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

2018

Interim Report

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The English text of this interim report shall prevail over the Chinese text in case of any inconsistency.

Corporate Information

LEGAL NAME OF THE COMPANY

FIT Hon Teng Limited (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)

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited

Stock code: 6088

DIRECTORS

Executive Directors

LU Sung-Ching (盧松青)

LU Pochin Christopher (盧伯卿)

GILLESPIE William Ralph

Non-executive Director

CHEN Ga-Lane (陳杰良)

Independent non-executive Directors

CURWEN Peter D

TANG Kwai Chang (鄧貴彰)

CHAN Wing Yuen Hubert (陳永源)

JOINT COMPANY SECRETARIES

YANG Tsung-Han (楊宗翰)

NG Sau Mei (伍秀薇) *(ACIS, ACS)*

AUDIT COMMITTEE

TANG Kwai Chang (鄧貴彰) *(Chairman)*

CURWEN Peter D

CHAN Wing Yuen Hubert (陳永源)

REMUNERATION COMMITTEE

CURWEN Peter D *(Chairman)*

CHEN Ga-Lane (陳杰良)

TANG Kwai Chang (鄧貴彰)

NOMINATION COMMITTEE

CHAN Wing Yuen Hubert (陳永源) *(Chairman)*

LU Sung-Ching (盧松青)

CURWEN Peter D

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

LEGAL ADVISOR

Sullivan & Cromwell (Hong Kong) LLP

PRINCIPAL BANKS

Citibank, Taiwan Limited

Bank of America, Taipei Branch

AUTHORIZED REPRESENTATIVES

LU Pochin Christopher (盧伯卿)

NG Sau Mei (伍秀薇)

SHARE REGISTRAR AND TRANSFER OFFICE

Principal

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111

Cayman Islands

Hong Kong

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor, Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS

66-1, Chungshan Road
Tucheng District, New Taipei City 23680
Taiwan

PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

WEBSITE

http://www.fit-foxconn.com

Financial Highlights

	Six months ended June 30, 2018 USD'000 Unaudited	Six months ended June 30, 2017 USD'000 Unaudited	Change %
Key income statement items			
Revenue	**1,719,352**	1,379,476	+24.6
Gross profit	**308,650**	246,598	+25.2
Operating profit	**139,820**	89,925	+55.5
Profit attributable to owners of the Company	**107,621**	67,390	+59.7

	Six months ended June 30, 2018 Unaudited	Six months ended June 30, 2017 Unaudited	Change % point
Key financial ratios			
Gross profit margin	**18.0%**	17.9%	+0.1
Operating profit margin	**8.1%**	6.5%	+1.6
Margin of profit attributable to owners of the Company	**6.2%**	4.9%	+1.3

	Six months ended June 30, 2018	Year ended December 31, 2017	Six months ended June 30, 2017
Key operating ratios			
Average inventory turnover days[1]	**68**	58	66
Average trade receivables turnover days[2]	**95**	97	90
Average trade payables turnover days[1]	**68**	74	81

(1) Average inventory and trade payables turnover days are based on the average balance of such item divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the year ended December 31, 2017 is 365 days. The number of days for the six months ended June 30, 2018 is 183 days.

(2) Average trade receivables turnover days are based on the average balance of trade receivables, which include trade receivables due from third parties and trade receivable from related parties, divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the year ended December 31, 2017 is 365 days. The number of days for the six months ended June 30, 2018 is 183 days.

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

In the six months ended June 30, 2018, 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. For the six months ended June 30, 2018, our revenue amounted to US$1,719 million, representing a 24.6% growth, and our profit amounted to US$107 million, representing a 58.6% growth, each compared to the same period in 2017. As discussed in more details in the "Results of Operations" section below, our sales in all end markets recorded a significant growth, thanks to our strategic focus based on correct anticipation of industry trends. Despite an increase in operating costs caused by an increase in labor costs, we have fundamentally maintained our gross profit margin, with a slight increase compared to the same period in 2017, and recorded 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 end market continued to be our largest revenue contributor by end market. In the six months ended June 30, 2018, 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 increase in sales of products associated with earphones and adapters, such as lightning plugs, cables and connectors. As a result, our revenue from the mobile and wireless devices end market increased by 29.8% in the six months ended June 30, 2018 compared to the same period in 2017.

Since 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 market. Our optical modules business experienced a growth, thanks to our proactive efforts to expand our customer base. Moreover, we saw a rising demand for high-end (100G) optical modules and CPU sockets from data centers and server platforms, which also benefited our growth in this sector. As a result, our revenue from the communications infrastructure end market increased by 19.7% in the six months ended June 30, 2018 compared to the same period in 2017.

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. Despite the lower growth prospect of this end market in general and more intense price competition from competitors, we have expanded our market share in the area of game consoles, driving the revenue from the computer and consumer electronics end market to increase by 26.1% in the six months ended June 30, 2018 compared to the same period in 2017.

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 15.0% in the six months ended June 30, 2018 compared to the same period in 2017.

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 continues 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. Therefore, we anticipate that this end market will continue to be our main revenue contributor.

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, primarily brought about by technological advancements such as the commercial deployment of 5G networks in the years to come. As traffic increases, more data centers capacity is being built. Data centers require a variety of physical connectors, routers, electricity, signals and networks, which generate heavy demand for connectors. Increasing deployment of data centers helps 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 optical transceiver market in the near future. The wide adoption of optical transceivers 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 drive 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, industrial and medical. 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 popularity of in-vehicle infotainment. For example, while fully autonomous vehicles are unlikely to be commercially available in the short term, automobile manufacturers are already equipping their products with advanced driver assistance systems (ADAS) which comprise a large number of hardware components fitted with connectors. Further, with the rapid rise of smart home, domestic electronic appliances are becoming increasingly interconnected and hence equipped with more connectors.

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 2018. 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 2018. On the production side, we continue to further improve our production efficiency and flexibility through automation and other means. 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. We anticipate that this end market will continue to be our main revenue contributor.

- *Communications infrastructure.* We anticipate a growth compared to the second half of 2017, 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 (such as those applying the 100G/400G technologies we have been continuously developing after our acquisition of Avago's optical modules business) 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. Nonetheless, we recognize that the steady need for various connectors in this end market has laid a solid foundation for demand for connectors, and are therefore committed to broadening our consumer-facing operations.

- *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. We will continue to strategically pursue opportunities in emerging application for our interconnect solutions and other products, especially in the automotive industry. We believe with our leading position in the development and production of interconnect solutions, we would be able to tap on the burgeoning demand for electronic vehicles. We also plan to increase our investments in developing in-car electronic systems and key autonomous driving components. For example, on February 7, 2018, we entered into an agreement with Sharp to form the FIT-Sharp Joint Venture to explore opportunities in the development, design, manufacturing, distribution and marketing for automotive cameras and electronic mirrors, and on July 30, 2018, the FIT-Sharp Joint Venture (through its wholly-owned subsidiary) entered into an assets purchase agreement to acquire from a non-wholly-owned subsidiary of Sharp certain assets related to vehicle camera and electronic mirror technology business so as to further realize the business intent of the FIT-Sharp Joint Venture. We believe this will create greater synergy between us and Sharp in terms of industrial expertise and geographical reach. Furthermore, our strategic partnership with Hon Hai group puts us in a good position to capture the emerging opportunities in automotive electronics market.

