

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

2022 Interim Report



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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)
PIPKIN Chester John

Non-executive Director

TRAINOR-DEGIROLAMO Sheldon

Independent non-executive Directors

CURWEN Peter D
TANG Kwai Chang (鄧貴彰)
CHAN Wing Yuen Hubert (陳永源)

JOINT COMPANY SECRETARIES

WONG Kenneth Tak-Kin (黃德堅)
NG Sau Mei (伍秀薇) (FCG, HKFCG)

AUDIT COMMITTEE

TANG Kwai Chang (鄧貴彰) (Chairman)
CURWEN Peter D
CHAN Wing Yuen Hubert (陳永源)

REMUNERATION COMMITTEE

CHAN Wing Yuen Hubert (陳永源) (Chairman)
TANG Kwai Chang (鄧貴彰)
TRAINOR-DEGIROLAMO Sheldon

NOMINATION COMMITTEE

LU Sung-Ching (盧松青) (Chairman)
CHAN Wing Yuen Hubert (陳永源)
CURWEN Peter D

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

CURWEN Peter D (Chairman)
PIPKIN Chester John
TRAINOR-DEGIROLAMO Sheldon

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

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, P.O. 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

PRINCIPAL 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,		Change %
	2022	2021	
	USD'000 Unaudited	USD'000 Unaudited	
Key income statement items			
Revenue	2,101,326	1,982,056	6.0
Gross profit	350,839	267,776	31.0
Operating profit	119,936	15,929	652.9
Profit attributable to owners of the Company	85,117	9,264	818.8

	Six months ended June 30,		Change % point
	2022	2021	
	Unaudited	Unaudited	
Key financial ratios			
Gross profit margin	16.7%	13.5%	3.2
Operating profit margin	5.7%	0.8%	4.9
Margin of profit attributable to owners of the Company	4.1%	0.5%	3.6

	Six months	Year ended	Six months
	ended June	December	ended June
	30, 2022	31, 2021	30, 2021
Key operating ratios			
Average inventory turnover days ¹	110	92	103
Average trade receivables turnover days ²	79	78	71
Average trade payables turnover days ¹	78	69	63

(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, 2021 is 365 days. The number of days for the six months ended June 30, 2022 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 receivables due 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, 2021 is 365 days. The number of days for the six months ended June 30, 2022 is 183 days.

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

For the six months ended June 30, 2022, notwithstanding the turbulence from the international situation, we swiftly recovered from the upheaval of supply chain. Despite the severe outbreak of COVID-19 in Shanghai, China from April to mid-May 2022, our results grew marginally. As discussed in more detail below in the section headed “Results of Operations”, our revenue amounted to USD2,101 million while profit amounted to USD85 million for the six months ended June 30, 2022, representing an increase of 6.0% and 963%, respectively, as compared to the corresponding period in 2021.

To meet the development of the industry and the Company’s business strategy, the Company’s business market segmentation was adjusted to include smartphones, networking, computing, EV mobility and system products end markets.

Smartphone component products continued to be our largest source of revenue by end market. During the six months ended June 30, 2022, shipments of our Lightning cable and plug products increased thanks to the robust growth momentum in the shipment of smartphones component products from branded companies. As a result, revenue generated from the smartphone end market for the six months ended June 30, 2022 increased by 26.6% as compared to the same period in 2021.

For the networking end market, there was an increase in our new generation CPU socket and network socket product business, but our optical module shipments decreased due to the impact of shortage of chip supply on branded companies. As a result, revenue generated from the networking end market decreased by 19.1% for the six months ended June 30, 2022 as compared to the same period in 2021.

For the computing end market, revenue of laptop and tablet related products contracted as a result of the reduction in needs for work-from-home arrangement and for home-based learning for schools as the global COVID-19 pandemic faded away gradually. For the six months ended June 30, 2022, revenue generated from the computing end market decreased by 2.3% as compared to the same period in 2021.

For the EV mobility end market, our revenue generated from automotive product-related applications increased as a result of the increased demand for electric vehicles. For the six months ended June 30, 2022, revenue generated from the EV mobility end market increased by 12.3% as compared to the same period in 2021.

For the system products end market, with the completion of the disposal of equity interest in Linksys by the Company on September 25, 2021, the results of Linksys ceased to be consolidated into the Group from the date of such disposal, resulting in a decrease in revenue. However, our shipments of wired and true wireless Bluetooth earphone products increased due to the increasing demand for high-end smartphones. For the six months ended June 30, 2022, revenue generated from the system products end market increased by 16.5% as compared to the same period in 2021.

INDUSTRY OUTLOOK AND BUSINESS PROSPECTS

Industry Outlook

The global connector industry is undergoing a rapid technical development with superior 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 have seized emerging market opportunities and built brand awareness globally, thereby rapidly expanding our market share.

Smartphones. Although the demand for smartphone shipments around the world is affected by inflation and there is a potential downward trend in smartphone shipments, we still stay positive about the high-end smartphone market and seize business opportunities for related components.

Networking. Demand for networking connectors is largely driven by the accelerating growth in data traffic and the continually growing need for additional network bandwidth. As traffic increases, more data centers' capacity gets to be 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 will be sufficient to secure the continuous and strong demand for connectors. In addition, cloud computing has emerged as a major growth driver in the data center industry. Cloud computing requires a great number of physical sensor connectors, routers, electricity, signals, and networks, thus it generates heavy demand for sensor connectors and creates market potential for innovative connectors.

Computing. The steady need for various connectors in the computing end market has laid a solid foundation for the demand for connectors, contributing to the steady growth of the connector market in the past and the potential for future growth. As the global connector industry is undergoing a rapid technical development with superior product functionality and higher compatibility, connector products can be applied in more situations and scenarios, which drives the demand for connectors in this end market. It is estimated that working from home and home-based learning will continue, which will drive growth.

EV mobility. We expect the overall market share to be boosted by the increasing demand for electric vehicles and the gradual increase in the attach rate of in-vehicle infotainment-related products.

System products. With the rapid development of connected homes, alongside the continuous trend of working from home and home-based learning, household appliances become more and more interconnected, so they are equipped with more interconnect equipment, and Wi-Fi 6/6E will drive the demand for interconnected device upgrades.

