

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 Final Results For The Nine Months Ended 31 December 2023

Continue to strengthen business operations to seize opportunities upon market recovery

(Hong Kong, 26 April 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 final results for the nine months ended 31 December 2023 (the “**Review Period**”).

During the Review Period, 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. Meanwhile, China’s economic recovery was also slower than expected, partly due to high borrowing problems in the real estate industry. Despite 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. For example, last year, the Group expanded its business to server business with go-to-market strategy and JDM/ODM business model. 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.

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

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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*.

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.

Business Review

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

Market Sector	Turnover (HK\$ million)			Share of Turnover	
	Nine months ended 31 December 2023	Year ended 31 March 2023	Changes	Nine months ended 31 December 2023	Year ended 31 March 2023
Cable assembly					
Data centre	791.0	790.9	0.0%	16.4%	13.7%
Telecommunication	555.4	644.0	-13.8%	11.5%	11.2%
Medical equipment	258.0	245.6	5.0%	5.3%	4.3%
Industrial equipment	24.4	47.4	-48.5%	0.5%	0.8%
Automotive	100.4	162.0	-38.0%	2.1%	2.8%
Digital cable					
Networking cable	788.7	1,254.7	-37.1%	16.4%	21.8%
Specialty cable	77.0	92.4	-16.7%	1.6%	1.6%
Server	2,231.4	2,527.8	-11.7%	46.2%	43.8%
Total	4,826.3	5,764.8	-16.3%	100%	100%

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.

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Medical equipment sector

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. Although the COVID-19 epidemic has gradually alleviated, there is still a risk of the virus mutating, and may be a rebound phenomenon. Meanwhile, people have paid more attention to health, the Group believe that the demand for medical equipment will continue to increase and high demand in medical equipment cables orders will be maintained.

Industrial equipment sector

Under the influence of macroeconomic factors like the slower-than-expected economy recovery and the divergences between countries have continued to increase, global economic activities have been suppressed to a certain extent. 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

Affected by geopolitics and trading war, the sales orders of automotive wire harness products decreased during the Review Period. 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%. 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

During the Review Period, the global macroeconomic environment is still under pressure, 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. 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

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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

Prospect

Looking ahead, the macroeconomic environment is full of challenges. The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. 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. 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, 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. 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. Currently, 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.

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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 and Time Interconnect Technology (Jiangxi) Limited 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 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 to seize the opportunity arise from increasing demand in market.

Besides, 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. 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.

At the same time, after the acquisition by Luxshare Precision, the Group entered into a diversified business integration with Luxshare Group. 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 Group. Luxshare Precision will deploy the platform advantages and market position of the Luxshare Group and introduce strategic resources to the Group with intention to further strengthen the Group's potential for continuous growth and core competitiveness in its market and to enable the Group to develop strategically to become an all-rounded network solutions and infrastructure provider, so as to create greater value for the shareholders. In the future, with the support of Luxshare Precision, the Group will create more and more possibilities.

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About TIME Interconnect Technology Limited

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, Huizhou, Jiangxi, the People's Republic of China ("PRC") and Mexico. The Group currently manufactures and supplies a wide variety of copper & optical fiber cable assemblies, digital cable 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 and digital cables.

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

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