FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)

(Stock Code: 6088)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2017

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2017 amounted to US$1,379.5 million, representing a YoY increase of 32.4% as compared to US$1,041.7 million for the six months ended June 30, 2016.

- Profit for the six months ended June 30, 2017 amounted to US$67.4 million, representing a YoY increase of 185.6% as compared to US$23.6 million for the six months ended June 30, 2016.

- Basic earnings per share attributable to owners of the Company for the six months ended June 30, 2017 amounted to US$1.20, representing a YoY increase of 185.7% as compared to US$0.42 for the six months ended June 30, 2016.

- The Board recommended the payment of a final dividend of HK$0.047 per Share for the year ended December 31, 2016 to the Shareholders, subject to the approval by the Shareholders at the forthcoming extraordinary general meeting to be held in the fourth quarter of 2017.

The Board is pleased to announce the unaudited condensed consolidated interim results of our Group for the six months ended June 30, 2017 together with the comparative figures for the corresponding period in the previous period as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	For the six months ended 30 June **2017** *US$'000* **(unaudited)**	2016 *US$'000* (unaudited)
Revenue	4	**1,379,476**	1,041,666
Cost of sales	5	**(1,132,878)**	(860,778)
Gross profit		**246,598**	180,888
Distribution costs and selling expenses	5	**(40,052)**	(36,741)
Administrative expenses	5	**(35,489)**	(42,437)
Research and development expenses	5	**(83,597)**	(88,105)
Other income		**7,744**	3,447
Other (losses)/gains — net		**(5,279)**	11,590
Operating profit		**89,925**	28,642
Finance income		**4,492**	2,936
Finance costs		**(2,943)**	(1,949)
Finance income — net		**1,549**	987
Share of results of an associate		**(175)**	(11)
Profit before income tax		**91,299**	29,618
Income tax expense	6	**(23,912)**	(6,065)
Profit for the period		**67,387**	23,553
Profit/(loss) attributable to:			
Owners of the Company		**67,390**	23,550
Non-controlling interests		**(3)**	3
		67,387	23,553
Earnings per share for profit attributable to owners of the Company (expressed in US cents per share)			
Basic earnings per share	7	**1.20**	0.42
Diluted earnings per share	7	**1.15**	0.41

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit for the period	**67,387**	23,553
Other comprehensive income/(loss):		
Item that may be reclassified subsequently to profit or loss		
Currency translation differences	**21,643**	(20,296)
Fair value gain on available-for-sales financial assets, net of tax	**590**	—
Total other comprehensive profit/(loss) for the period, net of tax	**22,233**	(20,296)
Total comprehensive income for the period	**89,620**	3,257
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	**89,623**	3,255
Non-controlling interests	**(3)**	2
	89,620	3,257

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**As at 30 June 2017** *US$'000* **(unaudited)**	As at 31 December 2016 *US$'000* (audited)
ASSETS			
Non-current assets			
Land use rights		**21,266**	21,027
Property, plant and equipment		**693,615**	710,647
Intangible assets		**14,211**	431
Available-for-sale financial assets		**13,947**	5,857
Deferred income tax assets		**19,089**	17,973
Interests in an associate		**1,656**	1,331
Deposits, prepayments and other receivables	8	**10,282**	14,114
		774,066	771,380
Current assets			
Inventories		**452,850**	368,481
Trade and other receivables	8	**679,491**	948,050
Short-term bank deposits		**67,447**	111,889
Cash and cash equivalents		**685,459**	414,899
		1,885,247	1,843,319
Total assets		**2,659,313**	2,614,699
EQUITY			
Equity attributable to owners of the Company			
Share capital		**109,283**	109,283
Reserves		**1,276,037**	1,174,668
		1,385,320	1,283,951
Non-controlling interests		**30**	33
Total equity		**1,385,350**	1,283,984

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	**As at 30 June 2017** *US$'000* **(unaudited)**	As at 31 December 2016 *US$'000* (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**—**	1
Deposits received and other payables	9	**8,653**	1,346
		8,653	1,347
Current liabilities			
Trade and other payables	9	**740,680**	902,849
Borrowings		**493,109**	384,818
Current income tax liabilities		**31,521**	41,701
		1,265,310	1,329,368
Total liabilities		**1,273,963**	1,330,715
Total equity and liabilities		**2,659,313**	2,614,699

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information of the Group

FIT Hon Teng Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability registered under the name of Foxconn Interconnect Technology Limited under the laws of the Cayman Islands and carrying on business in Hong Kong as "FIT Hon Teng Limited".

