Assets				
Reportable segment assets	**1,591,652**	**1,516,465**	**2,397,921**	**5,506,038**
Unallocated assets				**15,004**
Consolidated total assets				**5,521,042**
Liabilities				
Reportable segment liabilities	**633,143**	**353,378**	**607,457**	**1,593,978**
Unallocated bank borrowings				**717,500**
Unallocated loans from related companies				**1,642,244**
Unallocated liabilities				**5,999**
Consolidated total liabilities				**3,959,721**
As at 31 December 2023 (audited)				
Assets				
Reportable segment assets	1,648,358	1,378,068	3,121,036	6,147,462
Unallocated assets				14,998
Consolidated total assets				6,162,460
Liabilities				
Reportable segment liabilities	672,256	312,983	859,983	1,845,222
Unallocated bank borrowings				1,246,575
Unallocated loans from related companies				1,671,076
Unallocated liabilities				26,576
Consolidated total liabilities				4,789,449

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

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

4. REVENUE

Revenue represents the consideration expected to be entitled by the Group in respect of the manufacturing and sales of cable assembly products, digital cable products and server products, excluding amounts collected on behalf of third parties.

Revenue from its major products

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

	Unaudited	
For the six months ended	**30.6.2024**	30.9.2023
	HK$'000	*HK$'000*
Cable assembly		
– Optical fibres	**660,860**	512,781
– Copper	**665,727**	547,370
	1,326,587	1,060,151
Digital cable		
– Cat 6/6A cables	**545,586**	433,695
– Cat 5/5e cables	**43,592**	44,102
– Cat 7/7A cables	**25,489**	13,408
– Specialty cable	**111,548**	57,584
	726,215	548,789
Server		
– Sales of server products	**613,321**	1,009,294
– Commission income from resales of server related components	**–**	8,463
	613,321	1,017,757
	2,666,123	2,626,697
Disaggregated by timing of revenue recognition		
– Over time	**560,732**	481,252
– Point in time	**2,105,391**	2,145,445
	2,666,123	2,626,697

Geographical information

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

For the six months ended	Unaudited **30.6.2024** *HK$'000*	30.9.2023 *HK$'000*
Mainland China	**1,262,868**	1,711,693
The United States of America	**678,536**	485,527
Singapore	**313,829**	140,149
Netherlands	**127,332**	75,494
Hong Kong	**60,696**	58,471
Others	**222,862**	155,363
	2,666,123	2,626,697

5. OTHER GAINS AND LOSSES

For the six months ended	Unaudited **30.6.2024** *HK$'000*	30.9.2023 *HK$'000*
Net foreign exchange loss	**(1,167)**	(26,790)
Loss on disposal of property, plant and equipment	**(630)**	(1,167)
Gain on change in fair value of derivative financial instrument	**6,378**	–
Loss on change in fair value of financial assets at fair value through profit or loss	**–**	(114)
Others	**1,468**	–
	6,049	(28,071)

6. PROFIT BEFORE TAXATION

	Unaudited	
For the six months ended	**30.6.2024**	30.9.2023
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging/ (crediting):		
Interests on:		
– lease liabilities	**1,637**	1,552
– bank borrowings	**12,654**	11,756
– loans from related companies	**28,213**	35,742
	42,504	49,050
Depreciation of property, plant and equipment	**34,731**	34,679
Depreciation of right-of-use assets	**15,119**	12,843
Written back of inventories	**(4,184)**	(6,630)
Reversal of impairment losses under expected credit loss on trade receivables	**(1,098)**	(98)
Government grants *(note)*	**(3,008)**	(766)
Bank interest income	**(13,113)**	(14,601)

Note: The 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

	Unaudited	
For the six months ended	**30.6.2024**	30.9.2023
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**16,558**	5,060
– PRC Enterprise Income Tax ("**EIT**")	**39,060**	26,256
	55,618	31,316
Deferred taxation (credit) charge	**(3,339)**	4,435
	52,279	35,751

(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 year ending 31 December 2024 and nine months ended 31 December 2023.

Certain entities operating in the PRC that have taxable income of not more than RMB3 million, the quarterly average of the total assets does not exceed RMB50 million as well as the quarterly average number of employees does not exceed 300 are qualified as small and micro enterprises for the year ending 31 December 2024 and nine months ended 31 December 2023. For the first RMB1 million taxable income, 25% of its first RMB1 million taxable income would be taxed at a reduced rate of 20%. For the portion over first RMB1 million and up to RMB3 million, only 25% of the taxable income would be taxed at a reduced EIT rate of 20% from 1 January 2022 to 31 December 2024.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2021 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 30 June 2024 and 30 September 2023.

8. DIVIDENDS

During the current interim period ended 30 June 2024, a final dividend of HK0.7 cents per ordinary share in respect of the nine months ended 31 December 2023 (six months ended 30 September 2023 (unaudited): HK0.5 cents per ordinary share in respect of the year ended 31 March 2023) was declared to the shareholders of the Company. The aggregate amount of the interim dividend of six months ended 30 September 2023 paid, and the final dividend declared and paid in the current interim period amounted to HK$14,595,000 (six months ended 30 September 2023 (unaudited): Nil) and HK$13,622,000 (year ended 31 March 2023: HK$9,730,000) respectively.

