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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)

FINAL RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Nine months ended 31 December 2023	Year ended 31 March 2023	Change
Operating results ***(HK$'million)***			
Revenue	**4,826.3**	5,764.8	-16.3%
Gross profit	**679.9**	624.7	8.8%
Profit for the period/year	**277.6**	215.9	28.6%
Basic earnings per share *(Hong Kong cents)*	**14.2**	11.1	27.9%
Financial position ***(HK$'million)***			
Cash generated from (used in) operations	**1,055.7**	(1,393.4)	175.8%
Bank balances and cash	**338.0**	288.0	17.4%
Shareholders' funds	**1,361.2**	1,132.4	20.2%
Capital expenditure	**80.5**	227.3	-64.6%
Key ratios ***(%)***			
Gross profit margin	**14.1**	10.8	3.3pts
Net profit margin	**5.8**	3.7	2.1pts
EBITDA/Revenue	**10.5**	7.0	3.5pts
Return on shareholders' funds	**20.4**	19.1	1.3pts

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Time Interconnect Technology Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 31 December 2023 (the "**Review Period**"), together with the comparative figures for the year ended 31 March 2023 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2023

	NOTES	**Nine months ended 31 December 2023** *HK$'000*	Year ended 31 March 2023 *HK$'000*
Revenue	*4*	**4,826,252**	5,764,839
Cost of goods sold		**(4,146,343)**	(5,140,174)
Gross profit		**679,909**	624,665
Other income	*5*	**50,450**	21,729
Other gains and losses	*6*	**(28,620)**	(16,253)
Loss on revaluation of property, plant and equipment, and right-of-use assets, net		**(2,389)**	(3,161)
Impairment losses under expected credit loss ("**ECL**") on trade receivables		**(1,331)**	(3,425)
Distribution and selling expenses		**(48,114)**	(61,402)
Administrative expenses		**(123,208)**	(140,153)
Research and development expenses		**(95,655)**	(109,939)
Finance costs	*7*	**(88,579)**	(55,821)
Profit before taxation	*8*	**342,463**	256,240
Taxation	*9*	**(64,856)**	(40,354)
Profit for the period/year		**277,607**	215,886
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of right-of-use assets and property, plant and equipment		**10,198**	2,434
Deferred tax arising from revaluation of right-of-use assets and property, plant and equipment		**(2,553)**	(660)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating financial statements of foreign operations		**(55,185)**	(109,911)
Other comprehensive expense for the period/year		**(47,540)**	(108,137)
Total comprehensive income for the period/year		**230,067**	107,749

	NOTES	Nine months ended 31 December 2023 HK$'000	Year ended 31 March 2023 HK$'000
Profit for the period/year attributable to:			
Owners of the Company		**277,144**	215,140
Non-controlling interests		**463**	746
		277,607	215,886
Total comprehensive income for the period/year attributable to:			
Owners of the Company		**229,962**	108,254
Non-controlling interests		**105**	(505)
		230,067	107,749
Earnings per share	*10*		
– Basic (HK cents)		**14.24**	11.06
– Diluted (HK cents)		**14.24**	11.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	31 December 2023 HK$'000	31 March 2023 HK$'000
Non-current assets			
Property, plant and equipment		**872,553**	880,187
Right-of-use assets		**332,100**	343,650
Deposits paid for acquisition of property, plant and equipment		**11,175**	7,744
Financial assets at fair value through profit or loss		**–**	6,542
Rental deposits		**2,167**	2,102
		1,217,995	1,240,225
Current assets			
Inventories		**1,310,287**	2,050,559
Trade and other receivables	*12*	**2,313,745**	1,541,265
Contract assets		**20,279**	4,583
Taxation recoverable		**4,239**	7,680
Pledged bank deposits		**957,902**	974,649
Bank balances and cash		**338,013**	288,003
		4,944,465	4,866,739
Current liabilities			
Trade and other payables	*13*	**1,635,023**	969,786
Contract liabilities		**30,557**	2,227
Amounts due to related companies		**6,215**	508,328
Lease liabilities		**23,083**	19,159
Taxation payable		**36,448**	10,691
Bank borrowings		**1,166,575**	1,295,258
Loans from related companies		**1,172,042**	1,465,186
Derivative financial instrument		**5,088**	–
		4,075,031	4,270,635
Net current assets		**869,434**	596,104
Total assets less current liabilities		**2,087,429**	1,836,329
Non-current liabilities			
Lease liabilities		**41,934**	49,721
Bank borrowings		**80,000**	52,812
Loans from related companies		**499,034**	498,998
Deferred tax liabilities		**91,757**	90,728
Long service payment obligation		**1,693**	–
		714,418	692,259
Net assets		**1,373,011**	1,144,070
Capital and reserves			
Share capital		**19,460**	19,460
Reserves		**1,341,728**	1,112,892
Equity attributable to owners of the Company		**1,361,188**	1,132,352
Non-controlling interests		**11,823**	11,718
Total equity		**1,373,011**	1,144,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2023

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**"). The addresses of the registered office of the Company is Windward 3, Regatta office Park, Po Box 1350, Grand Cayman KY1-1108, Cayman Islands and the Company's principal place of business is Units 213-221, 2/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong.

The immediate holding company of the Company is Luxshare Precision Limited ("**Luxshare Precision**"). The Company's intermediate holding company is Luxshare Precision Industry Co., Ltd. ("**Luxshare**"), a company incorporated in the People's Republic of China (the "**PRC**") with its shares listed on the Shenzhen Stock Exchange.