The Group is principally engaged in the manufacture, sales and service of connectors, case, thermal module, wired and wireless communication products, optical products, power supply modules, and assemblies for use in the information technology, communications and automotive equipment, precision molding, automobile, and consumer electronics industries.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The ultimate holding company of the Company is Hon Hai Precision Industry Co., Ltd. ("**Hon Hai**") and the immediate holding company of the Company is Foxconn (Far East) Limited ("**Foxconn HK**"), a wholly owned subsidiary of Hon Hai.

On 29 June 2017, the Company issued a prospectus and launched a public offering of 990,060,000 shares at a price of HK$2.70 per share (the "**Offer Price**"). The Company's ordinary shares were listed on the main board of the Stock Exchange of Hong Kong Limited on 13 July 2017.

The condensed consolidated interim financial information is presented in United States Dollar ("**US$**") unless otherwise stated.

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 is prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the accountant's report included as appendix I (the "**Accountant's Report**") of the prospectus dated 29 June 2017, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**").

3 Summary of significant accounting policies

The accounting policies applied are consistent with those as described in the Accountant's Report, except for the adoption of amendments to IFRSs effective for the financial year ending 31 December 2017.

(a) Amendments to IFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

(b) New standards and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of the above new standards and amendments is expected to have a significant effect on the consolidated financial statements of the Group. For details, please refer to note 2.1 of the Accountant's Report.

4 Segment information

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions. CODM assesses the performance of the operating segment based on a measure of operating profit.

The Group carries out its manufacturing process mainly through the production complexes located in the PRC and Vietnam during the interim period, while the sales and services of the Group are principally conducted in Taiwan, Singapore, Hong Kong, the PRC, the United States of America.

For the six months ended 30 June 2017, revenue by geographical areas is as follows:

	For the six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Mainland China	**490,198**	525,132
United States of America	**444,128**	127,422
Taiwan	**125,445**	123,805
Singapore	**88,809**	105,200
Hong Kong	**64,590**	52,062
Malaysia	**45,269**	19,075
Others	**121,037**	88,970
	1,379,476	1,041,666

The analysis of revenue by geographical segment is based on the location of major operation of customers.

The geographical analysis of the Group's non-current assets (excluding deferred income tax assets, intangible assets and available-for-sales financial assets) is as follows:

	As at 30 June 2017 *US$'000* **(unaudited)**	As at 31 December 2016 *US$'000* (audited)
Mainland China	**596,850**	619,772
Singapore	**54,992**	49,308
Vietnam	**52,364**	62,805
Taiwan	**14,916**	7,526
United States of America	**6,407**	5,901
Others	**1,290**	1,807
	726,819	747,119

For the six months ended 30 June 2017, there was two (2016: one) customers which individually contributed over 10% of the Group's total revenue. During the period, the revenues contributed from those customers are as follows:

	For the six months ended 30 June	
	2017 *US$'000* **(unaudited)**	2016 *US$'000* (unaudited)
Customer A	**340,789**	N/A
Customer B	**328,460**	290,795

5 Expenses by nature

	For the six months ended 30 June	
	2017 *US$'000* **(unaudited)**	2016 *US$'000* (unaudited)
Cost of inventories	**672,047**	453,453
Subcontracting expenses	**135,666**	110,224
Utilities	**21,253**	22,606
Employee benefit expenses	**254,173**	234,842
Amortisation of land use rights	**283**	405
Amortisation of intangible assets	**796**	1,536
Depreciation of property, plant and equipment	**81,487**	77,715
Molding and consumables	**42,797**	50,053
Share services expenses	**469**	3,488
Listing expenses	**2,622**	3,877
Other tax and related surcharges	**10,537**	6,713
Provision of impairment for inventories	**2,952**	4,304
Provision of impairment for trade receivables	**377**	—
Others	**66,557**	58,845
	1,292,016	1,028,061

6 Income tax expense

The amounts of income tax expense charged to the condensed consolidated interim income statements represent:

	For the six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current income tax		
— Current tax on profits for the period	**25,028**	6,694
— Under-provision in prior periods	**—**	830
Deferred income tax	**(1,116)**	(1,459)
Income tax expense	**23,912**	6,065

(a) PRC corporate income tax

The corporate income tax ("**CIT**") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the six months ended 30 June 2017 and 2016.

Several subsidiaries of the Group are qualified or expected to be qualified for a preferential income tax rate of 15% under the Notice of the Ministry of Finance for Deepening the Implementation of the Western Development Strategy or new/high technology enterprise status for the six months ended 30 June 2017 and 2016.

The remaining PRC subsidiaries of the Group are subjected to standard PRC CIT rate of 25%.