Moreover, with respect to the smart home industry, on March 27, 2018, we entered into a merger agreement for our acquisition of Belkin International, a world-recognized brand of consumer electronics products, by way of a merger. As at the Latest Practicable Date, the merger is still undergoing regulatory review, so closing has not taken place.

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. For the six months ended June 30, 2018, our revenue amounted to US$1,719 million, representing a 24.6% increase from US$1,379 million for the same period in 2017. Among the four main end markets, our revenue from (1) the mobile and wireless devices end market increased by 29.8%, (2) the communications infrastructure end market increased by 19.7%, (3) the computer and consumer electronics end market increased by 26.1% and (4) the automotive, industrial and medical end market increased by 15.0%. 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,			
	2018		2017	
	US$	**%**	US$	%
	(in thousands of USD, except percentages)			
Mobile and wireless devices	**786,494**	**45.7**	605,985	43.9
Communications infrastructure	**448,970**	**26.1**	375,105	27.2
Computer and consumer electronics	**426,869**	**24.8**	338,530	24.5
Automotive, industrial and medical	**32,186**	**1.9**	27,996	2.0
Others	**24,833**	**1.5**	31,860	2.4
Total	**1,719,352**	**100.0**	1,379,476	100.0

Mobile and wireless devices. The 29.8% 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 19.7% 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 26.1% increase in revenue from the computer and consumer electronics end market was primarily as a result of the growth of USB Type-C demand and game consoles.

Automotive, industrial and medical. The 15.0% increase in revenue from the automotive, industrial and medical 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 24.5% from US$1,133 million for the six months ended June 30, 2017 to US$1,411 million for the same period in 2018. Our cost of sales primarily includes (1) raw materials and consumables used, (2) consumption of inventories of finished goods, (3) employee benefit expenses in connection with our production personnel, (4) depreciation of property, plant and equipment, (5) subcontracting expenses, (6) utilities, molding and consumable expenses and (7) other costs associated with the production of our interconnect solutions and other products. For the six months ended June 30, 2018, the increase was primarily driven by the expansion of our overall business scale.

As a result of the foregoing, our gross profit increased by 25.2% from US$247 million for the six months ended June 30, 2017 to US$309 million for the same period in 2018, primarily due to the revenue increase. Our gross profit margin increased from 17.9% for the six months ended June 30, 2017 to 18.0% for the same period in 2018, 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 11.0% from US$40 million for the six months ended June 30, 2017 to US$44 million for the same period in 2018, primarily due to an increase in delivery expenses and import and export expenses in proportion to the revenue increase.

Administrative Expenses

Our administrative expenses increased by 46.4% from US$35 million for the six months ended June 30, 2017 to US$52 million for the same period in 2018, as we incurred more legal and professional expenses to support our recent acquisitions and increased our employees' compensation to retain talents.

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 increased by 8.0% from US$84 million for the six months ended June 30, 2017 to US$90 million for the same period in 2018 primarily due to the development of products for 5G networks.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 55.5% from US$90 million for the six months ended June 30, 2017 to US$140 million for the same period in 2018, primarily due to the increase in our gross profit. Our operating profit margin increased from 6.5% for the six months ended June 30, 2017 to 8.1% for the same period in 2018.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan and Mexico. Our income tax expenses increased by 56.0% from US$24 million for the six months ended June 30, 2017 to US$37 million for the same period in 2018. Effective income tax rate decreased from 26.2% to 25.9%, primarily due to the combined effect of an increased percentage contribution of taxable profits from our subsidiaries in jurisdictions that have lower tax rates and a payment covering tax liability relating to profits earned prior to the completion of the group reorganization in 2014.

Profit for the Period

As a result of the increase in operating profit, profit for the period increased by 58.6% from US$67 million for the six months ended June 30, 2017 to US$107 million for the same period in 2018. Our profit margin increased from 4.9% for the six months ended June 30, 2017 to 6.2% for the same period in 2018.

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, 2018, we had cash and cash equivalents of US$1,093 million, compared to US$768 million as of December 31, 2017. In addition, as of June 30, 2018, we had short-term bank deposits of US$41 million, compared to US$49 million as of December 31, 2017.

As of June 30, 2018, we had total bank borrowings of US$385 million, all of which were short-term borrowings, as compared to US$296 million as of December 31, 2017. 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, 2018 was primarily for the purchase of production facilities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.97 times as of June 30, 2018, compared to 1.89 times as of December 31, 2017. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.56 times as of June 30, 2018, compared to 1.48 times as of December 31, 2017. The increase in our current ratio and quick ratio was primarily due to an increase in cash and cash equivalents.

Cash Flow

For the six months ended June 30, 2018, our net cash generated from operating activities was US$338 million, net cash used in investing activities was US$46 million, and net cash generated from financing activities was US$55 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, bank borrowings and IPO proceeds. We also have funded and will continue to fund part of our capital expenditures using our IPO proceeds. See "Use of IPO Proceeds" below for details.

For the six months ended June 30, 2018, our capital expenditures amounted to US$74 million, as compared to US$66 million for the same period in 2017. The capital expenditures for the six months ended June 30, 2018 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

On February 7, 2018, the Group entered into an agreement with Sharp in which the Group and Sharp agreed to invest JPY1,541 million (approximately US$14 million) and JPY1,481 million (approximately US$13 million), respectively, into the FIT-Sharp Joint Venture which would be engaged in development, design, manufacturing, distribution and marketing for automotive cameras and electronic mirrors. For further details, please refer to the Company's announcement dated February 7, 2018.

On March 27, 2018, the Company, Belkin International, the seller stockholders of Belkin International, Beluga Merger Sub, Inc. (a wholly-owned subsidiary of the Company) and Mr. Chester J. Pipkin (as the representative of certain of Belkin International's equityholders) entered into a merger agreement to effect the acquisition of Belkin International by the Company by way of a merger for a consideration of US$866 million. For further details, please refer to the Company's announcement dated March 27, 2018. As at the Latest Practicable Date, the merger is still undergoing regulatory review, so closing has not taken place.

On May 28, 2018, the Company entered into a business and property transfer agreement with various vendors including Hon Hai, Hongfujin Precision Industrial (Shenzhen) Co., Ltd. (鴻富錦精密工業(深圳)有限公司) and Futaihua Industrial (Shenzhen) Co., Ltd. (富泰華工業(深圳)有限公司), pursuant to which the Company agreed to purchase and the vendors agreed to sell certain inventories, equipment and intangible assets for a total cash consideration of NTD500 million (equivalent to approximately HK$132 million). For further details, please refer to the Company's announcement dated May 28, 2018.

Save as disclosed above, we did not have any significant investment, material acquisitions or material disposals during the six months ended June 30, 2018.

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, 2018 was 68 days as compared to 58 days for 2017. The higher inventory turnover days for the six months ended June 30, 2018 was primarily due to increased production activities in anticipation of a relatively stronger product demand in the second half of 2018.