In the opinion of the Directors, the ultimate controlling shareholder of Luxshare and the Company is Luxshare Limited, a company incorporated in Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are manufacturing and trading of cable assembly, digital cable and server products.

2. CHANGES IN ACCOUNTING POLICIES

2.1 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT PERIOD

In the current period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1	Disclosure of Accounting Policies and HKFRS Practice Statement 2
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – Pillar Two model rules

The Group has assessed the implications of this new guidance on the above accounting policies and the guidance does not has a material impact on the Group's financial positions and performance for the current period and prior years except described below.

Disclosure of Accounting Policies (Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements)

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting polices' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2.2 NEW HKICPA GUIDANCE ON THE ACCOUNTING IMPLICATIONS OF THE ABOLITION OF THE MPF-LSP OFFSETTING MECHANISM

In June 2022, the Government of the Hong Kong SAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("**LSP**") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("**MPF**") scheme (also known as the "**offsetting mechanism**"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition of the offsetting mechanism.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "**Guidance**") that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19, Employee benefits, and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered. In prior years, the Group has applied the practical expedient in paragraph 93(b) of HKAS 19. After the Guidance is published which provides additional guidance on accounting for the offsetting mechanism, the Group has changed the accounting policy to account for the offsetting mechanism and account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of paragraph 93(a) of HKAS 19 as indicated in the Guidance and the Group has applied this voluntary change in accounting policy retrospectively, however, the application of the Guidance had no material effect on the consolidated financial statements of the Group.

2.3 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Company has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

3. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" ("**HKFRS 8**") requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Chief Operating Decision Maker ("**CODM**") in order to allocate resources to segments and to assess their performance.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. Cable assembly

2. Digital cable

3. Server

The accounting policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS consolidated financial statements. Information reported to the Group's chief executive officer, being the CODM, for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered.

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 by each segment without allocation of results attributable to other income, 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/year:

(a) Segment revenue and results

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Server *HK$'000*	Total reportable segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
For the nine months ended 31 December 2023						
Segment revenue						
External sales	**1,729,198**	**865,682**	**2,231,372**	**4,826,252**	**–**	**4,826,252**
Inter-segment sales	**16**	**18,075**	**986**	**19,077**	**(19,077)**	**–**
	1,729,214	**883,757**	**2,232,358**	**4,845,329**	**(19,077)**	**4,826,252**
Segment results	**237,320**	**27,498**	**145,687**	**410,505**	**–**	**410,505**
Unallocated finance costs						**(88,579)**
Unallocated income						**42,764**
Unallocated expenses						**(22,227)**
Profit before taxation						**342,463**
For the year ended 31 March 2023						
Segment revenue						
External sales	1,889,886	1,347,171	2,527,782	5,764,839	–	5,764,839
Inter-segment sales	–	23,537	–	23,537	(23,537)	–
	1,889,886	1,370,708	2,527,782	5,788,376	(23,537)	5,764,839
Segment results	171,777	70,903	73,914	316,594	–	316,594
Unallocated finance costs						(55,821)
Unallocated income						11,907
Unallocated expenses						(16,440)
Profit before taxation						256,240

(b) 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*
At 31 December 2023				
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**
At 31 March 2023				
Assets				
Reportable segment assets	1,299,441	1,439,428	3,349,041	6,087,910
Unallocated assets				19,054
Consolidated total assets				6,106,964
Liabilities				
Reportable segment liabilities	567,367	266,079	299,226	1,132,672
Unallocated bank borrowings				1,348,070
Unallocated loans from related companies				1,964,184
Unallocated liabilities				517,968
Consolidated total liabilities				4,962,894

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

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

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

(c) Other information

Amounts included in the measure of segment profit or segment assets:

	Cable assembly *HK$'000*	Digital cable *HK$'000*	Server *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the nine months ended 31 December 2023					
Capital additions	**74,768**	**12,784**	**6,457**	**32**	**94,041**
Depreciation of property, plant and equipment	**19,324**	**23,835**	**10,215**	**646**	**54,020**
Depreciation of right-of-use assets	**8,656**	**3,350**	**5,832**	**1,951**	**19,789**
Loss on disposal and written off of property, plant and equipment	**258**	**1,166**	**–**	**–**	**1,424**
Impairment losses under ECL on trade receivables	**724**	**706**	**(99)**	**–**	**1,331**
Write down of inventories	**6,188**	**1,038**	**14,422**	**–**	**21,648**
Income tax	**30,711**	**3,895**	**30,250**	**–**	**64,856**
For the year ended 31 March 2023					
Capital additions	28,688	66,641	144,434	16,499	256,262
Depreciation of property, plant and equipment	28,329	31,732	8,333	301	68,695
Depreciation of right-of-use assets	11,186	5,533	5,280	1,301	23,300
Loss on disposal and written off of property, plant and equipment	2,028	5,709	–	–	7,737
Impairment losses under ECL on trade receivables	78	64	3,283	–	3,425
Write down of inventories	13,511	2,968	10,499	–	26,978
Income tax	19,790	3,035	17,529	–	40,354

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

	Nine months ended 31 December 2023 ***HK$'000***	Year ended 31 March 2023 *HK$'000*
Mainland China	**3,272,664**	4,033,900
The United States of America	**836,618**	876,165
Singapore	**254,080**	213,370
Netherlands	**121,852**	135,773
Hong Kong	**93,793**	126,400
Mexico	**77,074**	124,473
United Kingdom	**16,905**	38,672
Others	**153,266**	216,086
	4,826,252	5,764,839