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 17% on the estimated taxable income during the six months ended 30 June 2017 and 2016.

(c) Singapore corporate income tax

Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiaries incorporated in Singapore in accordance with Singapore Income Tax Act during the six months ended 30 June 2017 (2016: 17%).

(d) Vietnam corporate income tax

The current tax regulations allow New Wing Interconnect Technology (Bac Giang) Co., Ltd., one of the Company's subsidiaries, to be exempted from income tax for 2 years starting from the first year with taxable profit and is entitled to a 50% reduction in income tax for the next 4 succeeding years. The income tax regulations also specify that if the Company does not generate any taxable profit in three consecutive years from the first year it generates revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made. All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 22% during the six months ended 30 June 2017 (2016: Same). The subsidiary did not generate taxable profits during the six months ended 30 June 2017 (2016: Nil).

7 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

	For the six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**67,390**	23,550
Weighted average number of ordinary shares in issue (in thousand) (Note)	**5,595,286**	5,595,286
Basic earnings per share in US cents	**1.20**	0.42

Note:

Pursuant to a shareholder's resolution passed on 3 November 2016, every then existing ordinary share of the Company was split into 16 shares. The number of ordinary shares outstanding increased from 349,705,368 shares to 5,595,285,888 shares. Such increase has been adjusted retrospectively in the calculation of earnings per share as if the new number of shares was effective since the beginning of the six months ended 30 June 2016.

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2017, the Group has two (2016: two) category of dilutive potential ordinary shares.

For the senior management and employees' share grant schemes, the number of shares calculated as above is compared with the number of shares that would have been outstanding assuming the completion of the share issue to the grantees.

	For the six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company	**67,390**	23,550
Weighted average number of ordinary shares in issue (in thousand)	**5,595,286**	5,595,286
Adjustments for:		
— impact of the senior management and employees' share grant schemes (in thousand)	**265,929**	202,742
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**5,861,215**	5,798,028
Diluted earnings per share in US cents	**1.15**	0.41

8 Trade and other receivables

	As at 30 June 2017 *US$'000* (unaudited)	As at 31 December 2016 *US$'000* (audited)
Trade receivables due from third parties	**374,512**	558,938
Trade receivables due from related parties	**187,775**	246,145
Total trade receivables	**562,287**	805,083
Less: provision for impairment of trade receivables	**(1,029)**	(652)
Total trade receivables, net	**561,258**	804,431
Other receivables	**10,382**	17,382
Amounts due from related parties	**75,610**	70,249
Value added tax recoverable and receivable	**19,543**	47,976
Deposits and prepayments	**22,980**	22,126
	689,773	962,164
Less: Non-current portion:		
Deposit, prepayments and other receivables	**(10,282)**	(14,114)
	679,491	948,050

For trade receivables, the credit period granted to third parties and the related parties are ranging from 30 to 180 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at 30 June 2017 and 31 December 2016 was as follows:

	As at 30 June 2017 *US$'000* (unaudited)	As at 31 December 2016 *US$'000* (audited)
Within 3 months	**482,961**	706,354
3 months to 1 year	**76,268**	95,468
Over 1 year	**3,058**	3,261
	562,287	805,083

As at 30 June 2017, the trade receivables from Customer A and Customer B accounted for approximately 43% (unaudited) (as at 31 December 2016: 51%) of the total trade receivables.

9 Trade and other payable

	As at 30 June 2017 *USD'000* **(unaudited)**	As at 31 December 2016 *USD'000* (audited)
Trade payables due to third parties	**238,855**	332,345
Trade payables due to related parties	**207,065**	231,828
Total trade payables	**445,920**	564,173
Amounts due to related parties	**89,389**	101,673
Staff salaries, bonuses and welfare payables	**68,067**	77,132
Advance from customers	**8,240**	3,365
Deposit received, other payables and accruals	**137,717**	157,852
	749,333	904,195
Less: Non-current portion:		
Deposits received and other payables	**(1,560)**	(1,346)
Amounts due to related parties	**(7,093)**	—
	740,680	902,849

As at 30 June 2017 and 31 December 2016, the aging analysis of the trade payables to third parties and related parties of trading in nature based on invoice date were as follows,

	As at 30 June 2017 *USD'000* **(unaudited)**	As at 31 December 2016 *USD'000* (audited)
Within 3 months	**405,701**	488,484
3 months to 1 year	**39,161**	74,941
Over 1 year	**1,058**	748
	445,920	564,173

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

In the six months ended June 30, 2017, we continued to implement our business strategy to solidify our position as a global leader in the development and production of interconnect solutions and related products. With these efforts, we experienced significant growth in our business. Our revenue amounted to US$1,379.5 million, representing a 32.4% growth, and our profit amounted to US$67.4 million, representing a 185.6% growth, each compared to the six months ended June 30, 2016. As discussed in more details in the "Results of Operations" section below, our sales in all end markets except for the computer and consumer electronics sector recorded a significant growth, thanks to our strategic focus based on correct anticipation of industry trends. We also recorded an increase in gross profit margin, and a significant growth in both operating profit and net profit, thanks to our growth in sales as well as prudent cost controls.