Our inventories decreased from US$528 million as of December 31, 2017 to US$517 million as of June 30, 2018, primarily due to the heightened level of production at the year-end of 2017 in order to satisfy the consumption demand in early 2018.

Provision for inventory impairment decreased from US$22 million as of December 31, 2017 to US$21 million as of June 30, 2018, which is due to the utilization of aged inventories 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, 2018 was 95 days, remained stable as compared to 97 days for 2017. Our average trade receivables turnover days for related parties for the six months ended June 30, 2018 was 129 days as compared to 132 days for 2017. The decrease was primarily due to our efforts to enhance the collection of trade receivables from related parties in the middle of 2017.

Our trade receivables decreased from US$993 million as of December 31, 2017 to US$796 million as of June 30, 2018, 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, 2018 was 68 days as compared to 74 days for 2017. The decrease was primarily due to our shorter payment period to certain related parties in our Vietnam supply chain.

Our trade payables decreased from US$589 million as of December 31, 2017 to US$456 million as of June 30, 2018, 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, 2018, we had capital commitments of US$878 million, which was primarily connected with the purchase of property, plant and equipment related to our production facilities and the acquisition of Belkin International.

Contingent Liabilities

As of June 30, 2018, save as disclosed in "Pledge of Assets" below, we did not have any other 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, 2018, 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, 2017: not applicable).

USE OF IPO PROCEEDS

We completed our IPO and, including the issue of the over-allotment Shares, received proceeds of US$394 million, which have been used and will continue to be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The use of proceeds is set out as below:

Item	Approximate % of total proceeds	Allocation (US$'000)	Utilized between July 13, 2017 and December 31, 2017 (US$'000)	**Utilized between January 1, 2018 and June 30, 2018 (US$'000)**	**Unutilized as at June 30, 2018 (US$'000)**
Research and business development of advanced optical transmission solutions and other interconnect solutions and technology for use in advanced data centers for big data, cloud computing and similar applications	22%	86,680	43,444	**43,236**	**0**
Enhancement of production facility for high-speed optical transceivers and the establishment of additional facilities focused on the production expansion of advanced optical modules	3%	11,820	0	**1,098**	**10,722**

Item	Approximate % of total proceeds	Allocation (US$'000)	Utilized between July 13, 2017 and December 31, 2017 (US$'000)	**Utilized between January 1, 2018 and June 30, 2018 (US$'000)**	**Unutilized as at June 30, 2018 (US$'000)**
Research and business development of other products in the mobile and wireless devices end market	15%	59,100	37,618	**21,482**	**0**
Research and development of new acoustics products and technologies	5%	19,700	10,274	**9,426**	**0**
Investment in new interconnect technologies and solutions for car camera modules, an essential part of advanced driver-assistance systems, and for automotive electronics	7.5%	29,550	5,090	**21,214**	**3,246**
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	7.5%	29,550	0	**0**	**29,550**
Selectively pursue acquisitions of assets and businesses which are complementary to the Company's business and are in line with the Company's growth strategies	25%	98,500	0	**0**	**98,500**
Establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation	5%	19,700	0	**149**	**19,551**
Working capital and other general corporate purposes	Not more than 10%	39,400	0	**4,901**	**34,499**

The expected timeline of the intended use of the unutilized proceeds is set out as below:

Item	Unutilized as at June 30, 2018 (US$'000)	Expected timeline
Enhancement of production facility for high-speed optical transceivers and the establishment of additional facilities focused on the production expansion of advanced optical modules	**10,722**	The remaining amount is expected to be fully utilized by the first half of 2019.
Investment in new interconnect technologies and solutions for car camera modules, an essential part of advanced driver-assistance systems, and for automotive electronics	**3,246**	The remaining amount is expected to be fully utilized by the first half of 2019.
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	**29,550**	The remaining amount is expected to be fully utilized by the second half of 2020.
Selectively pursue acquisitions of assets and businesses which are complementary to the Company's business and are in line with the Company's growth strategies	**98,500**	The remaining amount is expected to be fully utilized by the second half of 2018.
Establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation	**19,551**	The remaining amount is expected to be fully utilized by the second half of 2020.
Working capital and other general corporate purposes	**34,499**	The remaining amount is expected to be fully utilized by the second half of 2019.

PLEDGE OF ASSETS

As of June 30, 2018, certain bank deposits of Chongqing Hongteng Technology Company Limited (重慶市鴻騰科技有限公司) and Fuding Precision Components (Shenzhen) Company Limited (富鼎精密組件(深圳)有限公司) totaling RMB1 million were pledged in connection with customs guarantees.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2018, we had approximately 48,500 employees, as compared to 47,700 employees as of December 31, 2017. Total employee benefit expenses including Directors' remuneration for the six months ended June 30, 2018 were US$280 million, as compared to US$254 million for the same period in 2017. 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. We also adopted the Share Option Scheme and the Restricted Share Award Scheme to offer valuable incentive to attract and retain quality personnel. 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 financial assets, depreciation of the U.S. dollar would result in foreign exchange gains while appreciation of the U.S. dollar would result in foreign exchange losses.

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 to manage foreign exchange risk and not for speculative purposes. As of June 30, 2018, the nominal principal amount of our forward foreign exchange contracts was RMB2,955 million.

SUBSEQUENT EVENTS

On July 30, 2018, SHARP FIT Automotive Technology (Wuxi) Co, Ltd. (a wholly-owned subsidiary of the FIT-Sharp Joint Venture) entered into an assets purchase agreement with Wuxi Sharp Electronic Components Co., Ltd. (無錫夏普電子器件有限公司) (a non-wholly-owned subsidiary of Sharp), pursuant to which the former agreed to acquire and the latter agreed to sell certain assets of the latter's vehicle camera and electronic mirror technology business at a consideration of JPY400 million (approximately US$3.6 million). For further details, please refer to the Company's announcement dated July 30, 2018.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2018.

Report on Review of Interim Financial Information

pwc 羅兵咸永道

TO THE BOARD OF DIRECTORS OF FIT HON TENG LIMITED

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

Introduction

We have reviewed the interim financial information set out on pages 20 to 50, which comprises the condensed consolidated interim balance sheet of FIT Hon Teng Limited (incorporated in the Cayman Island with limited liability under the name of Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as "FIT Hon Teng Limited") (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 August 2018

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2018

	Note	For the six months ended 30 June 2018 US$'000 (unaudited)	2017 US$'000 (unaudited)
Revenue	6	**1,719,352**	1,379,476
Cost of sales	7	**(1,410,702)**	(1,132,878)
Gross profit		**308,650**	246,598
Distribution costs and selling expenses	7	**(44,452)**	(40,052)
Administrative expenses	7	**(51,948)**	(35,489)
Research and development expenses	7	**(90,276)**	(83,597)
Other income		**7,580**	7,744
Other gains/(losses) — net		**10,266**	(5,279)
Operating profit		**139,820**	89,925
Finance income		**7,948**	4,492
Finance costs		**(3,422)**	(2,943)
Finance income — net		**4,526**	1,549
Share of results of associates		**(192)**	(175)
Profit before income tax		**144,154**	91,299
Income tax expense	8	**(37,309)**	(23,912)
Profit for the period		**106,845**	67,387
Profit/(loss) attributable to:			
Owners of the Company		**107,621**	67,390
Non-controlling interests		**(776)**	(3)
		106,845	67,387
Earnings per share for profit attributable to owners of the Company (expressed in US cents per share)			
Basic earnings per share	9	**1.60**	1.20
Diluted earnings per share	9	**1.52**	1.15