Information about the Group's non-current assets (excluding financial assets at FVTPL and rental deposits) is presented based on the geographical location of the assets:

	31 December 2023	31 March 2023
	HK$'000	*HK$'000*
Mainland China	**1,187,688**	1,208,622
Hong Kong	**24,462**	22,959
Mexico	**3,678**	–
	1,215,828	1,231,581

Information about major customers

Revenues from customers of the corresponding reporting period/year contributing over 10% of the total revenue of the Group are as follows:

	Nine months ended 31 December 2023	Year ended 31 March 2023
	HK$'000	*HK$'000*
Customer A (from cable assembly and server segment)	**793,877**	1,220,539
Customer B (from server segment)	**N/A***	946,753
Customer C (from cable assembly segment)	**787,845**	780,791
Customer D (from server segment)	**612,967**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE

Revenue represents consideration expected to be entitled by the Group in respect of the manufacturing and sales of (i) cable assembly products, (ii) digital cable and (iii) server, during the nine months ended 31 December 2023 and year ended 31 March 2023, excluding amounts collected on behalf of third parties.

The Group's revenue is fixed price and short-term contracts. The normal credit term is 30 to 120 days upon delivery.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied and partially unsatisfied performance obligation in contracts is not disclosed.

Revenue from its major products

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

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Cable assembly		
– Optical fibres	**941,506**	1,124,133
– Copper	**787,692**	765,753
Digital cable		
– Cat 6/6A cables	**701,724**	1,114,836
– Cat 5/5e cables	**67,584**	85,896
– Cat 7/7A cables	**19,406**	53,967
– Specialty cable	**76,968**	92,472
Server		
– Sales of server products	**2,218,543**	2,499,162
– Commission income from resales of server related components	**12,829**	28,620
	4,826,252	5,764,839
Over time	**787,845**	780,791
Point in time	**4,038,407**	4,984,048
	4,826,252	5,764,839

5. OTHER INCOME

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Government grants *(note)*	**4,355**	4,619
Interest income	**42,764**	11,907
Others	**3,331**	5,203
	50,450	21,729

Note: During the nine months ended 31 December 2023, the Group recognised government grants of HK$Nil (year ended 31 March 2023: HK$1,116,000) relating to Employment Support Scheme provided by the Hong Kong Government. The remaining government grants in both reporting periods were related to export and other incentive payments received by the Group from PRC authorities. There were no unfulfilled conditions attached to these grants.

6. OTHER GAINS AND LOSSES

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Net foreign exchange loss	**(21,805)**	(8,032)
Loss on disposal of property, plant and equipment	**(1,424)**	(7,737)
(Loss) gain on change in fair value of financial assets at FVTPL	**(114)**	229
Loss on change in fair value of derivative financial instrument	**(5,177)**	–
Others	**(100)**	(713)
	(28,620)	(16,253)

7. FINANCE COSTS

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Interest on bank borrowings	**32,109**	36,204
Interest on loans from related companies	**54,129**	16,305
Interest on lease liabilities	**2,341**	3,312
	88,579	55,821

8. PROFIT BEFORE TAXATION

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Profit before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**54,020**	68,695
Depreciation of right-of-use assets	**19,789**	23,300
Less: capitalised in inventories	**(59,603)**	(75,750)
	14,206	16,245
Directors' emoluments	**14,131**	12,377
Other staff costs	**357,999**	425,100
Retirement benefits schemes contributions for other staff	**63,980**	64,958
Equity-settled share-based payment for other staff	**19,573**	2,156
Total staff costs	**455,683**	504,591
Less: capitalised in inventories	**(305,722)**	(351,274)
	149,961	153,317
Auditor's remuneration		
– Deloitte Touche Tohmatsu	**–**	2,500
– BDO Limited	**2,350**	–
– Other auditors	**159**	2,876
	2,509	5,376
Cost of inventories recognised as expense (including the write-down of inventories during nine months ended 31 December 2023 amounting to HK$21,648,000 (year ended 31 March 2023: HK$26,978,000))	**4,146,343**	5,140,174
Impairment loss under ECL on trade receivables	**1,331**	3,425

9. TAXATION

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Hong Kong Profits Tax		
Current tax	**11,012**	10,770
Under-provision in respect of prior years	**10**	70
	11,022	10,840
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**55,261**	27,914
Over-provision in respect of prior years	**(956)**	(915)
	54,305	26,999
Deferred tax	**(471)**	2,515
	64,856	40,354

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both reporting 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 nine months ended 31 December 2023 and year ended 31 March 2023.

Certain entities operating in the PRC that have taxable income of not more than RMB3 million, the quarterly average of 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 nine months ended 31 December 2023 and year ended 31 March 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%. With effect from 1 January to 31 December 2022, these entities were entitled to a further reduced EIT rate of 10% on 25% of its first RMB1 million taxable income. For the portion over first RMB1 million and up to RMB3 million, only 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 for both reporting periods. 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 nine months ended 31 December 2023 and year ended 31 March 2023.

10. EARNINGS PER SHARE

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

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period/year attributable to owners of the Company)	**277,144**	215,140

	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	**–**	1,636
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,945,952**	1,947,588

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the nine months ended 31 December 2023.