Business Prospects

Affected by the overall industry prospects, we anticipate the connector industry, particularly the end markets we strategically focus on, may be affected by various uncertainties in the second half of 2022. We plan to continue our strategic focus on the EV mobility end market. The performance in the second half of 2022 is expected to remain relatively stable as compared to the same period in 2021:

- **Smartphones.** Due to the strong momentum in the shipments of brand companies' smartphone components in the first half of 2022, we expect the momentum to slow down resulting in a reduction in shipments of the products in the second half of 2022. However, we anticipate that this end market will continue to be our main revenue contributor.
- **Networking.** The changes in our optical module business model will affect the overall performance of the networking business in the second half of 2022.
- **Computing.** Industry growth is expected to continue to slow down, so we will focus more on profitability rather than revenue growth.
- **EV mobility.** We believe the demand from our key customers in this end market will continue to be strong, and we expect to benefit from industry trends. We will continue to strategically pursue opportunities in the emerging application of our interconnect solutions and other products. We believe that, with our leading position in the development and production of interconnect solutions, we will be able to tap into the emerging demand for electric vehicles. We also plan to increase our investments in developing in-vehicle electronic systems and key autonomous driving components. Furthermore, our strategic partnership with Hon Hai Group puts us in a good position to capture the emerging future opportunities in the automotive electronics market.
- **System products.** With the completion of the disposal of equity interest in Linksys by the Company on September 25, 2021, the results of Linksys ceased to be consolidated into the Group from the date of such disposal. Our business in this end market will decrease, but we will cooperate with brand companies to generate new business opportunities in the connected home market.

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 molding parts, sample products, and others. For the six months ended June 30, 2022, our revenue amounted to USD2,101 million, representing a 6.0% increase from USD1,982 million for the same period in 2021. Among the five main end markets, our revenue from (1) the smartphones end market increased by 26.6%, (2) the networking end market decreased by 19.1%, (3) the computing end market decreased by 2.3%, (4) the EV mobility end market increased by 12.3%, and (5) the system products end market increased by 16.5%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated:

	For the Six Months Ended June 30,			
	2022		2021	
	USD	%	USD	%
(in thousands, except for percentages)				
Smartphones	613,811	29.2	485,027	24.5
Networking	361,929	17.2	447,588	22.6
Computing	411,833	19.6	421,321	21.3
EV Mobility	72,040	3.4	64,141	3.2
System products	552,224	26.3	474,057	23.9
Others	89,489	4.3	89,922	4.5
Total	2,101,326	100.0	1,982,056	100.0

Smartphones. The 26.6% increase in revenue from the smartphones end market was primarily due to the increase in shipments of our Lightning cable and plug products boosted by the increasing demand for high-end smartphones.

Networking. The 19.1% decrease in revenue from the networking end market was primarily due to the decrease in shipments of our optical modules as a result of the impact of shortage of chip supply on brand companies despite the increase in our new generation CPU socket and network socket product business.

Computing. The revenue from the computing end market decreased by 2.3%, which was primarily due to the decrease in revenue from laptop and tablet related products as the demand for work-from-home arrangement and home-based learning decreased following the ease of the global COVID-19 pandemic.

EV mobility. The revenue from the EV mobility end market increased by 12.3%, which was primarily due to the increasing demand for electric vehicles.

System products. The revenue of the system products end market increased by 16.5%. Despite the decrease in the revenue as the results of Linksys ceased to be consolidated into the Group from the date of the completion of the disposal of equity interest in Linksys by the Company on September 25, 2021, the shipments of our wired and true wireless Bluetooth earphone products increased due to the increasing demand for high-end smartphones.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 2.1% from USD1,714 million for the six months ended June 30, 2021 to USD1,750 million for the same period in 2022. Our cost of sales primarily includes (1) raw materials and consumables used, (2) consumption of inventories of finished goods and work in progress, (3) employee benefit expenses in connection with our production personnel, (4) depreciation of property, plant and equipment, (5) subcontracting expenses, (6) utility, 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, 2022, the increase was primarily driven by the increased shipments of products with high gross profit caused by the growth in income and the change in product mix.

As a result of the foregoing, our gross profit increased by 31.0% from USD268 million for the six months ended June 30, 2021 to USD351 million for the same period in 2022, primarily due to the increased shipments of products with high gross profit resulted from the growth in income and the change in product mix. Our gross profit margin increased from 13.5% for the six months ended June 30, 2021 to 16.7% for the same period in 2022, primarily due to the increased shipments of products with high gross profit as a result of the change in product mix.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses decreased by 9.8% from USD51 million in the six months ended June 30, 2021 to USD46 million for the same period in 2022, primarily due to the disposal of equity interest in Linksys on September 25, 2021.

Administrative Expenses

Our administrative expenses decreased by 11.0% from USD91 million for the six months ended June 30, 2021 to USD81 million for the same period in 2022, primarily due to the disposal of equity interest in Linksys on September 25, 2021.

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 consumable expenses relating to the molds 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 3.8% from USD131 million for the six months ended June 30, 2021 to USD136 million for the same period in 2022, mainly due to research and development investment in 5G AIoT as well as wireless charger products.

Management Discussion and Analysis

Operating Profit and Operating Profit Margin

As a result of the foregoing, our sales of products continued to grow and gross profit of the products increased. Hence, our operating profit increased by 650% from USD16 million for the six months ended June 30, 2021 to USD120 million for the same period in 2022. Due to the increasing demand for shipments of brand customers and the change in product portfolios, our operating profit margin increased from 0.8% for the six months ended June 30, 2021 to 5.7% for the same period in 2022.

Income Tax Expenses

We incurred income tax expenses primarily relating to our operations in China, Taiwan, the United States, and Vietnam. Our income tax expenses increased by 269% from USD6 million for the six months ended June 30, 2021 to USD22 million for the same period in 2022. Effective income tax rate for taxes on profit for the period decreased from 43.2% to 20.5%, primarily due to the decrease in profit in Vietnam, which enjoyed tax concessions, in the first half of 2021 as a result of the impact of the COVID-19 pandemic resulting in a higher actual effective tax rate, while there was no such impact this year.

Profit for the Period

As a result of the increase in operating profit, profit for the period increased by 963% from USD8 million for the six months ended June 30, 2021 to USD85 million for the same period in 2022. Our profit margin increased from 0.4% for the six months ended June 30, 2021 to 4.1% for the same period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through the cash generated from our operating activities and bank borrowings. As of June 30, 2022, we had cash and cash equivalents of USD854 million, compared to USD769 million as of December 31, 2021. In addition, as of June 30, 2022, we had short-term bank deposits of USD106 million, compared to USD98 million as of December 31, 2021.