The mobile and wireless devices continued to be our largest revenue contributor by end market. In the six months ended June 30, 2017, we witnessed increasing sales of interconnect solutions utilized in the new smartphone products released by a brand company customer as well as in the earphones associated with such smartphone products. This also drove the increased sales of products associated with earphones, such as lightning plugs, cables and connectors. As a result, our revenue from the mobile and wireless devices end market increased by 92.9% in the six months ended June 30, 2017 compared to the same period in 2016.

Further to our acquisition of Avago's optical modules business at the end of 2015, we have continued to strengthen our optical modules offerings to capture business opportunities in the communications infrastructure end markets. In particular, our optical modules business experienced a growth, thanks to the successful integration and continuing growth of the optical modules business we acquired from Avago. Moreover, we saw more former customers of Avago's optical modules business began placing orders to us since 2017, which also benefited our growth in this sector. As a result, our revenue from the communications infrastructure end market increased by 20.0% in the six months ended June 30, 2017 compared to the same period in 2016.

The computer and consumer electronics end market continued to be a pillar of our revenue contributor, and we solidified our leading position in this end market by focusing on high end products and products of our key brand companies. However, given the lower growth prospect of this end market in general and more intense price competition from competitors, our revenue from the computer and consumer electronics end market decreased by 7.5% in the six months ended June 30, 2017 compared to the same period in 2016.

We continued to strategically pursue opportunities in automotive and other emerging applications for our interconnect solutions and other products. As such, we enhanced our research and development efforts in this field, in particular automotive applications. We have also been in constant discussions with potential partners, including our connected persons, as to investment and collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry. As a result of these efforts, our revenue from the automotive, industrial and medical end market increased by 47.8% in the six months ended June 30, 2017 compared to the same period in 2016.

Industry Outlook and Business Prospects

Industry Outlook

The global connector industry is undergoing rapid technical development with better product functionality and higher compatibility, which enables connector products to be applied in more situations and scenarios. In the future, connectors that are compatible with various kinds of products across application fields are likely to become more popular in the market. In such an environment, we believe advance market players including us and first movers are more likely to seize emerging market opportunities as well as to build awareness globally, leading to a fast expansion of market share. With that in mind, we have witnessed a varied development trend for different end markets for connectors, and we believe such varied trends will continue in the near future. As such, we have been reviewing and focusing on the trends of different end markets and we adjust our strategic focuses from time to time.

Mobile and wireless devices. Demand for mobile and wireless devices continue to expand around the world. In particular, the proliferation of mobile phones generally, and smartphones in particular, drives demand for various accessory products such as chargers, batteries, earphones, headsets and power banks. For example, USB Type-C is a new trend in the connector market that has various characteristics that may make it future-proof in this end market. Also, due to product upgrades, the global mobile phone accessory market size has been growing at lower double digits in recent years, and is expected to continue to grow at a relatively high rate in the next few years.

Communications infrastructure. Demand for communications infrastructure connectors is largely driven by the accelerating growth in data traffic and continually growing need for additional network bandwidth. As traffic increases, more data centers capacity is being built. Data centers require a variety of physical connectors, routers, electricity, signals and networks, which generates heavy demand for connectors. Increasing deployment of data centers help ensure continued strong demand for connectors. In addition, cloud computing has emerged as a major growth driver in the data center industry. Cloud computing requires a variety of physical sensor connectors, routers, electricity, signals and networks, which generates heavy demand for sensor connectors and creates market potential for innovative connectors. Moreover, recent technology trends of server upgrades and high performance computing, which is the use of parallel processing for running advanced programs in a short lapse of time, will likely lead to continued prosperity in the fiber optic connector market in the near future. The wide adoption of fiber optic connectors in the communications infrastructure end market is attributed to its advantages of low signal attenuation, high speed and noise immunity.