11. DIVIDENDS

	Nine months ended 31 December 2023 *HK$'000*	Year ended 31 March 2023 *HK$'000*
Dividends recognised as distribution during the period/year:		
Final dividend in respect previous financial year – HK0.5 cents (year ended 31 March 2023: final dividend in respect previous financial year – HK1 cent) per ordinary share	**9,730**	19,460
Interim dividend – HK0.75 cents (year ended 31 March 2023: interim dividend – HK0.5 cents) per ordinary share	**14,595**	9,730
	24,325	29,190

On 28 March 2024, a final dividend of HK0.7 cents per ordinary share in respect of the nine months ended 31 December 2023, totalling HK$13,622,000 has been proposed by the Board. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

12. TRADE AND OTHER RECEIVABLES

	31 December 2023 *HK$'000*	31 March 2023 *HK$'000*
Trade receivables	**2,065,390**	1,240,414
Trade receivables from related companies	**60,812**	10,355
Bills receivables	**20,234**	19,200
	2,146,436	1,269,969
Less: Allowance for credit losses	**(4,662)**	(3,425)
	2,141,774	1,266,544
Value added tax receivables	**129,048**	230,934
Other receivables	**2,591**	13,563
Deposits and prepayments	**40,332**	30,224
Deposits, prepayments and other receivables	**171,971**	274,721
Trade and other receivables	**2,313,745**	1,541,265

As at 1 April 2022, trade and bills receivables amounted to HK$998,810,000.

The Group allows credit period ranging from 30 days to 120 days to its trade customers. Before accepting any new customers, the Group will internally assess the credit quality of the potential customers and determine appropriate credit limits. The ageing analysis of trade and bills receivables net of allowance for credit losses at the end of the reporting periods as presented, based on the right to consideration became unconditional/ invoice date at the end of the reporting periods is as follows:

	31 December 2023 *HK$'000*	31 March 2023 *HK$'000*
0 – 30 days	**1,567,253**	736,447
31 – 60 days	**317,305**	268,288
61 – 90 days	**167,037**	150,357
91 – 180 days	**88,046**	100,138
Over 180 days	**2,133**	11,314
	2,141,774	1,266,544

13. TRADE AND OTHER PAYABLES

	31 December 2023	31 March 2023
	HK$'000	*HK$'000*
Trade payables	**793,459**	664,008
Trade payables to related companies	**52,125**	139,435
Bills payables	**648,263**	63,893
Trade and bills payables	**1,493,847**	867,336
Other payables	**22,834**	23,839
Dividend payable	**14,595**	-
Salaries and staff related costs payables	**84,164**	42,127
Accrued charges	**12,089**	23,789
Other tax payables	**7,494**	12,695
Accruals and other payables	**141,176**	102,450
Trade and other payables	**1,635,023**	969,786

The average credit period of trade payables ranges from 30 days to 120 days.

The aging analysis of trade and bills payables at the end of the reporting periods based on invoice date is as follows:

	31 December 2023	31 March 2023
	HK$'000	*HK$'000*
0 – 30 days	**536,614**	385,129
31 – 60 days	**211,053**	168,325
61 – 90 days	**657,545**	57,242
91 – 180 days	**88,530**	225,089
Over 180 days	**105**	31,551
	1,493,847	867,336

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the nine months ended 31 December 2023, the global economy has recovered from the COVID-19 epidemic and the Russia-Ukraine war, but the pace has been slower than expected. The divergences between countries have continued to increase. Inflation has remained high and continuing to erode household purchasing power. Policy tightening by central banks of various countries in response to inflation has directly raised the cost of borrowing and constraining economic activities. The recent resolution of the U.S. debt ceiling standoff and various countries have taken strong measures to curb the turmoil in the U.S. and Swiss banking industries, which has successfully reduced the risk that directly triggered broader crisis. China's economic recovery was also slower than expected, partly due to high borrowing problems in the real estate industry.

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 Group expanded its business to server business with go-to-market strategy and JDM/ODM business model. The server business is deeply customised according to brand customers' requirements and the products offered by the Group under the server business are mainly applied in data centres. The server business and the existing wire and cable business have an upstream and downstream relationship, so it represents an opportunity for the Group to expand its existing converged wire and cable products to a larger customer portfolio. In addition to contributing a substantial increase in revenue, the server business also contributed a significant increase in profits this year by adjusting its customer/product portfolio and selling price structure to improve profitability.

Following the acquisition by Luxshare Precision, Luxshare Group and the Group have carried out multi-dimensional operating integrations, one of them was change of auditor and change of financial year end date. In order to align the audit arrangements between the Company and Luxshare Group with a view of enhancing the efficiency of the audit services which would be in the best interest of the Company and the shareholders of the Company as a whole, the Group engaged BDO Limited as its new auditor to align its appointment of auditor with that of Luxshare Group. In addition, the change of the financial year end date of the Company was to align the financial year end date with that of Luxshare Group and the principal operating subsidiaries of the Company in the People's Republic of China, which are statutorily required to fix their financial year end date at 31 December. The Group considered that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Group without any material adverse impact on the Group resulting from the change of financial year end date of the Company.

The financial year end date of the Company has been changed from 31 March to 31 December since the financial period 2023/24 (for details, please refer to the Company's announcement dated 24 July 2023). Accordingly, the results for the Review Period covered 9-month period from 1 April 2023 to 31 December 2023. It should be noted that the financial data presented herein are being compared with that for financial year 2022/23, the year ended 31 March 2023. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

During the Review Period, the average copper price was USD8,324 per ton, represented a decrease of 2.5% as compared with USD8,536 for the Previous Year. Based on the existing quotation mechanism that the Group has used 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. Even 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 have tightened monetary policy further and raised interest rates, leading to the appreciation of US dollars. During the Review Period, the average foreign currency exchange rate from converting Renminbi into Hong Kong dollars was 1.8% lower than the Previous Year. The Renminbi revenue converted into Hong Kong dollars decreased by HK$59.9 million, represented 1.2% of the Group's revenue. Furthermore, the closing rate of Renminbi converting into Hong Kong dollars as at 31 December 2023 was 3.4% lower than the one as at 31 March 2023, which created a significant exchange loss raised from RMB receivable and USD payable.