As of June 30, 2022, we had total bank borrowings of USD1,265 million, including short-term borrowings of USD690 million and long-term borrowings of USD575 million, as compared to the total bank borrowings of USD1,266 million, including short-term borrowings of USD690 million and long-term borrowings of USD576 million, as of December 31, 2021. We incurred short-term bank borrowings mainly for our working capital purpose and for supplementing our capital needs for investment and acquisition activities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.7 times as of June 30, 2022, compared to 1.6 times as of December 31, 2021. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.0 time as of June 30, 2022, compared to 1.1 times as of December 31, 2021. The decrease in our quick ratio was primarily due to the increase in inventories.

Cash Flow

For the six months ended June 30, 2022, our net cash generated from operating activities was USD206 million, net cash used in investing activities was USD49 million, and net cash used in financing activities was USD25 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 the cash generated from our operating activities and bank borrowings.

For the six months ended June 30, 2022, our capital expenditures amounted to USD57 million, as compared to USD86 million for the same period in 2021. The capital expenditures for the six months ended June 30, 2022 were primarily used for upgrading, maintaining, converting and purchasing production and R&D facilities.

Significant Investments, Acquisitions and Disposals

On June 17, 2022, Fu Ding Precision Component (Shenzhen) Co., Ltd. (a wholly-owned subsidiary of the Company) (“Fu Ding”) entered into a framework cooperation agreement, a supplemental agreement and a lease agreement (the “Framework Agreements”) with Shenzhen Fertile Plan International Logistics Co., Ltd (a non-wholly-owned subsidiary of Hon Hai, the controlling Shareholder) (“Futaitong”) pursuant to which, among other things, (i) Fu Ding will, at the request and cost of Futaitong, enter into construction agreements with third party contractors for construction, with the construction consideration to be borne by Futaitong; (ii) Futaitong will, after completion of the construction, rent the land, which is a parcel of industrial land located at Longhua District, Shenzhen with a site area of approximately 76,230.91 square meters, and the buildings thereon (the “Real Estate”) as lessee from Fu Ding as lessor at the real estate rental fee of RMB238.68 million (inclusive of value-added tax) for 20 years and, subject to compliance with applicable PRC laws and the Listing Rules, renew the lease for not less than 15 years; and (iii) as an alternative to the lease arrangement, where it is permissible under relevant laws and regulations, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong’s written notice, transfer the Real Estate to Futaitong. As of the Latest Practicable Date, the Framework Agreements and the transactions contemplated thereunder are pending the independent Shareholders’ approval. For further details, please refer to the announcements of the Company dated June 17, 2022 and July 11, 2022 as well as the circular of the Company dated July 31, 2022.

Save as disclosed above, we did not have any significant investment, material acquisitions or material disposals during the six months ended June 30, 2022.

Management Discussion and Analysis

Inventories

Our inventories consist primarily of raw materials, work in progress, and finished goods. We review our inventory levels on a regular basis to strengthen inventory management. Our average number of inventory turnover days for the six months ended June 30, 2022 was 110 days as compared to 92 days in 2021. The higher inventory turnover days for the six months ended June 30, 2022 was primarily due to the change in product mix toward consumer products which have longer turnover periods.

Our inventories increased from USD982 million as of December 31, 2021 to USD1,123 million as of June 30, 2022, primarily due to the expansion of our business scale in general.

Provision for inventory impairment decreased from USD66 million as of December 31, 2021 to USD46 million as of June 30, 2022, which was due to the effective disposal of and monitoring controls over defective and slow-moving inventories.

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 45 days to 90 days. Our average number of trade receivables turnover days slightly increased from 78 days in 2021 to 79 days for the six months ended June 30, 2022, mainly due to the customer mix. Our average number of trade receivables turnover days for related parties for the six months ended June 30, 2022 was 96 days as compared to 91 days in 2021.

Our trade receivables decreased from USD1,033 million as of December 31, 2021 to USD780 million as of June 30, 2022, primarily due to the intrinsic seasonality of our business.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials, work in progress, and finished goods. Our average number of trade payable turnover days for the six months ended June 30, 2022 was 78 days, as compared to 69 days for 2021.

Our trade payables decreased from USD773 million as of December 31, 2021 to USD724 million as of June 30, 2022, primarily due to decreased procurement as a result of the intrinsic seasonality of our businesses.

Major Capital Commitments

As of June 30, 2022, we had capital commitments of USD42 million, which were primarily connected with the purchase of property, plant, and equipment related to our production facilities and investments.

Contingent Liabilities

As of June 30, 2022, save as disclosed in “Pledge of Assets” below, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

Gearing ratio

As of June 30, 2022, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash, cash equivalents, and short-term bank deposits) divided by total capital, was 12.8% as compared to 14.2% as of December 31, 2021.

PLEDGE OF ASSETS

As of June 30, 2022, certain bank deposits totaling RMB5.7 million of Chongqing Hon Teng Technology Co., Ltd. (重慶市鴻騰科技有限公司) and Huaian Fu Li Tong Trading Co., Ltd. (淮安市富利通貿易有限公司) have been pledged as customs guarantee. Certain bank deposits totaling VND8,500 million of New Wing Interconnect Technology (Bac Giang) Co., Ltd have been pledged as power purchase guarantee.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2022, we had approximately 52,988 employees, as compared to 57,527 employees as of December 31, 2021. Total employee benefit expenses, including Directors’ remuneration for the six months ended June 30, 2022, were USD399 million, as compared to USD368 million for the same period in 2021. 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 insurance, 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 Schemes to offer valuable incentives 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. The 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 risks 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.

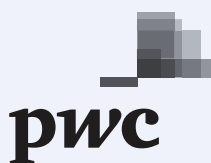
Our consolidated financial information is reported in the U.S. dollar. Our PRC and other non-U.S. subsidiaries prepare financial statements in Renminbi or their respective local currencies as their functional currencies, which are then translated into the U.S. dollar prior to being consolidated in our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

To further mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of June 30, 2022, the nominal principal amount of our forward foreign exchange contracts was USD210 million.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2022.