On 28 August 2024, the board of directors of the Company has resolved to declare an interim dividend of HK1 cent per ordinary share totalling HK$19,470,000 for the six months ended 30 June 2024.

9. EARNINGS PER SHARE

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

	Unaudited	
For the six months ended	**30.6.2024**	30.9.2023
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**202,597**	151,113
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,945,952**	1,945,952
Effect of dilutive potential ordinary shares:		
– share options	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,945,952**	1,945,952

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

Revaluation model

The Group's leasehold land and buildings were revalued on 30 June 2024 by RHL Appraisal Limited, an independent qualified valuer not related to the Group. During the six months ended 30 June 2024, the net revaluation loss of HK$13,260,000 (six months ended 30 September 2023 (unaudited): net revaluation gain of HK$9,236,000), comprising the revaluation loss of HK$19,729,000 (six months ended 30 September 2023 (unaudited): revaluation gain of HK$4,313,000) arising from right-of-use assets and revaluation gain of HK$6,469,000 (six months ended 30 September 2023 (unaudited): HK$4,923,000) arising from property, plant and equipment, have been debited (six months ended 30 September 2023 (unaudited): credited) to property revaluation reserve, and the corresponding total deferred tax of HK$3,199,000 (six months ended 30 September 2023 (unaudited): HK$2,245,000), have been credited (six months ended 30 September 2023 (unaudited): debited) to the property revaluation reserve. In addition, during the six months ended 30 June 2024, the net revaluation loss of HK$9,949,000 (six months ended 30 September 2023 (unaudited): net revaluation gain of HK$1,061,000), comprising of revaluation loss of HK$10,020,000 (six months ended 30 September 2023 (unaudited): revaluation gain of HK$888,000) arising from right-of-use assets and revaluation gain of HK$71,000 (six months ended 30 September 2023 (unaudited): HK$173,000) arising from property, plant and equipment, is debited to profit and loss (six months ended 30 September 2023 (unaudited): credited) and the corresponding total deferred tax of HK$2,498,000 (six months ended 30 September 2023 (unaudited): HK$239,000) have been credited (six months ended 30 September 2023 (unaudited): debited) to profit or loss. The valuations by the independent qualified 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 recent transactions of similar properties in similar location and adjusted to reflect conditions and locations of subject properties. There has been no change to the valuation technique during the reporting period.

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$78,817,000 (as at 31 December 2023 (audited): HK$80,480,000) as right-of-use assets and approximately HK$181,408,000 (as at 31 December 2023 (audited): HK$185,325,000) as property, plant and equipment as at 30 June 2024.

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

During the six months ended 30 June 2024, the Group incurred approximately HK$63,828,000 (six months ended 30 September 2023 (unaudited): HK$58,179,000) to acquire property, plant and equipment for its operations. In addition, during the six months ended 30 June 2024, the Group paid HK$4,969,000 (six months ended 30 September 2023 (unaudited): HK$758,000 for construction of factory premises) for construction of machinery.

During the six months ended 30 June 2024, the Group entered into 4 new lease agreements for staff dormitories with lease terms of 2 and 3 years. Upon lease commencement, the Group recognised HK$4,940,000 (six months ended 30 September 2023 (unaudited): HK$4,021,000) of right-of-use assets and HK$4,940,000 (six months ended 30 September 2023 (unaudited): HK$4,021,000) of lease liabilities.

11. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	30.6.2024	31.12.2023
	HK$'000	*HK$'000*
Trade receivables	**1,048,281**	2,065,390
Trade receivables from related companies	**55,806**	60,812
Bills receivables	**20,830**	20,234
	1,124,917	2,146,436
Less: Allowance for credit losses	**(3,535)**	(4,662)
Trade and bills receivables	**1,121,382**	2,141,774
Other receivables	**19,357**	2,591
Other receivables from fellow subsidiaries	**15**	–
Value-added tax receivables	**115,785**	129,048
Deposits and prepayments	**119,837**	40,332
Deposits, prepayments and other receivables	**254,994**	171,971
Trade and other receivables	**1,376,376**	2,313,745

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

	Unaudited	Audited
	30.6.2024	31.12.2023
	HK$'000	*HK$'000*
0 to 30 days	**582,576**	1,567,253
31 to 60 days	**317,967**	317,305
61 to 90 days	**144,801**	167,037
91 to 180 days	**74,119**	88,046
Over 180 days	**1,919**	2,133
	1,121,382	2,141,774

The Group allows a credit period ranging from 30 to 120 days to its trade customers. Expected credit loss of HK$3,535,000 (six months ended 30 September 2023 (unaudited): HK$3,261,000) was recognised for the period ended 30 June 2024.

12. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	30.6.2024	31.12.2023
	HK$'000	*HK$'000*
Trade payables	**1,039,682**	793,459
Trade payables to related companies	**90,591**	52,125
Bills payables	**86,291**	648,263
Trade and bills payables	**1,216,564**	1,493,847
Other payables	**41,144**	22,834
Dividend payables	**–**	14,595
Salaries and staff related costs payables	**66,877**	84,164
Accrued charges	**20,785**	12,089
Other tax payables	**8,189**	7,494
Accruals and other payables	**136,995**	141,176
Trade and other payables	**1,353,559**	1,635,023

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

	Unaudited	Audited
	30.6.2024	31.12.2023
	HK$'000	*HK$'000*
0 to 30 days	**772,013**	536,614
31 to 60 days	**188,094**	211,053
61 to 90 days	**131,248**	657,545
91 to 180 days	**84,910**	88,530
Over 180 days	**40,299**	105
	1,216,564	1,493,847

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

13. EVENTS AFTER THE REPORTING DATE

In July 2024, the Group completed the acquisitions of 71.43% of the equity interest in Cosmic M.E. Inc. and 16.75% of the equity interest in Valkyrie Industries Limited. The finalised cash considerations were JPY80,000,000 (equivalent to HK$3,922,000) and GBP1,000,000 (equivalent to HK$9,908,000) respectively.

As the acquisitions were effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF FINANCIAL YEAR END DATE

In order to align the financial year end date of the Company with that of Luxshare Group and the principal operating subsidiaries of the Company in the People's Republic of China, the financial year end date of the Company has been changed from 31 March to 31 December in July last year. In view of this change, the condensed consolidated financial statements of the Group cover the six-month period from 1 January 2024 to 30 June 2024 (the "**Current Interim Period**") and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023 (the "**Previous Interim Period**").

BUSINESS OVERVIEW

During the Current Interim Period, the pace of economic expansion has been slow, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the pandemic and Russia-Ukraine conflict; weak growth in productivity; and increasing geoeconomic fragmentation. In spite of these challenges and difficulties posed by the macroeconomic environment, the Group strives to improve its 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 of the Company.

Last year, the sudden emergence of Artificial intelligence ("**AI**") drove the growth and development of the Group's server and data centre business. The server industry set off a craze for AI servers. During the Current Interim Period, the revenue of data centre sector and specialty cable sector have significantly increased by 16.6% and 93.6% respectively due to the upgrading of servers and the profitability was relatively improved. In addition, the Group paid more attention and efforts in the medical equipment cables business and continued to enhance its medical equipment customers base, as well as to strengthen its research and development (the "**R&D**") capabilities during the Current Interim Period. Benefited from the setup of two new plants, Time Interconnect Technology (Kunshan) Limited ("**Time Kunshan**") and Time Interconnect Technology (Jiangxi) Limited ("**Time Jiangxi**"), last year and expanded production capacity and R&D capabilities for medical equipment cables products, the revenue of medical equipment sector has also significantly increased 166.0%. The overall profitability of cables and wires has also improved due to these sectors are carrying a better margin.

On the other hand, although factors such as the divergences between countries, war, high interest rates, strong US dollar and high inflation are remaining exist, overseas orders for networking cable sector continued to improve. The revenue of networking cable sector has increased by 25.1% during the Current Interim Period. The rise in copper price indicated that market demand is continuing to increase. However, for the server sector, after a peak of new products shipments at the end of last year, there was a shortage of key components supply this year, resulting in the revenue fell by 39.7% during the Current Interim Period.

During the six months ended 30 June 2024, the average copper price was USD9,090 per ton, represented an increase of 8.1% as compared with USD8,408 for the Previous Interim Period. Based on the existing quotation mechanism that the Group has been using with its 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 its customers. Although the amount of gross profit of the orders has not been affected by such copper price, the gross profit margin has been changed accordingly.

Meanwhile, central banks continued to maintain high interest rate policy, causing the US dollars exchange rate to remain at a high level. During the Current Interim Period, the average foreign currency exchange rate for conversion of converting Renminbi into Hong Kong dollars was 1.5% lower than the Previous Interim Period. The Renminbi revenue converted into Hong Kong dollars decreased by HK$17.4 million, represented 0.7% of the Group's revenue. Furthermore, the closing rate of Renminbi converting into Hong Kong dollars as at 30 June 2024 was 0.7% lower than the one as at 31 December 2023, which created an exchange loss raised from RMB receivable and USD payable.

For the Current Interim Period, the Group recorded revenue amounting to HK$2,666.1 million, represented an increase of HK$39.4 million or 1.5% as compared with HK$2,626.7 million for the Previous Interim Period. The increase was mainly attributable to the increase of revenue from medical equipment, digital cable, data centre and specialty cable sectors. Operating profit for the Current Interim Period was HK$309.2 million, represented an increase of HK$74.1 million or 31.5%, as compared with HK$235.1 million for the Previous Interim Period, with the operating profit margin raised from 9.0% to 11.6% for the Current Interim Period. The increase of operating profit was mainly attributable to changes of product mix, higher revenue from medical equipment, data centre and specialty cable sectors with all three market sectors having better profit margin; and lower revenue and profit margin from the server sector.