For the Review Period, the Group recorded revenue amounting to HK$4,826.3 million, represented a decrease of HK$938.5 million or 16.3% as compared with HK$5,764.8 million for the Previous Year. Operating profit for the Review Period was HK$433.4 million, represented an increase of HK$118.1 million or 37.5%, as compared with HK$315.3 million for the Previous Year, with the operating profit margin raised from 5.5% to 9.0% for the Review Period. The increase of operating profit was mainly attributable to the profitability improvement of server business. Net profit of the Review Period was HK$277.6 million, represented an increase of HK$61.7 million or 28.6%, as compared with HK$215.9 million for the Previous Year, with the net profit margin raised from 3.7% to 5.8% for the Review Period.

RESULTS OF OPERATIONS

Financial Overview

	Nine months ended 31 December 2023 *HK$'million*	Year ended 31 March 2023 *HK$'million*	Change *HK$'million*
Revenue	**4,826.3**	5,764.8	(938.5)
Gross profit	**679.9**	624.7	55.2
Gross profit margin	**14.1%**	10.8%	
Other income and other gains and losses	**21.8**	5.5	16.3
Total operating expenses	**(268.3)**	(314.9)	46.6
Total operating expenses as a percentage of revenue	**5.6%**	5.5%	
Operating profit	**433.4**	315.3	118.1
Operating profit margin	**9.0%**	5.5%	
Loss on revaluation of land and buildings	**(2.4)**	(3.2)	0.8
Finance costs	**(88.6)**	(55.8)	(32.8)
Profit before taxation	**342.4**	256.3	86.1
Taxation	**(64.8)**	(40.4)	24.4
Effective tax rate	**18.9%**	15.8%	
Profit for the period/year	**277.6**	215.9	61.7
Net profit margin	**5.8%**	3.7%	

Revenue

During the Review Period, copper price has decreased 2.5% from the average copper price USD8,536 per ton to USD8,324 per ton compared with the Previous Year. 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 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$11.3 million, which represented 0.2% of the Group's revenue. On the other hand, RMB depreciation also lead to a reduction in revenue. During the Review Period, the average foreign currency exchange rate for conversion of Renminbi into Hong Kong dollars was 1.8% lower than the Previous Year. The Renminbi revenue converted into Hong Kong dollars decreased by HK$59.9 million, represented 1.2% of the Group's revenue. The Group's revenue for the Review Period decreased by HK$938.5 million or 16.3% to HK$4,826.3 million from HK$5,764.8 million in the Previous Year.

Market Sector	Nine months ended 31 December 2023 *HK$'million*	%	Year ended 31 March 2023 *HK$'million*	%	Change *HK$'million*	%
Cable assembly						
Data centre	**791.0**	**16.4%**	790.9	13.7%	0.1	0.0%
Telecommunication	**555.4**	**11.5%**	644.0	11.2%	(88.6)	-13.8%
Medical equipment	**258.0**	**5.3%**	245.6	4.3%	12.4	5.0%
Industrial equipment	**24.4**	**0.5%**	47.4	0.8%	(23.0)	-48.5%
Automotive	**100.4**	**2.1%**	162.0	2.8%	(61.6)	-38.0%
	1,729.2	**35.8%**	1,889.9	32.8%	(160.7)	-8.5%
Digital cable						
Networking cable	**788.7**	**16.4%**	1,254.7	21.8%	(466.0)	-37.1%
Specialty cable	**77.0**	**1.6%**	92.4	1.6%	(15.4)	-16.7%
	865.7	**18.0%**	1,347.1	23.4%	(481.4)	-35.7%
Server	**2,231.4**	**46.2%**	2,527.8	43.8%	(296.4)	-11.7%
Total	**4,826.3**	**100.0%**	5,764.8	100.0%	(938.5)	-16.3%

Data centre sector: The revenue of data centre sector increased by HK$0.1 million to HK$791.0 million for the Review Period as compared to HK$790.9 million for the Previous Year. Orders from this sector maintained at a high shipment level during the Review Period, and remained the highest revenue sector in the cable assembly business.

Telecommunication sector: It recorded a decrease of revenue from HK$644.0 million for the Previous Year to HK$555.4 million for the Review Period, represented a decrease of HK$88.6 million or 13.8%. The order volume was stable, new models are constantly being introduced and the profit margin was improved as these new products carry a better margin.

Medical equipment sector: The World Health Organisation (WHO) announced in May that it no longer considers COVID-19 to be a "global health emergency". But there is still a risk of the virus mutating, and there may be a rebound phenomenon. People have paid more attention to health, the demand for medical equipment will continue to increase. A high demand in medical equipment cables orders has been maintained. The revenue of medical equipment sector for the Review Period was HK$258.0 million, represented an increase of HK$12.4 million or 5.0% as compared with HK$245.6 million for the Previous Year.