Report On Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of 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")

Introduction

We have reviewed the interim financial information set out on pages 16 to 69, which comprises the interim condensed consolidated balance sheet of FIT Hon Teng Limited (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six month period then ended, and notes, comprising significant accounting policies and other explanatory information. 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, August 9, 2022

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Interim Condensed Consolidated Income Statement

For the six months ended June 30, 2022

	Note	For the six months ended June 30,	
		2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
Revenue	7	2,101,326	1,982,056
Cost of sales	10	(1,750,487)	(1,714,280)
Gross profit		350,839	267,776
Distribution costs and selling expenses	10	(45,882)	(50,623)
Administrative expenses	10	(80,781)	(90,627)
Research and development expenses	10	(135,805)	(131,230)
(Recognition)/reversal of impairment loss on financial assets		(273)	450
Other income	8	7,390	17,871
Other gains – net	9	24,448	2,312
Operating profit		119,936	15,929
Finance income		6,604	5,889
Finance costs		(8,698)	(6,446)
Finance costs – net		(2,094)	(557)
Share of results of associates		(10,261)	(1,500)
Profit before income tax		107,581	13,872
Income tax expense	11	(22,095)	(5,992)
Profit for the period		85,486	7,880
Profit attributable to:			
Owners of the Company		85,117	9,264
Non-controlling interests		369	(1,384)
		85,486	7,880
Earnings per share for profit attributable to owners of the Company (expressed in US cents per share)			
Basic earnings per share	12	1.23	0.14
Diluted earnings per share	12	1.22	0.13

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2022

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Profit for the period	85,486	7,880
Other comprehensive (loss)/income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(108,436)	10,780
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Fair value change in financial assets at fair value through other comprehensive income	(100)	5,356
Total other comprehensive (loss)/income for the period, net of tax	(108,536)	16,136
Total comprehensive (loss)/income for the period	(23,050)	24,016
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(23,374)	25,410
Non-controlling interests	324	(1,394)
	(23,050)	24,016

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

As at June 30, 2022

	Note	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	752,336	823,250
Investment property	15	7,465	–
Right-of-use assets		72,585	90,551
Intangible assets	16	615,424	633,930
Financial assets at fair value through other comprehensive income	17	28,690	28,590
Financial assets at fair value through profit or loss	18	45,871	44,863
Interests in associates	19	168,755	171,657
Deposits and prepayments	20	10,408	10,952
Finance lease receivables		27,938	35,932
Deferred income tax assets		142,546	133,055
		1,872,018	1,972,780
Current assets			
Inventories		1,123,084	982,403
Trade and other receivables	20	861,626	1,167,015
Finance lease receivables		16,008	15,882
Financial assets at fair value through profit or loss	18	803	1,124
Short-term bank deposits		105,682	98,013
Cash and cash equivalents		853,917	769,447
		2,961,120	3,033,884
Total assets		4,833,138	5,006,664
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	141,716	139,326
Treasury shares		(91,556)	(92,512)
Reserves		2,322,618	2,347,756
		2,372,778	2,394,570
Non-controlling interests		1,337	1,013
Total equity		2,374,115	2,395,583

Interim Condensed Consolidated Balance Sheet

As at June 30, 2022

	Note	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	22	574,617	575,632
Lease liabilities		36,065	46,412
Deferred income tax liabilities		38,612	42,356
Other payables	23	13,702	9,504
		662,996	673,904
Current liabilities			
Trade and other payables	23	1,027,168	1,138,205
Contract liabilities		9,116	6,294
Lease liabilities		9,202	8,949
Bank borrowings	22	689,851	689,891
Current income tax liabilities		60,690	93,838
		1,796,027	1,937,177
Total liabilities		2,459,023	2,611,081
Total equity and liabilities		4,833,138	5,006,664

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

(Unaudited)	Attributable to owners of the Company							
	Share capital	Treasury shares	Share premium		Retained earnings	Sub-total	Non-controlling interests	Total equity
			and capital reserve	Other reserves				
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at January 1, 2022	139,326	(92,512)	599,662	180,722	1,567,372	2,394,570	1,013	2,395,583
Comprehensive income								
– Profit for the period	-	-	-	-	85,117	85,117	369	85,486
Other comprehensive loss								
– Exchange difference arising on the translation of foreign operations	-	-	-	(108,391)	-	(108,391)	(45)	(108,436)
– Fair value change in financial assets at fair value through other comprehensive income	-	-	-	(100)	-	(100)	-	(100)
Total comprehensive (loss)/income	-	-	-	(108,491)	85,117	(23,374)	324	(23,050)
Transactions with owners								
– Allotment of shares under share grant plan (Note 24(a))	2,390	-	14,956	(17,346)	-	-	-	-
– Shares vested under share award scheme (Note 24(c))	-	956	-	-	-	956	-	956
– Senior management share grant plan and employees' share option scheme (Note 24(a))	-	-	-	472	-	472	-	472
– Share option scheme (Note 24(b))	-	-	-	154	-	154	-	154
– Appropriation of statutory reserves	-	-	-	8,522	(8,522)	-	-	-
Total transactions with owners, recognized directly in equity	2,390	956	14,956	(8,198)	(8,522)	1,582	-	1,582
Balance at June 30, 2022	141,716	(91,556)	614,618	64,033	1,643,967	2,372,778	1,337	2,374,115

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

(Unaudited)	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium and capital reserve	Other reserves	Retained earnings	Sub-total			
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	
Balance as at January 1, 2021	134,623	(92,092)	556,274	152,133	1,436,934	2,187,872	2,504	2,190,376	
Comprehensive income									
– Profit/(loss) for the period	–	–	–	–	9,264	9,264	(1,384)	7,880	
Other comprehensive loss									
– Currency translation differences	–	–	–	10,790	–	10,790	(10)	10,780	
– Fair value change in financial assets at fair value through other comprehensive income	–	–	–	5,356	–	5,356	–	5,356	
Total comprehensive income/(loss)	–	–	–	16,146	9,264	25,410	(1,394)	24,016	
Transactions with owners									
– Acquisition of additional interests from non-controlling interest	–	–	(4,021)	–	–	(4,021)	(1,979)	(6,000)	
– Non-controlling interest arising on change in ownership interests in subsidiaries upon issuance of new shares	–	–	1,500	–	–	1,500	73,500	75,000	
– Exercise of share option (Note 24(b))	1	–	5	(2)	–	4	–	4	
– Senior management share grant plan and employees' share option scheme (Note 24(a))	–	–	–	1,256	–	1,256	–	1,256	
– Share option scheme (Note 24(b))	–	–	–	360	–	360	–	360	
– Appropriation of statutory reserves	–	–	–	3,216	(3,216)	–	–	–	
Total transactions with owners, recognized directly in equity	1	–	(2,516)	4,830	(3,216)	(901)	71,521	70,620	
Balance at June 30, 2021	134,624	(92,092)	553,758	173,109	1,442,982	2,212,381	72,631	2,285,012	