Computer and consumer electronics. The steady need for various connectors in the computer and consumer electronics end market has laid a solid foundation for demand for connectors, contributing to the steady growth of connector market in the past and also underlying potential for future growth. Because the global connector industry is undergoing a rapid technical development with better product functionality and higher compatibility, connector products are applied in more situations and scenarios, which drives the demand for connectors in this end market. For example, USB Type-C connector has been extensively applied not only to computers but also to a wide range of electronic products including televisions and displays. However, overall, computer and consumer electronics end market is expected to grow at a relatively low speed compared to our other main end markets.

Automotive. We expect that the demand for connectors applied in the automotive end market would be driven by, among others, connectors applied in autonomous driving, increasing demand for vehicles and increasing popularity of in-vehicle infotainment.

Business Prospects

We anticipate the overall connector industry, particularly the end markets we strategically focus on, will continue to grow in the second half of 2017. We plan to continue our strategic focus on the mobile and wireless devices, communications infrastructures, and automotive, industrial and medical end markets, and expect that our development in these end markets will be the main driver of our growth in the second half of 2017. On the production side, we continue to further improve our production efficiency and flexibility through automation and other means. We also expect the production efficiency for mobile earphone and associated products will further improve as we further optimize the production process and enhance the quality of those products, which will contribute to our gross profit margin. In particular:

- *Mobile and wireless devices*. We expect our sales will continue to grow, thanks to the strong demand for earphones and associated products, as well as new products to be rolled out by our key brand customers. We also plan to further penetrate Chinese brand companies.

- *Communications infrastructure*. We anticipate a growth compared to the second half of 2016, as we expect the demand for certain types of optical transceivers, fiber channels and CXP to be strong. In particular, as the higher speed optical products are expected to grow faster than lower speed optical products, the change of sales mix would contribute to both our revenue and overall margin.

- *Computer and consumer electronics*. The industry growth is expected to continue to be slow. Therefore, we will focus on profitability than growth.

- *Automotive, industrial and medical*. We believe the demand from our key customers in this end market will continue to be strong, and we expect to benefit from industry trend.

Therefore, we are confident of our sales growth in the second half of 2017.

RESULTS OF OPERATIONS

Revenue

We derive our revenue mainly from the sale of our interconnect solutions and other products and, to a lesser extent, from the sale of mold parts and sample products and others. In the six months ended June 30, 2017, our revenue amounted to US$1,379.5 million, representing a 32.4% increase from US$1,041.7 million in the same period in 2016. Among the four main end markets, our revenue from (1) the mobile and wireless devices end market increased by 92.9%, (2) the communications infrastructure end market increased by 20.0%, (3) the computer and consumer electronics end market decreased by 7.5% and (4) the automotive, industry and medical end market increased by 47.8%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated:

	Six Months Ended June 30,			
	2017		2016	
	US$	***%***	*US$*	*%*
	(in thousands, except for percentages)			
Mobile and wireless devices	**605,985**	**43.9**	314,213	30.2
Communications infrastructure	**375,105**	**27.2**	312,611	30.0
Computer and consumer electronics	**338,530**	**24.5**	365,862	35.1
Automotive, industrial and medical	**27,996**	**2.0**	18,942	1.8
Others	**31,860**	**2.4**	30,038	2.9
Total	**1,379,476**	**100.0**	1,041,666	100.0

Mobile and wireless devices. The 92.9% increase in revenue from the mobile and wireless devices end market was primarily as a result of increased sales of interconnect solutions utilized in the new smartphone products released by a brand company customer, the earphones associated with such smartphone products, as well as of products associated with earphones, such as lightning plugs, cables and connectors.

Communications infrastructure. The 20.0% increase in revenue from the communications infrastructure end market was primarily as a result of the successful integration and continuing growth of the optical modules business we acquired from Avago, including our server, switch and optical transceiver products.

Computer and consumer electronics. The 7.5% decrease in revenue from the computer and consumer electronics end market was primarily as a result of slowdown of the overall end market and price competition from our competitors, as well as lower demand of certain products of our key customers.

Automotive, industry and medical. The 47.8% increase in revenue from the computer and consumer electronics end market was primarily because we began shipping certain new products to our key automotive customers since 2017.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 31.6% from US$860.8 million in the six months ended June 30, 2016 to US$1,132.9 million in the same period in 2017. Our cost of sales primarily includes raw materials and consumables used, consumption of inventories of finished goods and work in progress, employee benefit expenses in connection with our production personnel, depreciation of property, plant and equipment, subcontracting expenses primarily paid to our related parties, utilities, molding and consumable expenses and other costs associated with the production of our interconnect solutions and other products. In the six months ended June 30, 2017, the increase was primarily driven by the expansion of our overall business scale and prudent cost control.