Industrial equipment sector: The global economy recovered but the pace was slower than expected. The divergences between countries have continued to increase. Inflation remained high and continuing to erode household purchasing power. High interest rates directly raised the cost of borrowing and constraining economic activity. China's economic recovery was also slower than expected, partly due to high borrowing problems in the real estate industry. The revenue of industrial equipment sector decreased by HK$23.0 million or 48.5% from HK$47.4 million for the Previous Year to HK$24.4 million for the Review Period.

Automotive sector: The revenue of automotive sector was HK$100.4 million for the Review Period, which compared with the revenue for the Previous Year of HK$162.0 million, represented a decrease of HK$61.6 million or 38.0%. Affected by geopolitics and trading war, the sales orders of automotive wire harness products decreased during the Review 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.

Networking cable sector: Even the global economy has recovered from the COVID-19 epidemic but the pace was slower than expected. The divergences between countries have continued to increase. Affected by the war, high interest rates, strong US dollar and high inflation, many economic activities had been suppressed, causing severe damage to overseas orders for networking cable business. The revenue of networking cable for the Review Period was HK$788.7 million, represented a decrease of HK$466.0 million or 37.1% as compared with HK$1,254.7 million for the Previous Year.

Specialty cable sector: Specialty cable sector includes Industrial Communication Cables, Rail Transit Cables, HDBT Hi-Res Data Communication Cables and etc. Those products are widely used for networking communication system, smart buildings, security engineering, hi-fidelity digital audio and video system, industrial automation control system and rail transit communication system. For the Review Period, the revenue of specialty cable was HK$77.0 million, represented a decrease of HK$15.4 million or 16.7% as compared with HK$92.4 million for the Previous Year.

Server sector: For the Review Period, the revenue of server was HK$2,231.4 million, represented a decrease of HK$296.4 million or 11.7% as compared with HK$2,527.8 million for the Previous Year. Since the development of server business in last year, a large number of orders were accepted in the initial stage, and as the factory's production capacity climbed, it created a sales peak. With the emergence of ChatGPT in 2023, the server industry also set off a craze for artificial intelligence servers. During the Review Period, the focus was on the development and delivery of new products with AIGC (Artificial Intelligence Generated Content), and the profitability was relatively improved.

Gross Profit/Margin

Gross profit for the Review Period was HK$679.9 million, represented an increase of HK$55.2 million or 8.8% as compared with HK$624.7 million for the Previous Year. With the emergence of ChatGPT in 2023, the server industry also set off a craze for artificial intelligence servers. During the Review Period, the focus was on the development and delivery of new products with AIGC (Artificial Intelligence Generated Content), and the profitability was relatively improved. On the other hand, as various materials cost has continued to fall after the market recovery, the overall profitability of cables and wires has also improved. The Group's gross profit margin increased from 10.8% to 14.1% as compared with the Previous Year.

Operating Profit/Margin

Operating profit for the Review Period was HK$433.4 million, which represented an increase of HK$118.1 million or 37.5% as compared with HK$315.3 million recorded in the Previous Year. Operating profit margin was 9.0% for the Review Period compared to 5.5% in the Previous Year. EBITDA of the Review Period was HK$504.8 million which represented an increase of HK$100.7 million or 24.9% as compared with HK$404.1 million for the Previous Year. The ratio of EBITDA to revenue for the Review Period increased to 10.5% from 7.0% for the Previous Year.

Other income, which comprises primarily of bank interest income, government grants and handling income was in aggregate HK$50.4 million for the Review Period, represented an increase of HK$28.7 million or 132.3% as compared with HK$21.7 million for the Previous Year. Such increase was mainly attributable to the increase of interest income of HK$30.9 million.

Other gains and losses recorded a loss of HK$28.6 million for the Review Period compared to a loss of HK$16.2 million for the Previous Year. Such loss was mainly due to the net exchange loss from RMB depreciation of HK$13.8 million which was attributable to the Group's operations in the ordinary course of business in the Review Period.

The total operating expenses for the Review Period were HK$268.3 million, represented a decrease of HK$46.6 million or 14.8% compared with HK$314.9 million recorded in the Previous Year. It was mainly attributable to the Group's revenue decreased by 16.3% and the average foreign currency exchange rate from converting Renminbi into Hong Kong dollars was 1.8% lower than last year, the Renminbi expenses converted into Hong Kong dollars decreased. Total operating expenses as a percentage of Group's revenue increased from 5.5% to 5.6%.

Distribution and selling expenses decreased from HK$61.4 million to HK$48.1 million during the Review Period, represented a decrease of HK$13.3 million or 21.7% as compared with the Previous Year. It was mainly attributable to the decrease in freight and transportation expenses of HK$7.5 million due to the overseas sales volume decrease in digital cable business, the decrease in commission paid of HK$2.4 million and the decrease in insurance of HK$1.7 million due to the Group's revenue decreased. The percentage of distribution and selling expenses to the Group's revenue decreased from 1.1% to 1.0% as compared with the Previous Year.

Administrative expenses (including impairment losses under expected credit loss on trade receivables) decreased from HK$143.6 million to HK$124.5 million, which represented a decrease of HK$19.1 million or 13.3% as compared with the Previous Year. The decrease was mainly due to the Review Period only covered 9-month period as compared with 12-month period of the Previous Year. Administrative expenses as a percentage of Group's revenue increased from 2.5% to 2.6%.

During the Review Period, the research and development expenses were HK$95.7 million, which represented a decrease of HK$14.2 million or 12.9% as compared with HK$109.9 million in the Previous Year. It was mainly attributable to the decrease of staff cost of HK$8.5 million and the decrease of materials cost and testing fee of HK$4.9 million. Research and development expenses as a percentage of Group's revenue increased from 1.9% to 2.0%. The Company continued to put great efforts into enhancing its R&D capabilities by expanding the R&D team, so as to launch more new products and technologies.