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2018

	Note	For the six months ended 30 June 2018 US$'000 (unaudited)	2017 US$'000 (unaudited)
Profit for the period		**106,845**	67,387
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(40,097)**	21,643
Fair value gain on available-for-sales financial assets, net of tax		**—**	590
Total other comprehensive (loss)/profit for the period, net of tax		**(40,097)**	22,233
Total comprehensive income for the period		**66,748**	89,620
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**67,524**	89,623
Non-controlling interests		**(776)**	(3)
		66,748	89,620

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at 30 June 2018

	Note	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
ASSETS			
Non-current assets			
Land use rights	10	**21,184**	21,850
Property, plant and equipment	10	**612,790**	675,883
Intangible assets	10	**36,511**	13,949
Financial assets at fair value through other comprehensive income	11	**11,933**	—
Available-for-sale financial assets		**—**	10,378
Interests in associates		**6,354**	6,546
Deferred income tax assets		**30,354**	28,238
Deposits, prepayments and other receivables	12	**10,446**	11,771
		729,572	768,615
Current assets			
Inventories		**516,689**	528,326
Trade and other receivables	12	**876,987**	1,061,902
Derivative financial instruments		**—**	5,569
Short-term bank deposits		**41,043**	48,668
Cash and cash equivalents		**1,093,394**	767,554
		2,528,113	2,412,019
Total assets		**3,257,685**	3,180,634
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	**131,521**	131,521
Reserves		**1,817,557**	1,762,353
		1,949,078	1,893,874
Non-controlling interests		**13,058**	29
Total equity		**1,962,136**	1,893,903

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

	Note	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,210**	1,213
Deposits received and other payables	15	**7,985**	8,644
		9,195	9,857
Current liabilities			
Trade and other payables	15	**834,322**	935,710
Contract liabilities		**3,405**	—
Derivative financial instruments		**15,781**	—
Borrowings		**384,863**	296,127
Current income tax liabilities		**47,983**	45,037
		1,286,354	1,276,874
Total liabilities		**1,295,549**	1,286,731
Total equity and liabilities		**3,257,685**	3,180,634

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2018

(Unaudited)	Share capital US$'000	Treasury shares held under shares award scheme US$'000	Share premium and capital reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
	Attributable to owners of the Company							
Balance as at 1 January 2018	131,521	—	515,508	202,658	1,044,187	1,893,874	29	1,893,903
Comprehensive income								
— Profit/(loss) for the period	—	—	—	—	107,621	107,621	(776)	106,845
Other comprehensive loss								
— Currency translation differences	—	—	—	(40,097)	—	(40,097)	—	(40,097)
Total comprehensive income/(loss)	—	—	—	(40,097)	107,621	67,524	(776)	66,748
Transaction with owners								
— Senior management and employees' share grant schemes (Note 16(a) & (b))	—	—	—	5,887	—	5,887	—	5,887
— Share option scheme (Note 16(c))	—	—	—	5,360	—	5,360	—	5,360
— Shares purchases for share award scheme (Note 16(d))	—	(24,967)	—	—	—	(24,967)	—	(24,967)
— Shares vested under share award scheme (Note 16(d))	—	1,400	—	—	—	1,400	—	1,400
— Contribution from non-controlling interests (Note 10(a))	—	—	—	—	—	—	13,805	13,805
Total transactions with owners, recognised directly in equity	—	(23,567)	—	11,247	—	(12,320)	13,805	1,485
Balance at 30 June 2018	131,521	(23,567)	515,508	173,808	1,151,808	1,949,078	13,058	1,962,136

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company							
(Unaudited)	Share capital US$'000	Treasury shares held under shares award scheme US$'000	Share premium and capital reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at 1 January 2017	109,283	—	156,786	109,602	908,280	1,283,951	33	1,283,984
Comprehensive income								
— Profit/(loss) for the period	—	—	—	—	67,390	67,390	(3)	67,387
Other comprehensive loss								
— Currency translation differences	—	—	—	21,643	—	21,643	—	21,643
— Fair value gain on available-for-sale financial assets, net of tax	—	—	—	590	—	590	—	590
Total comprehensive income/(loss)	—	—	—	22,233	67,390	89,623	(3)	89,620
Transaction with owners								
— Senior management and employees' share grant schemes (Note 16(a) & (b))	—	—	—	11,746	—	11,746	—	11,746
Total transactions with owners, recognised directly in equity	—	—	—	11,746	—	11,746	—	11,746
Balance at 30 June 2017	109,283	—	156,786	143,581	975,670	1,385,320	30	1,385,350

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Cash flow from operating activities		
Cash generated from operations	374,996	224,918
Income tax paid	(37,170)	(24,589)
Net cash generated from operating activities	337,826	200,329
Cash flow from investing activities		
Purchase of property, plant and equipment	(57,666)	(85,254)
Purchase of intangible assets	(1,437)	(902)
Proceeds from disposal of property, plant and equipment	4,337	3,955
Payment for acquisition of businesses	(4,602)	(2,115)
Investments in financial assets at fair value through other comprehensive income	(1,555)	—
Investments in available-for-sale financial assets	—	(7,500)
Investment in an associate	—	(500)
Decrease in short-term bank deposits	7,625	44,442
Interest received	7,948	4,492
Net cash used in investing activities	(45,350)	(43,382)
Cash flow from financing activities		
Increase in short-term borrowings	83,001	107,206
Interest paid	(3,422)	(2,944)
Shares purchases for share award scheme	(24,967)	—
Listing expense	—	(393)
Net cash generated from financing activities	54,612	103,869
Net increase in cash and cash equivalents	347,088	260,816
Cash and cash equivalents at beginning of the period	767,554	414,899
Exchange difference on cash and cash equivalents	(21,248)	9,744
Cash and cash equivalents at end of the period	1,093,394	685,459

The notes on pages 27 to 50 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information of the Group

FIT Hon Teng Limited (the "Company", carrying on business in Hong Kong as "FIT Hon Teng Limited") was incorporated in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands.

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.

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 2018 is prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 ("Annual Report") and any public announcements made by FIT Hon Teng Limited during the interim reporting period.

3 Summary of significant accounting policies

The accounting policies applied are consistent with those as described in the Annual Report, except for the adoption of new and amended standards as set out below.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
- Annual improvements 2014–2016 cycle

(a) IFRS 9 Financial Instruments — Impact of adoption

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories.