As a result of the foregoing, our gross profit increased by 36.3% from US$180.9 million in the six months ended June 30, 2016 to US$246.6 million in the same period in 2017, primarily due to the revenue increase. Our gross profit margin increased from 17.4% in the six months ended June 30, 2016 to 17.9% in the same period in 2017, primarily due to (1) continuing improvement of the quality of our new earphone related products, (2) higher utilization of our production facilities and (3) continuing optimization of our human resources allocation which improved our production efficiency.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses increased by 9.3% from US$36.7 million in the six months ended June 30, 2016 to US$40.1 million in the same period in 2017, primarily due to an increase in transportation and certain other expenses that are in general associated with sales volume. However, as a percentage of revenue, our distribution costs and selling expenses decreased as a result of economies of scale as the headcounts of sales staff did not increase in proportion to the revenue increase.

Administrative Expenses

Our administrative expenses decreased by 16.3% from US$42.4 million in the six months ended June 30, 2016 to US$35.5 million in the same period in 2017, primarily due to a decrease in listing expenses. In addition, we granted one-off restricted share units in the six months ended June 30, 2016, but did not grant any similar share-based compensations in the same period in 2017.

Research and Development Expenses

Our research and development expenses primarily consist of (1) employee benefit expenses paid to our research and development personnel, (2) molding and consumables expenses relating to the moldings used in research and development, (3) depreciation of molds and molding equipment and (4) other costs and expenses in connection with our research and development activities. Our research and development expenses decreased by 5.1% from US$88.1 million in the six months ended June 30, 2016 to US$83.6 million in the same period in 2017, as we incurred significant research and development expenses associated with earphone and related products in the six months ended June 30, 2016. In 2017, as these products have been in commercial production, related research and development expenses decreased significantly.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 214.3% from US$28.6 million in the six months ended June 30, 2016 to US$89.9 million in the same period in 2017, primarily due to an increase in our gross profit and our product cost control, as well as a decrease in listing expenses and research and development expenses. Our operating profit margin increased from 2.7% in the six months ended June 30, 2016 to 6.5% in the same period in 2017.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan and Mexico. Our income tax expenses increased by 291.8% from US$6.1 million in the six months ended June 30, 2016 to US$23.9 million in the same period in 2017. Effective income tax rate increased from 20.5% to 26.2%, primarily due to increased percentage contribution of taxable profits from our subsidiaries in jurisdictions that have higher tax rates.

Profit for the Period

As a result of the increase in operating profit, profit for the period increased by 185.6% from US$23.6 million in the six months ended June 30, 2016 to US$67.4 million in the same period in 2017. Our profit margin increased from 2.3% in the six months ended June 30, 2016 to 4.9% in the same period in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through cash generated from our operating activities and bank borrowings. As of June 30, 2017, we had cash and cash equivalents of US$685.5 million, compared to US$414.9 million as of December 31, 2016. In addition, as of June 30, 2017, we had short-term bank deposits of US$67.4 million, compared to US$111.9 million as of December 31, 2016.

In addition, we completed our IPO and, including the issue of the Over-allotment Shares, received net proceeds of HK$2,952 million. We will fund our operations partly using our IPO proceeds. See "Use of IPO Proceeds" below for details.

As of June 30, 2017, we had total bank borrowings of US$493.1 million, all of which were short-term borrowings, as compared to US$384.8 million as of December 31, 2016. We incur bank borrowings mainly for our working capital purpose and to supplement our capital needs for investment and acquisition activities. The increase in bank borrowings during the six months ended June 30, 2017 was primarily for the equipment and construction of our production facilities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.49 times as of June 30, 2017, compared to 1.39 times as of December 31, 2016. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.13 times as of June 30, 2017, compared to 1.11 times as of December 31, 2016. The increase in our current ratio was primarily due to an increase in trade receivables and finished goods inventories. The increase in our quick ratio was mainly as a result of an increase in trade receivables.

Cash Flow

In the six months ended June 30, 2017, our net cash generated from operating activities was US$200.3 million, net cash used in investing activities was US$43.4 million, and net cash generated from financing activities was US$103.9 million.

Capital Expenditures

Our capital expenditures primarily relate to the purchase of land use rights, property, plant and equipment and intangible assets (exclusive of goodwill). We finance our capital expenditures primarily through cash generated from our operating activities and bank borrowings. We also expect to fund part of our capital expenditures using our IPO proceeds. See "Use of IPO Proceeds" below for details.