Finance Costs
For the Review Period, the finance costs were recorded at HK$88.6 million against HK$55.8 million for the Previous Year. The finance costs included (i) bank loan interest of HK$30.0 million for short-term bank borrowings for the Group's operating working capital; (ii) bank loan interest of HK$2.2 million for the bank loan financing its acquisition of the automotive wire harness business; (iii) interest expenses of HK$54.1 million for several loans from Luxshare Group for the operating working capital of the Group; and (iv) interest expenses of HK$2.3 million on the lease liabilities under adoption of HKFRS 16 "Leases".

Profit for the period/year and Earnings per Share
Profit before taxation for the Review Period was HK$342.4 million, represented an increase of HK$86.1 million or 33.6% as compared with HK$256.3 million in the Previous Year.

Taxation represents the tax expenses arising from the assessable profit generated by the Group in Hong Kong and the PRC. Taxation was provided at the respective tax rate of 16.5% and 25% based on the profit from operating activities. The major manufacturing subsidiary, Time Interconnect Technology (Huizhou) Limited ("**Time Huizhou**") and Linkz Industries (Suzhou) Limited ("**Linkz Suzhou**"), were awarded the Advanced-Technology Enterprise Certificate and are eligible for tax concessionary rate of 15%. Taxation charges increased from HK$40.4 million in the Previous Year to HK$64.8 million in the Review Period. The effective tax rate increased from 15.8% to 18.9%, such increase was mainly attributable to the profit increase from server business which taxation was provided at the tax rate of 25%.

Profit of the Group for the Review Period was HK$277.6 million, represented an increase of HK$61.7 million or 28.6% as compared with HK$215.9 million for the Previous Year. The net profit margin for the Review Period was recorded at 5.8% as compared to 3.7% for the Previous Year.

Basic earnings per share for the Review Period was HK14.2 cents as compared to the basic earnings per share of HK11.1 cents in the Previous Year.

Dividends
The Directors recommend to the shareholders the payment of a final dividend in respect of the nine months ended 31 December 2023 of HK0.7 cents (year ended 31 March 2023: HK0.5 cents) per share, amounting to a total of approximately HK$13.6 million.

Dividend per share	**Nine months ended 31 December 2023** *HK cents*	Year ended 31 March 2023 *HK cents*
Interim	**0.75**	0.5
Final*	**0.70**	0.5
Total	**1.45**	1.0

* Final dividend proposed after the end of the Review Period

CHANGE OF FINANICAL YEAR END DATE

The financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period 2023/24 (for details, please refer to the Company's announcement dated 24 July 2023). Accordingly, this set of results covered 9-month period from 1 April 2023 to 31 December 2023. The comparative figures, however, are for the year ended 31 March 2023, and hence are not directly comparable. The annual report for the period ended 31 December 2023 will be published on or before 30 April 2024.

OUTLOOK

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier in 2023, with a reopening rebound and progress in reducing inflation from 2022's peaks, it is too soon to take comfort. Economic activity still falls short of its prepandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geoeconomic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. According to the latest forecast of the "World Economic Outlook" issued by the "International Monetary Fund" in October 2023, it is expected that the global growth is forecast to slow to 2.9% in 2024. Emerging market and developing economies are projected to have growth modestly decline to 4.0% in 2024, reflecting the property sector crisis in China. 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 is expected to drive the demand of cable assembly products and telecommunication sector and benefit the Group's business growth. In the meantime, the COVID-19 pandemic has changed many economic activities, such as work from home and online meetings have become a trend even not during the lockdown period and persistent social distancing, which will also directly increase the application and demand of network communication. So even when the Group are facing such challenges and difficulties in the macro-economic environment, the management remains confident in 5G-related business. During the Review Period, the Group has set up a new wholly-owned subsidiary, Linkz Cables Mexico, S. de R.L. de C.V., in Mexico to increase its market share in markets outside China and Asia. A new plant is under construction by Luxshare Group which is expected to be put into production in 2024. By then, the Group will set up the new factory and 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 market opportunities upon the arrival of this generation 5G network.

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. The Group remains very positive on the continuous growth of the business of data centre sector.

In view of the great market potential of cloud service, communications, transportation and electricity in the PRC, the Group expanded its business to server business with go-to-market strategy and JDM/ODM business model last year, which is deeply customized based on brand customers' requirements. The products offered by the Group under this business are mainly applied in data centres, which includes rack-mounted computing servers, edge servers, AI smart servers, storage servers, smart network cards, GPU cards, complete cabinet products, etc. 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 future potential growth of server business. The Group believes the development of server business is a good opportunity for the Group to further develop its business and will help diversify the Group's business as well as the Group's income stream.

The World Health Organisation (WHO) announced in May 2023 that it no longer considers COVID-19 to be a "global health emergency". Various regions and countries relaxed epidemic prevention measures and travel restrictions. People's mobility returns to pre-epidemic levels and back to normal activities and life. Having said that, there is still a risk of the virus mutating, and there may be a rebound phenomenon. 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 Interconnect Technology (Kunshan) Limited ("**Time Kunshan**") and Time Interconnect Technology (Jiangxi) Limited ("**Time Jiangxi**") during the Review Period, to expand production capacity and R&D capabilities for medical equipment cables products, and production has been started in September 2023. 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.