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of US$10,378,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value losses of US$929,000 were reclassified from the available-for-sale financial assets revaluation reserve to the FVOCI reserve on 1 January 2018.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables for sales of inventory and from the provision of services
- Equity instruments carried at fair value through other comprehensive income
- Other receivables

3 Summary of significant accounting policies (continued)

(a) IFRS 9 Financial Instruments — Impact of adoption (continued)

(ii) Impairment of financial assets (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(b) IFRS 15 Revenue from Contracts with Customers — Impact of adoption

Presentation of assets and liabilities related to contracts with customers

The Group has also voluntarily changed the presentation of certain amounts in the consolidated balance sheet to reflect the terminology of IFRS 15:

- Contract liabilities in relation to sales of inventory were previously included in trade and other payables (US$6,452,000 as at 1 January 2018)

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report.

5 Financial risk management and financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Report.

There have been no changes in the risk management policies since the year ended 31 December 2017.

(b) Liquidity risk

Compared to the year ended 31 December 2017, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair value estimation

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, short-term bank deposits, trade and other receivables, and the Group's current financial liabilities, including trade and other payables and borrowings, approximate their fair values due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

6 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 is principally engaged in manufacture, sales and service of connectors, case, thermal module, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the Information Technology ("IT"), communications, automotive equipment, precision molding, automobile, and consumer electronics industries. The Group carries out its manufacturing process mainly through the production complexes located in the PRC and Vietnam during the period, while the sales and services of the Group are principally conducted in Taiwan, Singapore, the PRC and the United States of America.

6 Segment information (continued)

For the six months ended 30 June 2018, revenue by geographical areas is as follows:

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Mainland China	**640,836**	490,198
United States of America	**573,223**	444,128
Taiwan	**151,361**	125,445
Singapore	**67,007**	88,809
Hong Kong	**121,867**	64,590
Malaysia	**60,330**	45,269
Others	**104,728**	121,037
	1,719,352	1,379,476

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 (other than intangible assets, financial assets at fair value through other comprehensive income, available-for-sale financial assets and deferred income tax assets) is as follows:

	As at	As at
	30 June	31 December
	2018	2017
	US$'000	US$'000
	(unaudited)	(audited)
Mainland China	**515,899**	582,585
Singapore	**60,784**	59,412
Vietnam	**46,931**	50,427
Taiwan	**5,103**	4,350
United States of America	**18,269**	15,042
Others	**3,788**	4,234
	650,774	716,050

6 Segment information (continued)

For the six months ended 30 June 2018, there were two customers (2017: two customers), which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from these customers are as follows:

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Customer A	**464,139**	340,789
Customer B	**441,432**	328,460

A major portion of the Group's sales is made to a number of customers which are contract manufacturers nominated by a limited number of brand companies; while the others are sales to a number of distributors, retailers, brand companies and trading companies.

7 Expenses by nature

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Cost of inventories	**861,028**	672,047
Subcontracting expenses	**170,231**	135,666
Utilities	**23,573**	21,253
Employee benefit expenses	**279,719**	254,173
Amortisation of land use rights	**305**	283
Amortisation of intangible assets	**2,141**	796
Depreciation of property, plant and equipment	**100,801**	81,487
Molding and consumables	**59,912**	42,797
Legal and professional expenses	**16,002**	7,866
Share services expenses	**1,036**	469
Listing expenses	**—**	2,622
Other tax and related surcharges	**11,398**	10,537
(Reversal of)/provision of impairment for inventories	**(1,490)**	2,952
Provision of impairment for trade receivables	**703**	377
Others	**72,019**	58,691
	1,597,378	1,292,016

8 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	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Current income tax		
— Current tax on profits for the period	**29,546**	25,028
— Under-provision in prior periods	**10,570**	—
Deferred income tax	**(2,807)**	(1,116)
Income tax expense	**37,309**	23,912

(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 2018 (2017: 25%).

Several subsidiaries of the Group are 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 2018 and 2017.

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

During the six months ended 30 June 2018, the Group made a payment of US$10,570,000 covering tax liability of a wholly owned subsidiary relating to profits earned over a number of years prior to the completion of the group reorganization in 2014.

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 20% (2017: 17%) on the estimated taxable income during the six months ended 30 June 2018.

8 Income tax expense (continued)

(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 2018 (2017: 17%).

(d) Vietnam corporate income tax

The current tax regulations allow subsidiary incorporated in Vietnam, New Wing Interconnect Technology (Bac Giang) Co., Ltd., 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.

9 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 2018 and 2017.

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**107,621**	67,390
Weighted average number of ordinary shares in issue (in thousands)	**6,731,234**	5,595,286
Basic earnings per share (US cents)	**1.60**	1.20

9 Earnings per share (continued)

(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 2018, the Group has two (2017: two) categories 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	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company	**107,621**	67,390
Weighted average number of ordinary shares in issue (in thousand)	**6,731,234**	5,595,286
Adjustments for:		
— impact of the senior management and employees' share grant schemes (in thousand)	**330,966**	265,929
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**7,062,200**	5,861,215
Diluted earnings per share in US cents	**1.52**	1.15

10 Property, plant and equipment, land use rights and intangible assets

(unaudited) For the six months ended	Property, plant and equipment US$'000	Land use right US$'000	Intangible assets Goodwill US$'000	Intangible assets Other intangible assets US$'000	Intangible assets Total US$'000
30 June 2018					
Net book value					
At beginning of the period	**675,883**	**21,850**	**3,074**	**10,875**	**13,949**
Additions (see note (a))	**47,568**	**—**	**—**	**15,242**	**15,242**
Acquisition (Note 13)	**1,880**	**—**	**—**	**9,634**	**9,634**
Disposals	**(3,765)**		**—**	**—**	**—**
Depreciation/amortisation	**(100,801)**	**(305)**	**—**	**(2,141)**	**(2,141)**
Exchange difference	**(7,975)**	**(361)**	**—**	**(173)**	**(173)**
At end of period	**612,790**	**21,184**	**3,074**	**33,437**	**36,511**
30 June 2017					
Net book value					
At beginning of the period	710,647	21,027	—	431	431
Additions	56,708	—	—	9,319	9,319
Acquisition	15	—	3,074	2,098	5,172
Disposals	(2,833)	—	—	—	—
Depreciation/amortisation	(81,487)	(283)	—	(796)	(796)
Exchange difference	10,565	522	—	85	85
At end of period	693,615	21,266	3,074	11,137	14,211

Note:

(a) Additions for other intangible assets for the current interim period included intangible assets of US$13,805,000 provided by Sharp Corporation ("Sharp").

During the six months ended 30 June 2018, the Group entered into an agreement with Sharp under which the Group and Sharp agreed to make capital contributions to a subsidiary of the Company (the "Subsidiary") for JPY1,541,000,000 (approximately USD14,368,000) and JPY1,481,000,000 (approximately USD13,805,000), respectively. The Group's capital contribution has been made in cash. Sharp's capital contribution was fulfilled by entering into a Technology License Agreement with the Subsidiary to grant the Subsidiary the right to develop, assemble and manufacture specific products using the know-how knowledge from Sharp until 31 December 2023.