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	For the six months ended June 30	
	2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
Cash flow from operating activities		
Cash generated from operations	274,257	55,412
Income tax paid	(68,428)	(53,816)
Net cash generated from operating activities	205,829	1,596
Cash flow from investing activities		
Payments for the purchase of property, plant and equipment	(51,042)	(81,553)
Payments for the purchase of intangible assets	(3,177)	(3,860)
Payments for investments in financial assets at fair value through other comprehensive income	(200)	–
Payments for investments in financial assets at fair value through profit or loss	(863)	(7,326)
Payments for acquisition of additional interest in a subsidiary	–	(6,000)
Payments for acquisition of additional interest in an associate	(7,350)	–
Proceeds from disposal of property, plant and equipment	6,632	4,711
Proceeds from finance lease receivables	7,868	7,827
(Increase)/decrease in short-term bank deposits	(7,669)	15,165
Interest received	6,604	5,889
Net cash used in investing activities	(49,197)	(65,147)
Cash flow from financing activities		
Proceeds from bank borrowings	889,609	2,140,415
Repayment of bank borrowings	(895,588)	(2,138,876)
Principal elements of lease payments	(10,795)	(24,464)
Proceeds from issuance of ordinary shares	–	4
Proceeds from non-controlling interests	–	75,000
Interest paid	(8,698)	(6,446)
Net cash (used in)/generated from financing activities	(25,472)	45,633
Net increase/(decrease) in cash and cash equivalents	131,160	(17,918)
Cash and cash equivalents at beginning of the period	769,447	766,112
Exchange difference on cash and cash equivalents	(46,690)	8,538
Cash and cash equivalents at end of the period	853,917	756,732

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 General information of the Group

Foxconn Interconnect Technology 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 manufacturing and sales of mobile and wireless devices, connectors applied in the communication, computer and automotive markets, and trading and distribution of routers and mobile device related products.

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 interim condensed consolidated financial information is presented in United States Dollar (“USD”) unless otherwise stated.

2 Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended June 30, 2022 is prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” and should be read in conjunction with the annual financial statements for the year ended December 31, 2021 (the “Annual Financial Statements”), which has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3 Summary of significant accounting policies

The accounting policies applied are consistent with those as described in the Annual Financial Statements, except for the adoption of new and amended standards as set out in note 3(i). In addition, the Group adopted the following accounting policy in relation to Investment property during the current interim period:

Investment property

Investment properties, principally comprising land and buildings that are being constructed or developed, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group.

Investment properties are stated at historical cost less accumulated depreciation and impairment charge, if any. They are depreciated using the straight-line method over their estimated useful life of 35 years. Subsequent improvement costs are capitalized to the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

(i) Amended standards and revised conceptual framework adopted by the Group

The Group has applied the following amendments which are mandatory for the financial year beginning January 1, 2022 and are relevant to its operations:

Amendments to annual improvements project	Annual improvements 2018-2020 cycle
Amendments to IAS 16	Property, plant and equipment
Amendments to IAS 37	Onerous contracts
Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IFRS 16	Covid-19 Related rent concessions

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

3 Summary of significant accounting policies (continued)

(ii) New standards, amendments and annual improvement which are not yet effective for this financial period and have not been early adopted by the Group

The Group has not early adopted the following new standards, amendments and annual improvement that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4 Estimates

The preparation of interim condensed consolidated 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 interim condensed consolidated 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 Group's Annual Financial Statements.

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 foreign exchange risk, price risk, cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Financial Statements.

There have been no changes in the risk management policies since the year ended December 31, 2021.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

At the balance sheet date, the Group held deposits at banks of USD853,917,000 (2021: USD769,447,000) that are expected to readily generate cash inflows for managing liquidity risk.

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group expects to fund the future cash flow needs through internally generated cash flows from operations and borrowings from banks.

(i) Financing arrangements

As at June 30, 2022 and December 31, 2021, the Group had the following bank borrowings:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Floating rate – unsecured		
Expiring within one year	689,851	689,891
Expiring between one to five years	574,617	575,632
	1,264,468	1,265,523

5 Financial risk management and financial instruments (continued)

(b) Liquidity risk (continued)

(ii) Maturities of financial liabilities

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

At June 30, 2022:

	Less than 1 year USD'000	From 1 year to 2 years USD'000	From 2 years to 5 years USD'000	Over 5 years USD'000	Total contractual cash flows USD'000	Carrying amount USD'000
Trade and other payables	927,528	13,702	-	-	941,230	941,230
Lease liabilities	10,825	10,521	23,392	2,574	47,312	45,267
Borrowings	699,788	578,397	-	-	1,278,185	1,264,468

At December 31, 2021:

	Less than 1 year USD'000	From 1 year to 2 years USD'000	From 2 years to 5 years USD'000	Over 5 years USD'000	Total contractual cash flows USD'000	Carrying amount USD'000
Trade and other payables	1,023,962	9,504	-	-	1,033,466	1,033,466
Lease liabilities	9,520	9,326	30,887	8,545	58,278	55,361
Borrowings	696,226	5,586	576,209	-	1,278,021	1,265,523

The amounts disclosed in the table are based on the contractual undiscounted cash flows, including interest payments computed using contractual rates. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(iii) Available banking facilities

For details of available banking facilities, please refer to Note 22.