RESULTS OF OPERATIONS

Financial Overview

For the six months ended	**30.6.2024**	30.9.2023	Change
	HK$'million	*HK$'million*	*HK$'million*
Revenue	**2,666.1**	2,626.7	39.4
Gross profit	**490.2**	405.0	85.2
Gross profit margin	**18.4%**	15.4%	
Other income and other gains and losses	**28.4**	(11.3)	39.7
Total operating expenses	**(209.4)**	(158.6)	(50.8)
Total operating expenses as a percentage of revenue	**7.9%**	6.0%	
Operating profit	**309.2**	235.1	74.1
Operating profit margin	**11.6%**	9.0%	
(Loss) gain on revaluation of land and buildings	**(9.9)**	1.1	(11.0)
Professional fee for acquisition	**(1.3)**	–	(1.3)
Finance costs	**(42.5)**	(49.1)	6.6
Profit before taxation	**255.5**	187.1	68.4
Taxation	**(52.3)**	(35.8)	(16.5)
Effective tax rate	**20.5%**	19.1%	
Profit for the period	**203.2**	151.3	51.9
Net profit margin	**7.6%**	5.8%	
Adjusted profit for the period	**204.5**	151.3	53.2
Adjusted net profit margin	**7.7%**	5.8%	

Revenue

During the Current Interim Period, the average copper price has increased 8.1% from USD8,408 per ton to USD9,090 per ton compared with the Previous Interim Period. Based on the existing quotation mechanism that the Group has been using with its customers, the selling price will be automatically adjusted to account for the price changes of copper, resulting in the impact of the copper price fluctuation being directly passed through to its customers. As such, the copper price impact was approximately HK$27.7 million, which represented 1.0% of the Group's revenue. On the other hand, RMB depreciation led to a reduction in revenue. During the Current Interim Period, the average foreign currency exchange rate for conversion of Renminbi into Hong Kong dollars was 1.5% lower than the Previous Interim Period. The Renminbi revenue converted into Hong Kong dollars decreased by HK$17.4 million, represented 0.7% of the Group's revenue. The Group's revenue for the Current Interim Period increased by HK$39.4 million or 1.5% to HK$2,666.1 million from HK$2,626.7 million for the Previous Interim Period. The increase was mainly attributable to the increase of revenue from medical equipment, digital cable, data centre and specialty cable sectors.

For the six months ended	**30.6.2024**		30.9.2023		Change	
	HK$'million	*%*	*HK$'million*	*%*	*HK$'million*	*%*
Market Sector						
Cable assembly						
Data centre	**564.4**	**21.2%**	484.1	18.4%	80.3	16.6%
Telecommunication	**286.5**	**10.7%**	348.6	13.3%	(62.1)	-17.8%
Medical equipment	**386.0**	**14.5%**	145.1	5.5%	240.9	166.0%
Industrial equipment	**21.3**	**0.8%**	12.8	0.5%	8.5	66.4%
Automotive	**68.4**	**2.6%**	69.5	2.7%	(1.1)	-1.6%
	1,326.6	**49.8%**	1,060.1	40.4%	266.5	25.1%
Digital cable						
Networking cable	**614.7**	**23.0%**	491.2	18.7%	123.5	25.1%
Specialty cable	**111.5**	**4.2%**	57.6	2.2%	53.9	93.6%
	726.2	**27.2%**	548.8	20.9%	177.4	32.3%
Server	**613.3**	**23.0%**	1,017.8	38.7%	(404.5)	-39.7%
Total	**2,666.1**	**100.0%**	2,626.7	100.0%	39.4	1.5%

Data centre sector: Benefited from the emergence of AI, which drove the growth and development of the Group's data centre business. During the Current Interim Period, the revenue of data centre sector increased by HK$80.3 million or 16.6% to HK$564.4 million for the Current Interim Period as compared to HK$484.1 million for the Previous Interim Period due to the upgrading of servers and the profitability was relatively improved. Orders from this sector maintained at a high shipment level during the Current Interim Period, and remained the highest revenue sector in the cable assembly business.

Telecommunication sector: It recorded a decrease of revenue from HK$348.6 million for the Previous Interim Period to HK$286.5 million for the Current Interim Period, represented a decrease of HK$62.1 million or 17.8%. The main customers of telecommunication sector are located in PRC, and the main reason for the decline in revenue was the impact of the Lunar New Year holidays during the Current Interim Period as compared to the Previous Interim Period.

Medical equipment sector: During the Current Interim Period, the Group paid more attention and efforts in the medical equipment cables business and continued to enhance its medical equipment customers base, as well as to strengthen its R&D capabilities during the Current Interim Period. Benefited from the setup of two new plants, Time Kunshan and Time Jiangxi, last year and expanded production capacity and R&D capabilities for medical equipment cables products, the revenue of medical equipment sector has significantly increased to HK$386.0 million, represented an increase of HK$240.9 million or 166.0% as compared with HK$145.1 million for the Previous Interim Period.