11 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As at 30 June 2018 US$'000 (unaudited)
Equity investments in unlisted entities	
— United States of America	7,555
— France	4,378
	11,933

Movement of FVOCI is analysed as follows:

	As at 30 June 2018 US$'000 (unaudited)
At beginning of period	—
Reclassification from available-for-sale financial assets on adoption of IFRS 9	10,378
Additions	1,555
	11,933

12 Trade and other receivables

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
Trade receivables due from third parties	**526,052**	662,114
Trade receivables due from related parties (Note 18)	**270,851**	330,920
Total trade receivables	**796,903**	993,034
Less: provision of impairment	**(703)**	—
Total trade receivables, net	**796,200**	993,034
Other receivables	**13,948**	13,306
Amounts due from related parties (Note 18)	**15,881**	7,016
Value added tax recoverable and receivable	**37,642**	33,435
Deposits and prepayments	**23,762**	26,882
	887,433	1,073,673
Less: non-current portion	**(10,446)**	(11,771)
	876,987	1,061,902

For trade receivables, the credit period granted to third parties and the related parties are ranging from 30 to 180 days.

12 Trade and other receivables (continued)

The aging analysis of trade receivables based on invoice date, before provision for impairment, as at 30 June 2018 and 31 December 2017 was as follows:

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
Within 3 months	**692,617**	865,203
3 months to 1 year	**104,058**	126,788
Over 1 year	**228**	1,043
	796,903	993,034

As at 30 June 2018, the trade receivables from Customer A and Customer B accounted for approximately 40% (unaudited) (31 December 2017: 51%) of the total trade receivables.

13 Business combination

On 28 May 2018, the Company entered into the Business and Property Transfer Agreement with Hon Hai Precision Industry Co., Ltd., the ultimate holding company, and fellow subsidiaries (collectively, the Vendors), pursuant to which the Company purchased the automotive electronics businesses of the Vendors for a total cash consideration of NTD500,000,000 (approximately US$16,415,000).

The following table summarizes the consideration paid for the automotive electronics businesses, and the amounts of the assets acquired recognized at the acquisition date:

	As at 1 June 2018 US$'000 (unaudited)
Total purchase consideration	
— Cash	16,415
Recognised amounts of identifiable assets acquired	
Property, plant and equipment (Note 10)	1,880
Inventories	4,901
Intangible assets (Note 10)	9,634
	16,415
Outflow of cash to acquire business	
— Cash consideration paid	4,602
— Cash consideration to be paid and included in other payables	11,813
	16,415

14 Share capital

(Unaudited)	Number of shares (thousand)	US$'000
Ordinary shares, issued and fully paid:		
As at 1 January and 30 June 2018	**6,733,855**	**131,521**
As at 1 January and 30 June 2017	5,595,286	109,283

15 Trade and other payable

	As at 30 June 2018 USD'000 (unaudited)	As at 31 December 2017 USD'000 (audited)
Trade payables due to third parties	**297,316**	413,356
Trade payables due to related parties (Note 18)	**158,361**	176,128
Total trade payables	**455,677**	589,484
Amounts due to related parties (Note 18)	**95,944**	46,241
Staff salaries, bonuses and welfare payables	**84,249**	89,814
Advance from customers	**—**	6,452
Deposit received, other payables and accruals	**206,437**	212,363
	842,307	944,354
Less: Non-current portion	**(7,985)**	(8,644)
	834,322	935,710

15 Trade and other payable (continued)

As at 30 June 2018 and 31 December 2017, the ageing 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 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
Within 3 months	**387,592**	520,782
3 months to 1 year	**67,357**	68,034
Over 1 year	**728**	668
	455,677	589,484

16 Share-based payments

During the six months ended 30 June 2018, the Company operates four share-based compensation schemes.

(a) Senior management share grant plan

In January 2015, 21,840,000 restricted shares were issued to senior management by the Company. Such equity instruments were measured at fair value at the grant date and recognised as compensation cost over the vesting period. The grantees do not need to pay to acquire those shares. Issuance of shares is based on grantees' service periods. Shares will be vested from 31 March 2017 in accordance with the number of the grantees' shares on every 31 March, 30 June, 30 September and 31 December at 9% in each quarter of 2017, 3% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022. Such vesting schedule was subsequently revised by the Company in May 2017, under which the shares will be vested from 31 March 2018 in accordance with the number of the grantees' shares on every 31 March, 30 June, 30 September and 31 December at 12% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022.

The weighted average fair value of shares granted under this plan determined using the H-model was USD3.95 per share (Note). The significant inputs into the model were weighted average cost of capital of 13.4%, perpetuity growth rate of 3%, discount for lack of marketability of 20% and control premium of 20%. The volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expenses incurred for this plan for the six months ended 30 June 2018 and 2017 are USD4,667,000 (unaudited) and USD8,798,000 (unaudited), respectively.

16 Share-based payments (continued)

(b) Employees' share grant plan

4,101,500 restricted shares issued to employees by the Company in January 2016 were measured at the fair value on the grant date and recognised as compensation cost over the vesting period. The grantees do not need to pay to acquire those shares. Issuance of shares is based on grantees' service periods and certain performance indications. Shares will be vested from 31 December 2017 in accordance with the number of the grantees shares on every December 31 at 25% over the 4-year period, subject to performance related adjustment.

The weighted average fair value of shares granted under this plan determined using the market approach was USD6 per share (Note). The significant input applied in this approach was price/earnings ratio of 13.5.

The share-based payment expenses incurred for this plan for the six months ended 30 June 2018 and 2017 are USD1,220,000 (unaudited) and USD2,948,000 (unaudited), respectively.

(c) Share option scheme

On 18 January 2018, the Company granted certain eligible employees an aggregated 25,705,400 share options at an exercise price of HK$5.338 per share (the "Options") under its share option scheme adopted on 19 December 2017. The Options was vested on 29 April 2018. On 25 May 2018, the Company considers the Options exercise price was comparatively high compared with the market prices, the Company therefore reached a mutual agreement with the eligible employees to unconditionally cancel the Options and offer to grant 24,440,600 new share options (the "New Options") at an exercise price of HK$3.69 per share. The New Options are vested on 10 June 2018. The New Options are exercisable for a period of three years commencing on 11 June 2018. The cancellation of Options and offer of New Options was accounted as a modification to equity-settled share-based payment arrangements in accordance with IFRS 2. Accordingly, the increase in fair value of the New Options measured immediately before and after the modification is recognised on the vesting date.

The fair value of the Options determined using the Black-Scholes model was USD3,860,000. The significant inputs into the model were dividend paid out ratio of 0.89% and the expected volatility. The expected volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The increment of fair value related to the modification under New Options determined using the Black-Scholes model was USD1,500,000. The significant inputs into the model were dividend paid out ratio of 0.89% and the expected volatility. The expected volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expenses incurred under this share option scheme for the six months ended 30 June 2018 was USD5,360,000 (unaudited).

As at 30 June 2018, no option was exercised.

16 Share-based payments (continued)

(d) Share award scheme

During the six months ended 30 June 2018, the Company adopted the share award scheme to provide incentive to encourage the participants for their contribution to the Group. Subject to the terms of the share award scheme and the Listing Rules, the Company may, at its discretion, award eligible employees the Company's shares. Existing shares of the Company will be purchased by an independent trustee of the share award scheme from the market out of cash contributed by the Group and be held in trust until such shares are awarded and vested in accordance with the provisions of the share award scheme. The shares of the Company held by the trustee are referred to as treasury shares and each treasury share represents one ordinary share of the Company.

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 10% of the issued capital of the Company. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 1% of the issued capital of the Company at the adoption date.

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

During the six months ended 30 June 2018, 56,222,000 treasury shares were purchased on the market under the share award scheme at consideration of approximately US$24,967,000. The Group has awarded 2,874,000 treasury shares to eligible employees and a share-based payments expense of US$1,400,000 was recognised accordingly.

Note: The weighted average fair values of the share were determined before the split of each of then existing ordinary share of the Company into 16 shares pursuant to a shareholder's resolution passed on 3 November 2016.

17 Commitments

(a) Capital commitments

Capital commitments contracted for at each consolidated balance sheet dates but not yet incurred is as follows:

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
Acquisition of a subsidiary (Note)	866,000	—
Finance assets at fair value through other comprehensive income	9,445	8,000
Property, plant and equipment	2,094	868
	877,539	8,868

Note:

On 27 March 2018, the Group entered into an agreement with Belkin International, Inc. ("Belkin") and its shareholders to acquire the entire equity interests of Belkin for a consideration of US$866 million which has not yet been paid as of the date of this report. The completion of the acquisition is subject to the approval from the Committee on Foreign Investment in the United States of America. As of the date of this interim report, the transaction has not been approved.

(b) Operating lease commitments — group company as lessee

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
No later than 1 year	10,176	8,541
Later than 1 year and no later than 2 years	6,797	7,037
Later than 2 year and no later than 5 years	12,340	12,911
Later than 5 years	6,096	7,860
	35,409	36,349

17 Commitments (continued)

(c) Operating leases rental receivables — group company as lessor

At each consolidated balance sheet dates, the Group had contracted future minimum lease receivables as follows:

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
No later than 1 year	**452**	333
Later than 1 year and no later than 2 years	**308**	145
Later than 2 year and no later than 5 years	**—**	30
	760	508

(d) Other commitments

At each consolidated balance sheet dates, the Group had outstanding commitment in respect of forward contracts in order to hedge the Group's exposure in foreign currencies from its operations as follows:

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
Sell USD for Reminbi	**460,000**	400,000

18 Related-party transactions

In addition to the information disclosed elsewhere in the condensed interim financial information, the following transactions took place between the Group and its related parties, which are mainly Hon Hai, subsidiaries of Hon Hai and associates of Hon Hai, at terms agreed between the parties.

(a) The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
(i) Sales of goods		
— Subsidiaries of Hon Hai	**340,750**	269,842
— Associates of Hon Hai	**79,220**	25,290
— Hon Hai	**4,715**	33,298
	424,685	328,430
(ii) Sales of services		
— Associates of Hon Hai	**16,710**	21
— Subsidiaries of Hon Hai	**37**	9
	16,747	30
(iii) Purchase of goods		
— Subsidiaries of Hon Hai	**168,551**	180,354
— Associates of Hon Hai	**69,913**	64,806
— Hon Hai	**23,124**	12,563
	261,588	257,723
(iv) Purchase of property, plant and equipment		
— Subsidiaries of Hon Hai	**457**	1,507
— Associates of Hon Hai	**1,133**	257
— Hon Hai	**1,856**	—
	3,446	1,764

18 Related-party transactions (continued)

(a) The following transactions were carried out with the related parties (continued):

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
(v) Purchase of patent license		
— Hon Hai	**–**	9,262
(vii) Subcontracting expenses		
— Subsidiaries of Hon Hai	**50,065**	31,750
— Hon Hai	**278**	56
— Associates of Hon Hai	**2**	1
	50,345	31,807
(viii) Shared services expenses		
— Subsidiaries of Hon Hai	**1,036**	469
(ix) Molding costs		
— Subsidiaries of Hon Hai	**30,727**	28,245
— Associates of Hon Hai	**39**	30
	30,766	28,275
(x) Rental income		
— Subsidiaries of Hon Hai	**588**	482
— Associates of Hon Hai	**127**	83
	715	565
(xi) Rental expenses		
— Subsidiaries of Hon Hai	**930**	887
— Hon Hai	**718**	363
— Associates of Hon Hai	**379**	23
	2,027	1,273

18 Related-party transactions (continued)

(a) The following transactions were carried out with the related parties (continued):

	For the six months ended 30 June	
	2018	2017
	US$'000	US$'000
	(unaudited)	(unaudited)
(xii) Key management compensation		
Salaries, wages and bonuses	6,443	1,068
Pension, housing fund, medical insurance and other social insurance	150	86
Share-based payment expenses	328	8,801
	6,921	9,955

The related party transactions as set out under (i) to (xii) above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary course of business of the Group and in accordance with the terms of the underlying agreements.

(b) Balances with related parties:

Amounts due from related parties:

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
	(unaudited)	(audited)
(i) Trade receivables:		
— Subsidiaries of Hon Hai	213,174	278,952
— Associates of Hon Hai	55,634	48,961
— Hon Hai	2,043	3,007
	270,851	330,920
(ii) Other receivables:		
— Subsidiaries of Hon Hai	8,108	6,653
— Associates of Hon Hai	7,773	363
	15,881	7,016

18 Related-party transactions (continued)

(b) Balances with related parties: (continued)

Amounts due to related parties

	As at 30 June 2018 US$'000 (unaudited)	As at 31 December 2017 US$'000 (audited)
(i) Trade payables:		
— Subsidiaries of Hon Hai	**109,972**	134,491
— Associates of Hon Hai	**43,019**	40,353
— Hon Hai	**5,370**	1,284
	158,361	176,128
(ii) Other payables:		
— Subsidiaries of Hon Hai	**81,909**	44,738
— Associates of Hon Hai	**1,818**	1,092
— Hon Hai	**12,217**	411
	95,944	46,241

19 Event after the balance sheet date

On July 30, 2018, the Group has entered into an agreement with Wuxi Sharp Electronic Components Co., Ltd ("WSEC"), a non-wholly owned subsidiary of Sharp, which is principally engaged in the development and production, wholesale, commission agency (excluding auction), import and export of liquid crystal display devices and accessories, laser pickups and accessories and digital camera key components, to purchase certain production facilities of WSEC's vehicle camera and electronic mirror technology business at a consideration of JPY400,000,000 (approximately US$3,600,000).

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding
LU Sung-Ching (盧松青)[1]	Beneficial owner	95,720,000	1.42%
LU Pochin Christopher (盧伯卿)	Beneficial owner	12,512,000	0.19%
CHEN Ga-Lane (陳杰良)	Beneficial owner	2,400,000	0.04%

Note:

1. LU Sung-Ching is also interested in 349,440,000 Shares under the Share Grant Scheme.

Save as disclosed above, as at June 30, 2018, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) that was recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sub-sections headed "Share Grant Scheme", "Share Option Scheme" and "Restricted Share Award Scheme" of this section, at no time during the six months ended June 30, 2018 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2018, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executives of the Company, the persons or entities, other than a Director or chief executives of the Company, who had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital were as follows:

Long positions in ordinary shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding
Hon Hai	Interest in controlled corporation[1]	5,179,557,888	76.92%
Foxconn (Far East) Limited ("Foxconn Far East Cayman")*	Interest in controlled corporation[2]	5,179,557,888	76.92%
Foxconn (Far East) Limited ("Foxconn Far East Hong Kong")**	Beneficial owner	5,179,557,888	76.92%

* Foxconn Far East Cayman means Foxconn (Far East) Limited, an exempted company incorporated in the Cayman Islands with limited liability on January 25, 1996 which owns 100% issued shares of Foxconn Far East Hong Kong.