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation

The Group's financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI") carries at fair value while the carrying amounts of the Group's cash and cash equivalents, short-term bank deposits, finance lease receivables, trade receivables, deposits, other receivables, amounts due from related parties (non-trade) and, trade and other payables (excluding employees benefits related payable and other taxes payable), lease liabilities and bank borrowings approximate their fair values due to their short maturities and/or bear interest rate at market. The nominal values less estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The table below analyses the Group's financial instruments carried at fair values as at June 30, 2022 and December 31, 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quotes prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

	Level 1 USD'000 (unaudited)	Level 2 USD'000 (unaudited)	Level 3 USD'000 (unaudited)	Total USD'000 (unaudited)
As at June 30, 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	803	45,871	46,674
Financial assets at fair value through other comprehensive income	146	–	28,544	28,690
	146	803	74,415	75,364

	Level 1 USD'000 (audited)	Level 2 USD'000 (audited)	Level 3 USD'000 (audited)	Total USD'000 (audited)
As at December 31, 2021				
Financial assets				
Financial assets at fair value through profit or loss	–	1,124	44,863	45,987
Financial assets at fair value through other comprehensive income	206	–	28,384	28,590
	206	1,124	73,247	74,577

There were no transfers between the levels 1, 2 and 3 during the six months ended June 30, 2022. There were also no changes made to any of the valuation techniques applied as of December 31, 2021.

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

The changes and movement of financial instruments in level 3 for the six months ended June 30, 2022 and 2021 are as follows:

	For the six months ended June 30,	
	2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
Financial assets		
At beginning of period	73,247	37,582
Addition	1,063	7,326
Changes in fair value	105	6,537
At end of period	74,415	51,445

6 Segment information

The operating segment is reported in the 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 revenue.

The Group was organized into two main operating segments namely (i) intermediate products and (ii) consumer products. Intermediate products relate to the manufacturing and sales of mobile and wireless devices, connectors applied in the communication, computer and automotive markets. The Group’s intermediate products are mainly manufactured through its production complexes in the PRC and Vietnam. Consumer products refers to the trading and distribution of routers and mobile device related products. The Group’s consumer products are mainly manufactured by its production complexes or other third party manufacturers in the PRC and Vietnam and distributed globally.

6 Segment information (continued)

Segment revenue and results

For the six months ended June 30, 2022, the Group's revenue by operating segment is as follows:

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Revenue	1,915,638	295,010	2,210,648
Inter-segment revenue eliminations	(109,322)	–	(109,322)
Revenue from external customers	1,806,316	295,010	2,101,326
Gross profit			350,839
Unallocated:			
Expenses – net			(262,741)
Other income			7,390
Other gains – net			24,448
Finance costs – net			(2,094)
Share of results of associates			(10,261)
Profit before income tax			107,581

6 Segment information (continued)

Segment revenue and results (continued)

For the six months ended June 30, 2021, the Group's revenue by operating segment is as follows:

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Revenue	1,614,507	448,967	2,063,474
Inter-segment revenue eliminations	(81,418)	–	(81,418)
Revenue from external customers	1,533,089	448,967	1,982,056
Gross profit			267,776
Unallocated:			
Expenses – net			(272,030)
Other income			17,871
Other gains – net			2,312
Finance costs – net			(557)
Share of results of associates			(1,500)
Profit before income tax			13,872

6 Segment information (continued)

Segment revenue and results (continued)

For the six months ended June 30, 2022 and 2021, revenue by product categories is as follows:

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Smartphones	613,811	485,027
Networking	361,929	447,588
Computing	411,833	421,321
EV mobility	72,040	64,141
System products	552,224	474,057
Others	89,489	89,922
	2,101,326	1,982,056

For the six months ended June 30, 2022 and 2021, revenue by geographical areas is as follows:

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
United States of America	969,903	798,125
The PRC	412,372	425,660
Taiwan	269,728	265,017
Hong Kong	116,447	129,648
United Kingdom	89,090	102,862
Malaysia	38,910	70,885
Singapore	35,916	57,695
Others	168,960	132,164
	2,101,326	1,982,056

6 Segment information (continued)

Segment revenue and results (continued)

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

For the six months ended June 30, 2022, there were two customers (2021: 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 June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Customer A	773,619	520,989
Customer B	303,203	270,899

Customer A refers to a cluster of customers consisting of a brand company and its nominated contract manufacturers; Customer B is a group of related companies.

6 Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

As at June 30, 2022:

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Assets			
Segment assets	1,828,707	903,608	2,732,315
Unallocated:			
Property, plant and equipment			752,336
Investment property			7,465
Right-of-use assets			72,585
Intangible assets			20,773
Financial assets at fair value through other comprehensive income			28,690
Financial assets at fair value through profit or loss			46,674
Interests in associates			168,755
Finance lease receivables			43,946
Short-term bank deposits			105,682
Cash and cash equivalents			853,917
Total assets			4,833,138
Liabilities			
Segment liabilities	979,453	169,835	1,149,288
Unallocated:			
Bank borrowings			1,264,468
Lease liabilities			45,267
Total liabilities			2,459,023

6 Segment information (continued)

Segment assets and liabilities (continued)

As at December 31, 2021:

	Intermediate products USD'000 (audited)	Consumer products USD'000 (audited)	Total USD'000 (audited)
Assets			
Segment assets	1,970,771	925,775	2,896,546
Unallocated:			
Property, plant and equipment			823,250
Right-of-use assets			90,551
Intangible assets			30,809
Financial assets at fair value through other comprehensive income			28,590
Financial assets at fair value through profit or loss			45,987
Interests in associates			171,657
Finance lease receivables			51,814
Short-term bank deposits			98,013
Cash and cash equivalents			769,447
Total assets			5,006,664
Liabilities			
Segment liabilities	1,193,894	96,303	1,290,197
Unallocated:			
Bank borrowings			1,265,523
Lease liabilities			55,361
Total liabilities			2,611,081

6 Segment information (continued)

Segment assets and liabilities (continued)

The geographical analysis of the Group's non-current assets (other than intangible assets, financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, interests in associates, finance lease receivables and deferred income tax assets) is as follows:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
The PRC	575,956	581,389
Vietnam	202,248	240,495
United States of America	46,118	66,253
Taiwan	13,454	22,773
Singapore	1,156	7,445
Others	3,862	6,398
	842,794	924,753

Notes to the Interim Condensed Consolidated Financial Information

7 Revenue

	For the six months ended June 30	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Sales of goods	2,050,367	1,921,297
Sales of scrap materials	47,444	58,832
Provisions of services	3,515	1,927
	2,101,326	1,982,056

The Group has recognised following liabilities related to contracts with customers as at June 30, 2022 and December 31, 2021.

	As at	As at
	June 30,	December 31,
	2022	2021
	USD'000	USD'000
	(unaudited)	(audited)
Contract liabilities – sales of goods	9,116	6,294

The following table shows the amount of the revenue recognised for six months ended June 30, 2022 and 2021 related to carried-forward contract liabilities.