In the six months ended June 30, 2017, our capital expenditures amounted to US$66.0 million, as compared to US$87.7 million for the same period in 2016. The capital expenditures in the six months ended June 30, 2017 were primarily used for upgrading, maintaining and converting production facilities, including converting certain production facilities for optical products, as well as upgrading environmental protection systems of certain factories in the PRC.

Significant Investments, Acquisitions and Disposals

Except as disclosed in the section headed "Our History and Development — Post-Track Record Period Acquisition" in the Prospectus, during the six months ended June 30, 2017, we did not have any significant investment, material acquisitions or material disposals.

Inventories

Our inventories consist primarily of raw materials, work in progress and finished goods. We review our inventory levels on a regular basis to manage the risk of excessive inventories. Our average inventory turnover days for the six months ended June 30, 2017 was 66.2 days as compared to 46.7 days for 2016. The higher inventory turnover days for the six months ended June 30, 2017 was primarily due to increased leveling production activities in anticipation of a greater product demand in the second half of 2017.

Our inventories increased from US$368.5 million as of December 31, 2016 to US$452.9 million as of June 30, 2017, primarily due to an expansion of our business scale in general, as well as increased leveling production activities in anticipation of a greater product demand in the second half of 2017.

Provision for inventory impairment increased from US$14.4 million as of December 31, 2016 to US$17.3 million as of June 30, 2017, which is in line with the increase in the inventory balance during the period.

Trade Receivables

Our trade receivables are receivables from our third party and related party customers for the sale of our interconnect solutions and other products.

We typically grant to our third party and related party customers a credit period ranging from 30 days to 180 days. Our average trade receivables turnover days for the six months ended June 30, 2017 was 90.3 days, remained stable as compared to 89.5 days for 2016. Our average trade receivables turnover days for related parties for the six months ended June 30, 2017 was 120.5 days as compared to 132.1 days for 2016. The decrease was primarily due to our efforts to enhance the collection of trade receivables from related parties in the middle of 2016.

Our trade receivables decreased from US$804.4 million as of December 31, 2016 to US$561.3 million as of June 30, 2017, primarily due to lower sales volume in the first half of a year as a result of the inherent seasonality of our business.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials, semi-finished goods and finished goods. Our average trade payables turnover days for the six months ended June 30, 2017 was 81.4 days as compared to 70.4 days for 2016. The increase was primarily due to our longer payment period to certain related parties in our Vietnam supply chain.

Our trade payables decreased from US$564.2 million as of December 31, 2016 to US$445.9 million as of June 30, 2017, primarily due to decreased procurement as a result of the inherent seasonality of our business, partially offset by the longer payment period to certain related parties in our Vietnam supply chain.

Major Capital Commitments

As of June 30, 2017, we had capital commitments of US$3.2 million, which primarily related to the purchase of property, plant and equipment related to our production facilities.

Contingent Liabilities

As of June 30, 2017, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

Gearing ratio

As of June 30, 2017, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash and cash equivalents) divided by total equity, was not applicable because we did not have the net debt position (as of June 30, 2016: not applicable).

USE OF IPO PROCEEDS

We completed our IPO and, including the issue of the Over-allotment Shares, received net proceeds of HK$2,952 million. The net proceeds received from our IPO will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Since the IPO and up to the date of this announcement, the IPO proceeds has not been applied for any use.

PLEDGE OF ASSETS

As of June 30, 2017, none of our assets had been pledged.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2017, we had approximately 45,000 employees, as compared to 47,521 employees as of December 31, 2016. Total employee benefit expenses including Directors' remuneration for the six months ended June 30, 2017 were US$254.2 million, as compared to US$234.8 million for the same period in 2016. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In addition to salaries and wages, other employee benefit expenses include cash bonus, pension, housing fund, medical insurance and other social insurances, as well as share-based payment expenses and others. We made certain share grants under our Share Grant Scheme prior to our IPO. In order to attract and retain talents, we have been evaluating, and may adopt, new share incentive schemes that comply with the requirements of the Listing Rules. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

FOREIGN EXCHANGE RISK

We operate in various locations and most of our sales, purchases or other transactions are denominated in U.S. dollars, New Taiwan dollars and Renminbi. Foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. Majority of our Group's entities are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the functional currencies in which we operate. As we enter into transactions denominated in currencies other than the functional currencies in which we or our subsidiaries operate, we face foreign currency transaction risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated.