Considering the vigorous development of the automotive and electric vehicle markets, China has remained the world's largest automotive market and automotive producer in the past few years. As the PRC government has launched certain industry plans that focus on technological improvements and fossil fuels are expected to be exhausted soon in the future, large PRC companies have announced their initiatives to develop electric vehicles and/or autonomous driving technologies. In October 2020, the State Council set a goal and stated that by 2025, the sales of new energy vehicles in China will reach 20% of the total sales of new vehicles. 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.

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 consumer electronics, communications, healthcare, automobile industry, in terms of products, customers, and marketing, through integration of customer and market resources as well as technologies and R&D capabilities of the Luxshare Group. 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 31 December 2023 were approximately HK$1,361.2 million, which represented an increase of HK$228.8 million or 20.2% from HK$1,132.4 million as at 31 March 2023. The increase was mainly due to the profit attributable to shareholders equity for the period HK$225.2 million, although there was a decrease of HK$54.7 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 20.7% from HK$0.58 to HK$0.70.

As at 31 December 2023, the Group had bank balances and cash of HK$338.0 million, represented an increase of 17.4% as compared to HK$288.0 million as of 31 March 2023. Such increase was mainly due to the increase in cash generated from operating activities during the period. As at 31 December 2023, the Group's bank loan was HK$1,246.6 million, represented a decrease of HK$101.5 million or 7.5% from HK$1,348.1 million as at 31 March 2023. The Group believes it has sufficient committed and unutilised banking facilities as at 31 December 2023 to meet its current business operation and capital expenditure requirements.

Charge on Group Assets

Save for the bank deposits that were pledged to secure short-term bank loans and bills payables issued by the bank under the general banking facilities granted to the Group, as at 31 December 2023 and 31 March 2023, banking facilities extended to the Group were not secured with the Group's assets. Pledged bank deposits amounted to HK$957.9 million and HK$974.6 million as at 31 December 2023 and 31 March 2023 respectively.

Gearing Ratio

Gearing ratio is calculated as net debt (defined as bank loans, loans from parent company and lease liabilities less bank balances and cash and pledged deposits) divided by the sum of net debt and total equity and multiplied by 100%. As at 31 December 2023, the Group's gearing ratio was 55.3% as compared to the Previous Year 64.9%, the decrease was mainly attributable to the decrease of loans provided from Luxshare Group and bank loans for financing the Group's operating working capital.

CAPITAL STRUCTURE

The shares of the Company were listed on the Main Board of the HK 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 31 December 2023, 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 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 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 consolidated financial statements as the Company listed its shares on the HK Stock Exchange.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As of 31 December 2023, 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.

The capital commitment of the Group is as follows:

	31 December 2023 *HK$'million*	31 March 2023 *HK$'million*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements	**25.2**	20.7

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

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisitions or disposals of subsidiaries and associations for the nine months ended 31 December 2023. There is no other plan for material investments or capital assets as at 31 December 2023.

MATERIAL EVENT SINCE THE END OF THE FINANCIAL PERIOD

Save as disclosed in this announcement, there has been no other important event affecting the Group since 31 December 2023 and up to the date of this announcement.

EMPLOYEE

As of 31 December 2023, the total headcount for the Company was approximately 5,386, compared to 3,949 as at 31 March 2023. The increase was mainly driven by the increase of new hiring staff from Time Kunshan, Time Jiangxi and Time Huizhou. Fair and competitive remuneration package and benefits are offered to employees as well as discretionary bonus and share options. Various types of trainings were provided to the employees. Total employee benefit expenses including Directors' remuneration for the nine months ended 31 December 2023 were approximately HK$455.7 million, as compared to approximately HK$504.6 million in the Previous Year. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

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

On 11 February 2022, Datatech Investment Inc. and Time Interconnect Holdings Limited (collectively, the "**Sellers**") and Luxshare Precision entered into the Sale and Purchase Agreement, pursuant to which the Sellers agreed to sell and Luxshare Precision agreed to purchase a total of 1,380,000,000 shares, representing approximately 74.67% of the entire issued share capital of the Company at that time, for a total consideration of HK$1,104,000,000 (equivalent to HK$0.80 per sale share). Immediately after the close of the offers and taking into account the valid acceptances in respect of 594,000 offer shares, Luxshare Precision is interested in 1,380,594,000 Shares, representing approximately 70.95% of the entire issued Shares as at 19 April 2022.

The Company has obtained the consent from the Club Loan Lenders for the waiver on the Restriction. The Company has fully repaid the Loan in December 2022.

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 nine months ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating Shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all Shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules. During the nine months ended 31 December 2023, to the best knowledge of the Board, the Company had complied with all the applicable code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 nine months ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBER

The forthcoming annual general meeting is scheduled to be held on Wednesday, 29 May 2024 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 23 May 2024.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Tuesday, 4 June 2024 to Friday, 7 June 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 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 Monday, 3 June 2024. If the resolution of the proposed final dividend is passed at the AGM, the proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 7 June 2024. The proposed final dividend is expected to be paid on or before Friday, 28 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 HK Stock Exchange and on the Company's website.

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 primary duties of the Audit Committee are to review the financial information and oversee the financial reporting system, internal control systems and risk management system and relationship with external auditors and review 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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the nine months ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the nine months ended 31 December 2023. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

The Audit Committee, which comprises three independent non-executive Directors, had reviewed the audited consolidated financial statements for the period in conjunction with the Group's auditors, BDO Limited. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at the final results for the nine months ended 31 December 2023.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the Review Period.

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

Hong Kong, 28 March 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.