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(audited)
Contract liabilities – sales of goods	6,294	8,486

8 Other income

	For the six months ended June 30	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Government grants	2,471	7,278
Rental income from properties	2,196	3,707
Compensation income (Note)	–	3,945
Others	2,723	2,941
	7,390	17,871

Note:

The compensation income represented the penalty payment received from a customer for the termination of contracts.

9 Other gains – net

	For the six months ended June 30	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Net foreign currency exchange gains/(losses)	26,200	(3,054)
Fair value (losses)/gains on financial assets at fair value through profit or loss		
– currency forward contracts	(2,806)	3,587
– unlisted private fund investments	145	1,150
Gains on disposal of property, plant and equipment	1,700	695
Others	(791)	(66)
	24,448	2,312

Notes to the Interim Condensed Consolidated Financial Information

10 Expenses by nature

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Cost of inventories, including impairment of inventories	1,213,514	1,194,621
Subcontracting expenses	24,476	42,451
Utilities	28,332	27,347
Employee benefit expenses	399,004	368,053
Amortization of intangible assets (Note 16)	20,847	20,491
Depreciation of property, plant and equipment (Note 14)	95,903	74,051
Depreciation of right-of-use assets	9,566	13,683
Mouldings and consumables	82,345	85,855
Legal and professional expenses	21,226	32,675
Delivery expenses	50,451	49,891
Other tax and related surcharges	8,987	6,083
Others	58,304	71,559
	2,012,955	1,986,760

11 Income tax expense

Income tax expense is recognised based on management best estimate of the weighted average annual income tax rates expected for the full financial year. The amounts of income tax expense charged to the interim condensed consolidated income statements represent:

	For the six months ended June 30,	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
Current income tax		
– Current tax on profits for the period	35,330	17,678
Deferred income tax	(13,235)	(11,686)
Income tax expense	22,095	5,992

(a) PRC corporate income tax

The corporate income tax (“CIT”) is calculated based on the statutory profit of PRC subsidiaries in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the six months ended June 30, 2022 (for the six months ended June 30, 2021: 25%).

During the six months ended June 30, 2022, four (for the six months ended June 30, 2021: four) PRC subsidiaries of the Group are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% (for the six months ended June 30, 2021: 15%).

One (for the six months ended June 30, 2021: One) of the PRC subsidiaries of the Group is qualified for a preferential income tax rate of 15% (for the six months ended June 30, 2021: 15%) under Notice of the Ministry of Finance, The General Administration of Customs and the State Administration of Taxation on the Taxation Policies for Deepening the Implementation of the Western Development Strategy during the period ended June 30, 2022.

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 20% on the estimated taxable income during the six months ended June 30, 2022 (for the six months ended June 30, 2021: 20%).

11 Income tax expense (continued)

(c) Vietnam corporate income tax

Vietnam corporate income tax is calculated at the rate of 10% on taxable profits of the subsidiary in accordance with Vietnam Income Tax Act for the six months ended June 30, 2022 (for the six months ended June 30, 2021: 10%).

Pursuant to the initial Investment Registration Certificate dated 19 January 2016, and the Investment Registration Certificate date 28 January 2019, a subsidiary incorporated in Vietnam is exempted from business income tax for two years from 2017 to 2018 and is entitled to 50% reduction in business income tax for four consecutive years from 2019 to 2022.

In 2021, the subsidiary, New Wing Interconnect Technology (Bac Giang) Co., Ltd, received tax incentives for supporting industries which certain profit is exempted from business income tax for two years from 2022 to 2024 and followed by 50% reduction in business income tax for nine years from 2024 to 2032.

(d) United States of America (“USA”) corporate income tax

USA corporate income tax has been provided for at the statutory rate of 21% for the six months ended June 30, 2022 (for the six months ended June 30, 2021: 21%) on the estimated taxable profits of the subsidiaries incorporated in the USA.

The Group is entitled to research and development credits for the qualified research expenses incurred in the USA which could be used to reduce its tax liabilities.

The corporate income taxes imposed by the United States possessions and foreign countries are generally allowed as a foreign tax credit on the related foreign sourced income under Internal Revenue Code Section 901 of the USA. The foreign tax credit is limited to the USA corporate income tax on foreign-sourced income.

(e) Other foreign countries income tax

Taxes on profits in other foreign countries have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

12 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue, excluding treasury shares, during the six months ended June 30, 2022 and 2021.

	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Net profit attributable to the owners of the Company (USD'000)	85,117	9,264
Weighted average number of ordinary shares in issue (in thousands)	6,926,858	6,684,993
Basic earnings per share in US cents	1.23	0.14

12 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 June 30, 2022, there were three (for the six months ended June 30, 2021: three) outstanding share-based compensation schemes and only the senior management share grant scheme has dilutive effect to the earnings per share (for the six months ended June 30, 2021: Same).

	For the six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Net profit attributable to the owners of the Company (USD'000)	85,117	9,264
Weighted average number of ordinary shares in issue (in thousand)	6,926,858	6,684,993
Adjustments for:		
– impact of the senior management and employees' share grant schemes (in thousand)	31,137	216,395
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	6,957,995	6,901,388
Diluted earnings per share in US cents	1.22	0.13

Dilutive potential ordinary shares include shares and options granted under senior management and employees' share grant schemes, share award and share option schemes as disclosed in Note 24.

During the six months ended June 30, 2022 and 2021, the senior management share grant scheme has been included in the determination of diluted earnings per share to the extent to which they are dilutive. 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.

12 Earnings per share (continued)

(b) Diluted earnings per share (continued)

The employees' restricted share scheme, share option scheme and share award schemes (Treasury shares) are not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended June 30, 2022 (For the six months ended June 30, 2021: same). These three schemes could potentially dilute basic earnings per share in the future.

13 Dividend

No interim dividend in respect of the six months ended June 30, 2022 has been declared as of the date of this report (for the six months ended June 30, 2021: nil).