Industrial equipment sector: The global economy recovered but the pace was slower than expected. The divergences between countries have maintained. Inflation remained high and continuing to erode household purchasing power. High interest rates directly raised the cost of borrowing and constraining economic activity. However, there was slight improvement in the industrial equipment sector. The revenue of industrial equipment sector increased by HK$8.5 million or 66.4% from HK$12.8 million for the Previous Interim Period to HK$21.3 million for the Current Interim Period.

Automotive sector: The revenue of automotive sector was HK$68.4 million for the Current Interim Period, compared with the revenue for the Previous Interim Period of HK$69.5 million, represented a slight decrease of HK$1.1 million or 1.6%. Affected by geopolitics and trading war, the sales orders of automotive wire harness products maintained a lower level during the Current Interim Period. But the Group still believes that the automotive wiring products can help the Group to provide its customers with a broader product portfolio, and to step into a 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. A new wholly-owned subsidiary, Linkz Cables Mexico, S. de R.L. de C.V. ("**Linkz Mexico**"), has been setup in Mexico to increase its market share in markets outside China and Asia.

Networking cable sector: Even a lot of negative factors, such as the divergences between countries, war, high interest rates, strong US dollar and high inflation, were remained exist, overseas orders for networking cable sector continued to improve. The revenue of networking cable for the Current Interim Period was HK$614.7 million, represented an increase of HK$123.5 million or 25.1% as compared with HK$491.2 million for the Previous Interim Period. The rise in copper price indicated that market demand is continuing to improve. The establishment of Linkz Mexico also helps to increase its market share in the US and Mexico markets.

Specialty cable sector: Same as data centre sector, AI also stimulated the growth and development of high-speed cables in the specialty cable sector. For the Current Interim Period, the revenue of specialty cable was HK$111.5 million, represented a significant increase of HK$53.9 million or 93.6% as compared with HK$57.6 million for the Previous Interim Period. High-speed cables also carried a better profit margin which benefited to the Group's overall profitability.

Server sector: For the Current Interim Period, the revenue of server was HK$613.3 million, represented a decrease of HK$404.5 million or 39.7% as compared with HK$1,017.8 million for the Previous Interim Period. After a peak of new products shipments at the end of last year, there was a shortage of key components supply this year, resulting in some orders need to be rescheduled.

Gross Profit/Margin

Gross profit for the Current Interim Period was HK$490.2 million, an increase of HK$85.2 million or 21.0% compared with HK$405.0 million for the Previous Interim Period. The increase of gross profit was mainly attributable to changes of product mix, higher revenue from medical equipment, data centre and specialty cable sectors with all three market sectors having better profit margin. The Group's gross profit margin increased from 15.4% to 18.4% as compared with the Previous Interim Period.

Operating Profit/Margin

Operating profit for the Current Interim Period was HK$309.2 million, which represented a significant increase of HK$74.1 million or 31.5% as compared with HK$235.1 million for the Previous Interim Period. Operating profit margin was 11.6% for the Current Interim Period compared to 9.0% for the Previous Interim Period. EBITDA of the Current Interim Period was HK$347.8 million which represented an increase of HK$64.3 million or 22.7% as compared with HK$283.5 million for the Previous Interim Period. The ratio of EBITDA to revenue for the Current Interim Period increased to 13.0% from 10.8% for the Previous Interim Period.

Other income, which comprises primarily of bank interest income, government grants and handling income was in aggregate HK$22.4 million for the Current Interim Period, represented an increase of HK$5.6 million as compared with HK$16.8 million for the Previous Interim Period. Such increase was mainly attributable to the increase of government subsidy and VAT accelerated deduction of HK$8.2 million.

Other gains and losses were recorded a gain of HK$6.0 million for the Current Interim Period compared to a loss of HK$28.1 million for the Previous Interim Period. It was mainly due to the decrease of net exchange loss from RMB depreciation of HK$25.6 million which was attributable to the Group's operations in the ordinary course of business and a realised gain on financial contract HK$6.4 million during the Current Interim Period.

The total operating expenses were HK$209.4 million, an increase of HK$50.8 million or 32.0% compared with HK$158.6 million for the Previous Interim Period. It is mainly attributable to 1) since Time Kunshan and Time Jiangxi started operation from September 2023, the operating expenses of medical equipment sector increased HK$13.8 million as compared with the Previous Interim Period; 2) due to the new products development, the R&D cost of server sector increased by HK$13.9 million; and 3) HK$9.1 million share option expenses increased under 2023 Share Option Scheme. As the Group's revenue increased by 1.5%, total operating expenses as a percentage of the Group's revenue increased from 6.0% to 7.9%.

Distribution and selling expenses increased from HK$30.4 million to HK$35.6 million during the Current Interim Period, represented an increase of HK$5.2 million or 17.1% compared with the Previous Interim Period. It was mainly attributable to the increase of freight and transportation charges due to the overseas sales volume increase in digital cable business and the increase of share option expenses. The percentage of distribution and selling expenses to the Group's revenue increased from 1.2% to 1.3% as compared with the Previous Interim Period.