Our consolidated financial information is reported in U.S. dollar. Our PRC and other non-U.S. subsidiaries prepare financial statements in Renminbi or their respective local currencies as their functional currencies, which are then translated into U.S. dollar prior to being consolidated in our financial information. As a result, changes in the value of the U.S. dollar relative to the functional currencies of these subsidiaries create translation gains and losses in other comprehensive income or loss upon consolidation. In addition, as our PRC and other non-U.S. subsidiaries generally have significant U.S. dollar-denominated sales and accounts receivables, depreciation of the U.S. dollar would result in foreign exchange losses while appreciation of the U.S. dollar would result in foreign exchange gains.

To mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of June 30, 2017, the nominal principal amount of our forward foreign exchange contracts was RMB137.0 million.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. TANG Kwai Chang, CURWEN Peter D. and CHAN Wing Yuen Hubert. The unaudited condensed consolidated interim financial information of our Group for the six months ended June 30, 2017 have been reviewed by the Audit Committee. PricewaterhouseCoopers, the external auditor of the Company, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

SUBSEQUENT EVENTS

On July 13, 2017, the Shares became listed on the Main Board of the Stock Exchange. The Prospectus was published on the Company's website (http://www.fit-foxconn.com) and the website of the Stock Exchange (www.hkexnews.hk). On August 3, 2017, the Over-allotment Option (as defined in the Prospectus) was fully exercised. On August 9, 2017, the Over-allotment Shares became listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

The Shares were listed on the Main Board of the Stock Exchange on July 13, 2017. During the period from the Listing Date up to the date of this announcement, the Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company, and has complied with all applicable code provisions as set out in the CG Code, except the code provision as mentioned below.

Code provision A.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LU Sung-Ching is both our chairman and chief executive officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. We shall nevertheless review the structure from time to time in light of the prevailing circumstances. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer of the Company in due course after taking into account of the then overall circumstances of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. As the Company was not listed on the Stock Exchange as of June 30, 2017, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the six months ended June 30, 2017. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code from the Listing Date to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2017.

2016 FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommended the payment of a final dividend of HK$0.047 per Share for the year ended December 31, 2016 (the "**2016 Final Dividend**") to the Shareholders.

The 2016 Final Dividend is subject to the approval by the Shareholders at the forthcoming extraordinary general meeting to be held in the fourth quarter of 2017. The exact date of the extraordinary general meeting, the record date for receiving the dividends, the period of closure of register of members of the Company, the latest time for lodging transfers of the Shares, the payment date of the 2016 Final Dividend and other relevant information will be further announced by the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of HKEX at www.hkexnews.hk and on the Company's website at http://www.fit-foxconn.com. The interim report of the Company for the six months ended June 30, 2017 will be published on the aforesaid websites and dispatched to Shareholders in due course.

DEFINITION

"Audit Committee"	the audit committee of the Board;
"Board" or "Board of Directors"	the board of Directors of the Company;
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"China" or "PRC"	the People's Republic of China; for the purpose of this announcement only, references to "China" or the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong;
"Company"	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited on April 8, 2013 and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange;
"Directors"	directors of the Company;
"Group", "our Group", "we" or "us"	the Company and its subsidiaries;
"HKEx"	Hong Kong Exchanges and Clearing Limited;
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"IFRS"	International Financial Reporting Standards;
"IPO"	the initial public offering of Shares and listing of the Group on the Stock Exchange on July 13, 2017;
"Listing Date"	the date on which dealings in the Shares first commenced on the Stock Exchange, i.e. July 13, 2017;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"Mexico"	the United Mexican States;

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
"Over-allotment Shares"	148,509,000 Shares issued and allotted by the Company pursuant to the full exercise of the Over-allotment Option;
"Prospectus"	the prospectus dated June 29, 2017 issued by the Company;
"Remuneration Committee"	the remuneration committee of the Board;
"Shares(s)"	ordinary share(s) of US$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Share Grant Scheme"	the share grant scheme approved and adopted by the Company on January 5, 2015, and the Board further adopted the rules and interpretations thereof on November 4, 2016;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"U.S." or "United States"	the United States of America;
"US$"	United States dollars, the lawful currency of the United States;
"Vietnam"	the Socialist Republic of Vietnam;
"YoY"	year-on-year; and
"%"	percent.

By order of the Board
FIT Hon Teng Limited*
Sung-Ching Lu
Chairman of the Board

Hong Kong, August 18, 2017

As at the date of this announcement, the Board of the Company comprises Mr. LU Sung-Ching, Mr. LU Pochin Christopher and Mr. GILLESPIE William Ralph as executive Directors, Mr. CHEN Ga-Lane as non-executive Director, and Mr. CURWEN Peter D, Mr. TANG Kwai Chang and Mr. CHAN Wing Yuen Hubert as independent non-executive Directors.

* *Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited*