

To: Business Editor
[For Immediate Release]



TIME Interconnect Technology Limited

匯聚科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

TIME Interconnect Technology Limited Announces Interim Results For the Six Months Ended 30 June 2024

Operating profit increased significantly by 31.5% to HK\$309.2 million, with operating profit margin raised to 11.6%

(Hong Kong, 30 August 2024) – **TIME Interconnect Technology Limited** (“**TIME Interconnect**”, Stock Code: 1729.HK, with its subsidiaries collectively referred to as the “**Group**”) is pleased to announce its interim results for the six months ended 30 June 2024 (the “**Current Interim Period**”).

During the Current Interim Period, the pace of economic expansion has been slow, owing to the factors, such as still-high borrowing costs and withdrawal of fiscal support, and the increasing geo-economic fragmentation and geo-politic tension. In spite of these challenges and difficulties, 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. Benefiting from the AI boom, the revenue of data centre sector and specialty cable sector have significantly increased by 16.6% and 93.6% respectively during the Current Interim Period and the profitability was relatively improved. In addition, the Group paid more attention and efforts in the medical equipment cables business, and with the setup of two new plants, the revenue of medical equipment sector has also significantly increased by 166.0%. At the same time, the Group has completed its investment in two medical and healthcare-related companies in July 2024. The overall profitability of cables and wires has also improved due to these sectors are carrying a better margin. Meanwhile, 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.

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 six month ended 30 September 2023 (“**Previous Interim Period**”). 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

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*

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.

For the Current Interim Period, basic earnings per share was HK10.4 cents, which is 33.3% higher than the basic earnings per share of HK7.8 cents in the Previous Interim Period. The Board Directors of the company is pleased to declare an interim dividend of HK1 cent per share, amounting to a total of approximately HK\$19.5 million.

Business Review

The Group's turnover by market sector is as follows:

Market Sector	Turnover (HK\$ million)			Share of Turnover	
	Six months ended 30 June 2024	Six months ended 30 September 2023	Changes	Six months ended 30 June 2024	Six months ended 30 September 2023
Cable assembly					
Data centre	564.4	484.1	16.6%	21.2%	18.4%
Telecommunication	286.5	348.6	-17.8%	10.7%	13.3%
Medical equipment	386.0	145.1	166.0%	14.5%	5.5%
Industrial equipment	21.3	12.8	66.4%	0.8%	0.5%
Automotive	68.4	69.5	-1.6%	2.6%	2.7%
Digital cable					
Networking cable	614.7	491.2	25.1%	23.0%	18.7%
Specialty cable	111.5	57.6	93.6%	4.2%	2.2%
Server	613.3	1,017.8	-39.7%	23.0%	38.7%
Total	2,666.1	2,626.7	1.5%	100%	100%

Data centre sector

The emergence of AI 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 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.

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*

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. 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 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 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. To capture opportunities brought by the booming electric vehicle market, the Group's 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, wars, 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 U.S. 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.

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*

Prospect

Looking ahead, on the downside, geopolitical tensions and high interest rates continue to dampen global economic activities. According to the latest forecast of the "World Economic Outlook" issued by the "International Monetary Fund" in 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. On the upside, 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 Group believes that the PRC's continued acceleration of 5G technology research and development, as well as the new social normals caused by the epidemic, including work-from-home and online meetings, are expected to drive the demand of cable assembly products and telecommunication sector and benefit the Group's business growth. In light of this, 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 setup 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, which can protect supply chains and export markets against geopolitical tensions and unforeseen disruptions and 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, which 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. To capture the huge market demand, the Group extended its business to server sector, the products offered by the Group under this business 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. Meanwhile, the emergence of AI drove the growth and development of the Group's server and data centre sector business. However, geo-economic 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.

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*

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, 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. With a proven operating history of over 30 years, CME 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 with patents, which can create weight, resistance and assistive forces for users in virtual simulations. 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", 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, with the support of Luxshare Precision, the Group will create more and more possibilities in the future.

– End –

About TIME Interconnect Technology Limited

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*

TIME Interconnect Technology Limited is a well-established supplier of customised interconnect solutions with over 30 years' experience in the industry. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Suzhou, Jiangxi and Huizhou, the People's Republic of China ("PRC"), Japan and Mexico. The Group currently manufactures and supplies a wide variety of copper & optical fiber cable assemblies, digital cable products, medical products and servers which are produced to the specifications and designs of its individual customer partners. Its products are used by a number of established PRC and international customers in a variety of market sectors, including telecommunication, data centre, industrial equipment, medical equipment, automotive wire harness, digital cables and server.

This press release is disseminated by Bright Communications International Limited on behalf of TIME Interconnect Technology Limited.

For further enquiries, please contact Bright Communications International Limited:

Ms. Ashley Kung
Tel: (852) 46371627
Mob: (852) 6608 9927
Email: ashley.kung@brightcommns.com

**Note: 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 interim results of the Group cover the six-month period from 1 January 2024 to 30 June 2024 and the comparative figures cover the six-month period from 1 April 2023 to 30 September 2023.*