Administrative expenses increased to HK$86.2 million in the Current Interim Period, represented an increase of HK$17.8 million or 26.0% as compared with HK$68.4 million for the Previous Interim Period. The increase was mainly due to the increase of share option expenses and preliminary expenses of new factory in Mexico. Administrative expenses as a percentage of revenue increased from 2.6% to 3.2% for the Current Interim Period.

During the Current Interim Period, the research and development expenses were HK$87.6 million, which represented an increase of HK$27.8 million or 46.5% compared with HK$59.8 million for the Previous Interim Period. It was mainly attributable to the increase of staff cost, materials and testing cost of server and medical equipment sectors. Research and development expenses as a percentage of the Group's revenue increase from 2.3% to 3.3% for the Current Interim Period. The Company continuously puts 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

During the Current Interim Period, the Company intended to invest in two medical and health related companies by subscribing new shares of the target companies. The two subscriptions were completed in July 2024. The expenses incurred in connection with these share subscriptions were approximately HK$1.3 million as at 30 June 2024, which including professional fee of financial advisor, legal counsel and due diligence cost.

Finance Costs

For the Current Interim Period, the finance costs were recorded at HK$42.5 million against HK$49.1 million for the Previous Interim Period. The finance costs included (i) bank loan interest of HK$11.6 million for short-term bank borrowings for the Group's operating working capital; (ii) bank loan interest of HK$1.1 million for the bank loan financing the acquisition of the automotive wire harness business; (iii) interest expenses of HK$28.2 million for several loans from Luxshare Group for the operating working capital of the Group; and (iv) interest expenses of HK$1.6 million on the lease liabilities under adoption of HKFRS 16 "Leases".

Profit for the six months ended 30 June 2024 and Earnings per Share

Profit before taxation for the Current Interim Period was HK$255.5 million, represented an increase of HK$68.4 million or 36.6% as compared with HK$187.1 million for the Previous Interim Period.

Taxation represents the tax expenses arising from the assessable profit generated by the Group in Hong Kong and the PRC. Taxation was provided at the respective tax rate of 16.5% and 25% based on the profit from operating activities. The major manufacturing subsidiaries, Time Interconnect Technology (Huizhou) Limited and Linkz Industries (Suzhou) Limited, were awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15%. Taxation charges increased from HK$35.8 million in the Previous Interim Period to HK$52.3 million for the Current Interim Period. The effective tax rate increased from 19.1% to 20.5%, such increase was mainly attributable to the preliminary expenses of Linkz Mexico were not tax deductible temporarily due to no income at the moment.

Profit of the Group for the Current Interim Period was HK$203.2 million, represented an increase of HK$51.9 million or 34.3% as compared with HK$151.3 million for the Previous Interim Period and net profit margin was recorded at 7.6% as compared with 5.8% for the Previous Interim Period.

Basic earnings per share for the Current Interim Period was HK10.4 cents as compared to HK7.8 cents for the Previous Interim Period.

Dividends

The Board is pleased to declare an interim dividend of HK1 cent per share, amounting to a total of approximately HK$19.5 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.

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	**30.6.2024** *HK$'million*	30.9.2023 *HK$'million*	Change
Profit for the period	**203.2**	151.3	34.3%
Adjustment for Professional fee for acquisition	**1.3**	–	
Adjusted profit for the period	**204.5**	151.3	35.2%
Revenue	**2,666.1**	2,626.7	
Adjusted net profit margin (%)	**7.7**	5.8	1.9pts
Weighted average number of ordinary shares *('000)*	**1,945,952**	1,945,952	
Adjusted basic earnings per share *(Hong Kong cents)*	**10.5**	7.8	34.6%
Reported profit for the period	**203.2**	151.3	34.3%
Interest expense	**42.5**	49.1	
Taxation	**52.3**	35.8	
Depreciation and amortisation	**49.8**	47.3	
EBITDA	**347.8**	283.5	22.7%
Adjustment for Professional fee for acquisition	**1.3**	–	
Adjusted EBITDA	**349.1**	283.5	23.1%
EBITDA/Revenue (%)	**13.0**	10.8	2.2pts
Adjusted EBITDA/Revenue (%)	**13.1**	10.8	2.3pts

Adjusted profit for the period: By excluding the professional fee for acquisition, the adjusted total profit of the Current Interim Period was HK$204.5 million which representing an increase of HK$53.2 million or 35.2% as compared with HK$151.3 million for the Previous Interim Period. The adjusted net profit margin was recorded at 7.7% as compared with 5.8% for the Previous Interim Period.

Adjusted basic earnings per share: Adjusted basic earnings per share for the Current Interim Period was HK10.5 cents as compared to the adjusted basic earnings per share of HK7.8 cents in the Previous Interim Period.

Adjusted EBITDA: By excluding the professional fee for acquisition, the adjusted EBITDA of the Current Interim Period was HK$349.1 million which representing an increase of HK$65.6 million or 23.1% as compared with HK$283.5 million for the Previous Interim Period. The ratio of adjusted EBITDA to revenue increased to 13.1% from 10.8% for the Previous Interim Period.

OUTLOOK

According to the latest forecast of the "World Economic Outlook" issued by the "International Monetary Fund" in April 2024, global growth estimated at 3.2 percent in 2023, is projected to continue at the same pace in 2024 and 2025. The latest forecast for global growth five years from now at 3.1 percent is at its lowest in decades. Risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labor markets are still tight, raise interest rate expectations and reduce asset prices. High interest rates could have greater cooling effects and households contend with high debt, causing financial stress. In the meantime, geoeconomic fragmentation could intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short-term. Inflation could fall faster than expected amid further gains in labor force participation, allowing central banks to bring easing plans forward. Artificial intelligence and stronger structural reforms than anticipated could spur productivity. However, even the Group is facing such challenges and difficulties in the macro-economic environment, the management remains confident in its future business. With the support of Luxshare Group, the Group enjoys advantages in both product manufacturing capabilities and financial strength. The Group will continue to develop strategic businesses and markets, strengthen its business foundation and achieve impressive results during the economic downturn.

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 gradually and massively replaced in the coming years. It drives the demand of cable assembly products and telecommunication sector and benefit the Group's business growth. In the meantime, the 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. So even when the Group is facing such challenges and difficulties in the macro-economic environment, the management remains confident in 5G-related business. On the other hand, considering the vigorous development of the automotive and electric vehicle markets, the Group believes that the automotive wire harness 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, helping the Group to capture opportunities brought by the booming electric vehicle market. In view of these, the Group has set up a new wholly-owned subsidiary, Linkz Mexico in Mexico to increase its market share in markets outside China and Asia. A new plant is expected to be put into production in the second half of 2024. The new factory will produce digital cables and automotive wire harness products. This is a "China-Plus-One" strategy that aims to avoid investing solely in China and diversify business into other countries, or to channel investments into manufacturing in other promising developing economies in order to protect supply chains and export markets against geopolitical tensions and unforeseen disruptions. The Group also believes that the enlarged production capacity and well-established business fundamentals would enable the Group to capture more market opportunities upon the arrival of this generation 5G network and automotive markets.

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, the development of 5G will boost the application of big data, IoT, internet gaming and video streaming through cloud platform. In view of the great market potential of cloud service, communications, transportation and electricity in the PRC, the Group expanded its business to server business with go-to-market strategy and JDM/ODM business model, which is deeply customized based on brand customers' requirements and the products offered are mainly applied in data centres. 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 Precision has extensive technological knowhow and good customers' relationships, the Group is optimistic on the potential demand in the market. Last year, the sudden emergence of AI drove the growth and development of the Group's server and data centre sector business. The Group believes that the development of AI will become mainstream, which will definitely continue to drive the growth of the Group's business. However, geoeconomic fragmentation continues to intensify, barriers to the flow of goods, capital and people continue to increase, and supply chain problems continue to arise. All of these have created challenges on the business operations of the Group. The Group will work very hard to find any business solutions to cope with the current economic environment as well as the complex geopolitical relationship around the globe, and continue to expand and consolidate the development of server business.

After the epidemic, people have paid more attention to health, the demand for medical equipment will continue to increase. As for the medical equipment sector, the Group expects the demand for medical equipment cables will continue to bring positive impact to the Group's medical equipment cables orders this year. To catch up with the trend, the Group has established two wholly-owned subsidiaries, Time Kunshan and Time Jiangxi, last year to expand production capacity and R&D capabilities for medical equipment cables products. Moreover, the Group completed the investment in two medical and health related companies in July 2024. One is Cosmic M.E. Inc. ("**CME**"), which has become a subsidiary of the Company following its share subscription. CME is a Japanese company, having a proven operating history of over 30 years. It is engaged in the developing, manufacturing and selling of electronic medical instruments and other medical equipment and devices. The Group believes that the subscription will allow it to leverage on CME's extensive knowhow and existing production facilities to immediately deliver reliable and high quality medical products to its existing and new customers. It will certainly bring synergy to both parties for the development of medical related products in terms of R&D, manufacturing capabilities and global market expansion. Another one is Valkyrie Industries Limited ("**Valkyrie**"), the Company entitled shareholding 16.75% by share subscription. Valkyrie is a UK based startup with 7 years' long professional experience in haptics and virtual reality. It has developed haptic technology that creates weight, resistance and assistive forces for users in virtual simulations. Its patented wearable haptics technology has opportunity to be applied to multiple industries, with its initial applications being in Digital Health and Fitness within the Spatial computing. It combines fitness, wellness and gaming for optimising human performance for the huge markets of games and neuromuscular recovery. The Group considered that the Valkyrie's technology will be a good opportunity for the Group to extend its product mix offered to the existing major customer and also tap into the new business sector so as to diversify the Group's business portfolio and broaden its income stream with distinct customer base. Besides, a new liaison office, Time Interconnect America Inc., has been established in San Diego since July 2024 to seize more business opportunities in medical-related markets. Moving ahead, the Group believes that this sector will maintain its dynamic pace of growth, considering the arising demand from the medical equipment market. The Group will pay more attention and efforts in this sector and continue to enhance its medical equipment customers base, as well as to strengthen its R&D capabilities.