** Foxconn Far East Hong Kong means Foxconn (Far East) Limited, a limited liability company incorporated in Hong Kong on December 29, 1988.

Notes:

1. Hon Hai holds the entire issued shares of Foxconn Far East Cayman, which in turn holds the entire issued shares of Foxconn Far East Hong Kong.

2. Foxconn Far East Cayman holds the entire issued share capital of Foxconn Far East Hong Kong, which in turn holds 5,179,557,888 Shares.

Save as disclosed above, as at June 30, 2018, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE GRANT SCHEME

The Share Grant Scheme was approved and adopted by the Board on January 5, 2015, and the Board further adopted the rules and interpretations thereof on November 4, 2016. The purpose of the Share Grant Scheme is to incentivize Directors, senior management and employees for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel for further development of the Group. Please refer to the section headed "Statutory and General Information — Share Grant Scheme" in the Prospectus for further details of the Share Grant Scheme.

As at the Latest Practicable Date, details of the interests of the Directors in the Share Grant Scheme are set out below:

Name of Director	Date of grant	Number of Shares granted
LU Sung-Ching (盧松青)	January 5, 2015	349,440,000
GILLESPIE William Ralph	January 18, 2016	1,632,000

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by our Shareholders on December 19, 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Group to offer valuable incentive to attract and retain quality personnel to work towards enhancing the value and attaining the long-term objectives of the Group. Please refer to the Company's circular dated December 4, 2017 as well as the section headed "Directors' Report — Share Option Scheme" in the Company's 2017 annual report for further details of the Share Option Scheme.

Name or category of participant	As at January 1, 2018	Granted during the period	Exercised During the period	Lapsed during the period	Cancelled during the period	As at June 30, 2018	Date of grant of share options	Exercise period of share options (both dates inclusive)	Closing price of the Shares immediately before the date on which the share options were granted HK$	Exercise price of share options HK$
	Number of share options									
Employees in aggregate	–	25,705,400	–	1,115,000	24,366,600	223,800	January 18, 2018	April 30, 2018 to April 29, 2021	5.210	5.338
	–	24,440,600	–	10,000	–	24,430,600	May 25, 2018	June 11, 2018 to June 10, 2021	3.800	3.690
	–	50,146,000	–	1,125,000	24,366,600	24,654,400				

As at June 30, 2018, the total number of Shares available for issue under the Share Option Scheme is 104,508,400 Shares, representing approximately 1.6% of the share capital of the Company, of which 24,654,400 Shares are issuable upon exercise of the aforesaid 24,654,400 options already granted. Save as disclosed above, the Company has not entered into any other share option scheme.

RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme was approved and adopted by the Company on January 31, 2018 and amended on May 15, 2018. The purpose of the Restricted Share Award Scheme is to recognize the contributions by the selected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. Please refer to the Company's announcement dated May 21, 2018 for further details of the Restricted Share Award Scheme.

As at June 30, 2018, the trustee of the Restricted Share Award Scheme had purchased 56,222,000 Shares on the Stock Exchange for a total consideration of HK$195,950,395.26 and 2,874,000 Shares had been granted to the selected participants.

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

Save as disclosed under the section headed "Restricted Share Award Scheme", during the six months ended June 30, 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the six months ended June 30, 2018, the Company had 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 had 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. The Company had 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 during the six months ended June 30, 2018.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Since December 15, 2017, Mr. TANG Kwai Chang has been an independent non-executive director and a chairman of the audit committee of Tsit Wing International Holdings Limited, a company listed on the Stock Exchange on May 11, 2018 (stock code：2119).

Save as disclosed above, there is no information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules regarding changes in Directors' biographical details from the publication of the Company's 2017 annual report up to the Latest Practicable Date.

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, 2018 and this interim report 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.

APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed significantly from the information disclosed in the Company's 2017 annual report.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the section headed "Waivers from Compliance with the Listing Rules — Waiver in relation to Public Float" in the Prospectus which states that the Company's minimum public float will be the higher of (a) 15% of the total issued share capital of the Company; (b) such percentage of Shares held by the public immediately after completion of the Global Offering (as defined in the Prospectus) (assuming the Over-allotment Option (as defined in the Prospectus) is not exercised); or (c) such percentage of Share to be held by the public after the exercise of the Over-allotment Option (as defined in the Prospectus), of the enlarged issued share capital of the Company. The applicable minimum public float for the Shares is 20.48%. Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules throughout the six months ended June 30, 2018.

Definitions

"Audit Committee"	the audit committee of the Board;
"Avago"	Avago Technologies Wireless (U.S.A.) Manufacturing Inc., a company formed and incorporated under the laws of the State of Delaware, the United States, and a subsidiary of Broadcom Inc. which is listed on the Nasdaq Stock Market of the United States (Ticker Symbol: AVGO);
"Belkin International"	Belkin International, Inc., a company formed and incorporated under the laws of the State of Delaware, the United States;
"Board"	the board of Directors of the Company;
"CG Code"	the 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 report 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 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;
"Director(s)"	director(s) of the Company;
"FIT-Sharp Joint Venture"	FIT Electronics Device Pte. Ltd., a limited liability company established in Singapore and owned as to 51% by the Group and 49% by Sharp;
"Group","our Group", "we" or "us"	the Company and its subsidiaries;
"Hon Hai"	Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), a limited liability company established in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 2317), which is the controlling shareholder of the Company;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"IPO"	the initial public offering of Shares and listing of the Group on the Stock Exchange on July 13, 2017;
"JPY"	Japanese yen, the lawful currency of Japan;
"Latest Practicable Date"	August 14, 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this report;

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
"Prospectus"	the prospectus dated June 29, 2017 issued by the Company;
"Remuneration Committee"	the remuneration committee of the Board;
"Restricted Share Award Scheme"	the restricted share award scheme approved and adopted by the Company on January 31, 2018 and amended on May 15, 2018 (as restated, supplemented and amended from time to time);
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shares(s)"	ordinary share(s) of US$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Share Grant Scheme"	the share grant scheme approved and adopted by the Company on January 5, 2015, and the rules and interpretations thereof further adopted by the Board on November 4, 2016;
"Share Option Scheme"	the share option scheme approved and adopted by our Shareholders on December 19, 2017;
"Sharp"	Sharp Corporation (シャープ株式会社), a limited liability company registered in Japan, the shares of which are listed on the First Section of the Tokyo Stock Exchange, Inc. (Stock Code: 6753.T);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"U.S." or "United States"	the United States of America;
"US$", "USD" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States;
"Vietnam"	the Socialist Republic of Vietnam; and
"%"	percent.