Riding on the PRC government's policy of "channelling computing resources from the eastern areas to the western regions" (東數西算), Luxshare Precision will 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 provider, 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, for the Company. The Company believes that 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 telecommunication, data communication, healthcare, automotive, and 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. In the future, with the support of Luxshare Precision, the Group will create more and more possibilities.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds as at 30 June 2024 were approximately HK$1,549.1 million, which represented an increase of HK$187.9 million or 13.8% from HK$1,361.2 million as at 31 December 2023. The increase was mainly due to the profit attributable to shareholders equity for the period HK$189.0 million, although there was a decrease of HK$13.3 million in the translation reserve from converting Renminbi into Hong Kong dollars as recorded in the financial statements of the PRC subsidiaries due to the depreciation of RMB at the reporting date. As a result, shareholders' funds per share increased by 14.3% from HK$0.70 to HK$0.80.

As at 30 June 2024, the Group had bank balances and cash of HK$939.2 million, represented an increase of 177.9% as compared to HK$338.0 million as of 31 December 2023. It was mainly due to collect large amounts of previous trade debtors during the Current Interim Period. As at 30 June 2024, the Group's bank loan was HK$717.5 million, a decrease of HK$529.1 million or 42.4% from HK$1,246.6 million as of 31 December 2023. The Group believes it has sufficient committed and unutilised banking facilities as at 30 June 2024 to meet its current business operation and capital expenditure requirements.

Capital Expenditure

For the Current Interim Period, the Group invested HK$76.7 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, as well as the improvement of manufacturing working environment. All of these capital expenditures were financed from internal resources.

Charge on Group Assets

Save for the bank deposits that were pledged in order to secure the bank borrowings and bills payables issued by the bank under the general banking facilities granted to the Group, as at 30 June 2024 and 31 December 2023, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$474.1 million and HK$957.9 million as at 30 June 2024 and 31 December 2023 respectively.

Gearing Ratio

Gearing ratio is calculated as net debt (defined as bank loans, loans from related companies and lease liabilities less bank balances and cash and pledged bank deposits) divided by the sum of net debt and total equity, and multiplied by 100%. As at 30 June 2024, the Group's gearing ratio was 39.1%, as compared to 55.1% as of 31 December 2023. The decrease was mainly attributable to the decrease of bank loan and increase of bank balance.

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 June 2024, 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 United States 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. 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 June 2024, the capital commitment of the Group is as follows:

	30.6.2024	31.12.2023
	HK$'million	*HK$'million*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements	**36.4**	25.2

As of 30 June 2024, the Group had not provided any form of guarantee for any company outside the Group and had not been involved in any material legal proceedings for which provision for contingent liabilities was required.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures for the Current Interim Period. There is no other plan for material investments or capital assets as at 30 June 2024.

EMPLOYEE

As of 30 June 2024, the total headcount for the Group was 5,599, as compared to 4,607 as of 30 September 2023. Fair and competitive remuneration package and benefits are offered to employees as well as discretionary bonuses and share options. Various types of trainings were provided to the employees. Total employee benefit expenses including Directors' remuneration for the Current Interim Period were approximately HK$387.9 million, as compared with approximately HK$261.3 million for the Previous Interim Period. 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 June 2024.

MATERIAL EVENTS SINCE THE END OF THE FINANCIAL PERIOD

In July 2024, the Group completed the acquisitions of 71.43% of the equity interest in CME and 16.75% of the equity interest in Valkyrie. The finalised cash considerations were JPY80,000,000 (equivalent to HK$3,922,000) and GBP1,000,000 (equivalent to HK$9,908,000) respectively.

Save as disclosed in this announcement, there has been no other important event affecting the Group since 30 June 2024 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to 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 and there was no event of non-compliance during the six months ended 30 June 2024.

SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 21 March 2023, the Company conditionally adopted a new share option scheme (the "**2023 Share Option Scheme**"). The summary of the 2023 Share Option Scheme is set out in a circular to the shareholders of the Company dated 2 March 2023. The terms of the 2023 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and other relevant rules and regulations. As at the date of this announcement, the total number of shares available for issue under the 2023 Share Option Scheme was 193,499,200, representing 9.9% of the issued shares of the Company as at such date.

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 of the Company.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. The Company has fully complied with the CG Code during the six months ended 30 June 2024.

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 oversee financial reporting system, risk management and internal control system, relationship with external auditors and review the arrangements to enable employees of the Company can use, in confidence, to raise 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, this announcement and the interim results announcement of the Group for the six months ended 30 June 2024 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 Monday, 16 September 2024.

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 Thursday, 12 September 2024 to Monday, 16 September 2024 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 branch share registrar and transfer office 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 Wednesday, 11 September 2024 The proposed interim dividend is expected to be paid on or before Wednesday, 9 October 2024.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2024 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. BDO Limited whose unmodified review report is set out on the interim report. The interim results of the Group for the six months ended 30 June 2024 have also been reviewed by the Audit Committee.

APPRECIATION

The Company would like to thank the Group's customers, suppliers and 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, 28 August 2024

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.