14 Property, plant and equipment

	Property, plant and equipment USD'000 (unaudited)
For the six months ended June 30, 2022	
Net book value	
At beginning of the period	823,250
Additions	51,160
Disposals	(4,932)
Depreciation (Note 10)	(95,903)
Exchange difference	(21,239)
At end of period	752,336

14 Property, plant and equipment (continued)

	Property, plant and equipment USD'000 (unaudited)
For the six months ended June 30, 2021	
Net book value	
At beginning of the period	727,882
Additions	72,196
Disposals	(4,016)
Depreciation (Note 10)	(74,051)
Exchange difference	5,549
<hr/>	
At end of period	727,560

15 Investment property

	Investment property USD'000 (unaudited)
For the six months ended June 30, 2022	
Net book value	
At beginning of the period	–
Transfer from right-of-use assets (Note)	7,465
<hr/>	
At end of period	7,465

Note:

During the six months ended June 30, 2022, right-of-use asset of USD7,465,000 relating to land use right of a land in the PRC was reclassified to investment property as the Group will dispose the asset to a related company, upon fulfilment of certain conditions.

As at June 30, 2022, the fair value of the investment property was USD59,877,000. The fair value of investment property was of a level 3 fair value measurement and was measured by direct comparison method using income capitalization approach.

16 Intangible assets

	Intangible assets		Total USD'000 (unaudited)
	Goodwill USD'000 (unaudited)	Other intangible assets USD'000 (unaudited)	
For the six months ended June 30, 2022			
Net book value			
At beginning of the period	403,258	230,672	633,930
Additions	–	3,177	3,177
Amortization (Note 10)	–	(20,847)	(20,847)
Exchange difference	–	(836)	(836)
At end of period	403,258	212,166	615,424
For the six months ended June 30, 2021			
Net book value			
At beginning of the period	443,355	265,889	709,244
Additions	–	3,860	3,860
Amortization (Note 10)	–	(20,491)	(20,491)
Exchange difference	–	829	829
At end of period	443,355	250,087	693,442

17 Financial assets at fair value through other comprehensive income

	For the six months ended June 30	
	2022	2021
	USD'000 (unaudited)	USD'000 (unaudited)
At beginning of period	28,590	23,024
Additions	200	–
Fair value change	(100)	5,356
At end of period	28,690	28,380

The financial assets at FVOCI represent the Group's investments in listed and private companies.

(i) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

The financial assets were presented as non-current assets unless they will be matured, or management intended to dispose of them within 12 months from the balance sheet date.

17 Financial assets at fair value through other comprehensive income (continued)

(ii) Analysed by geographical areas

Analysis of financial assets at FVOCI by geographical areas is as follows:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Equity investments in a listed company, stated at quoted market price:		
Taiwan	146	206
Equity investments in unlisted private entities:		
United States of America	23,376	23,375
France	2,826	2,826
Taiwan	1,597	1,396
The PRC	745	787
	28,544	28,384
	28,690	28,590

(iii) Dividend

During the six months ended June 30, 2022 and 2021, there was no dividend declared and distribution from the investments.

18 Financial assets at fair value through profit or loss

(i) Classification of financial assets at FVPL

Financial assets designated at FVPL comprise unlisted convertible preferred shares, private fund investments and currency forward contracts. The Group has irrecoverably elected at initial recognition to recognise in this category.

The financial assets were presented as non-current assets unless they will be matured, or management intended to dispose of them within 12 months from the balance sheet date.

(ii) Financial assets at FVPL

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Non-current assets		
Unlisted private fund investments	29,897	28,889
Unlisted convertible instruments	10,000	10,000
Unlisted convertible preferred shares	3,000	3,000
Derivative agreement	2,974	2,974
	45,871	44,863
Current assets		
Currencies forward contracts (Note (b))	803	1,124

Notes:

(a) During the six months ended June 30, 2022, the Group has no additional investment in private funds (During the six months ended June 30, 2021, the Group invested a total of USD23,331,000 in several private funds.).

(b) The aggregate notional principal amount of outstanding currency forward contracts as at June 30, 2022 was USD210,000,000 (as at December 31, 2021: USD353,000,000). The maturity dates of these currency forward contracts were before July 2022 (as at December 31, 2021: before March 2022). They are presented as current assets or liabilities if they are expected to be settled within 12 months after the balance sheet date.

18 Financial assets at fair value through profit or loss (continued)

(iii) Movement of financial instruments excluding currency forward contracts

	Non-current financial assets	
	For the six months ended June 30	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
At beginning of period	44,863	14,855
Additions	863	7,326
Fair value change	145	1,150
At end of period	45,871	23,331

(iv) Dividend

During the six months ended June 30, 2022 and the year ended December 31, 2021, there were no dividend declared by and distribution from the investments.

19 Interests in associates

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Associates (Note i)	168,755	171,657

(i) Movements of interests in associates are analyzed as follows:

	For the six months ended June 30	
	2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
At beginning of period	171,657	24,426
Addition (Note)	7,350	–
Share of results	(10,261)	(1,500)
Share of other comprehensive income	9	56
At end of period	168,755	22,982

Note:

During the six months ended June 30, 2022, the Group bought back 26% equity interest of FIT electronics Device Pte. Ltd. ("FIT Electronics") from an independent third party for a cash consideration of USD7,350,000. Upon completion, FIT Electronics was owned as to 51% by the Group and 49% by an associated company of the Group, but the voting rights of FIT Electronics were controlled as to 47% by the Group and 53% by the associated company such that the Group did not control FIT Electronics. The Group classified its interests in FIT Electronics as investments in associates accordingly.

20 Trade and other receivables

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Trade receivables due from third parties	635,411	860,057
Trade receivables due from related parties (Note 26)	145,607	174,527
Less: loss allowances for impairment of trade receivables	(1,482)	(1,755)
Total trade receivables – net	779,536	1,032,829
Deposits and prepayments	28,838	42,357
Other receivables	14,623	18,945
Amounts due from related parties (Note 26)	13,743	7,573
Value added tax receivables and recoverable	35,294	76,263
	92,498	145,138
Less: non-current portion		
Deposits and prepayments	(10,408)	(10,952)
	82,090	134,186
Current portion	861,626	1,167,015

For trade receivables, the credit period granted to third parties and related parties are ranging from 45 to 90 days.

Notes to the Interim Condensed Consolidated Financial Information

20 Trade and other receivables (continued)

The aging analysis of trade receivables based on invoice date, before loss allowance, as at June 30, 2022 and December 31, 2021 is as follows:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Within 3 months	694,777	913,315
3 months to 1 year	85,853	120,850
Over 1 year	388	419
	781,018	1,034,584

21 Share capital

	Number of ordinary shares (thousand) (Unaudited)	Amount USD'000 (Unaudited)
Authorized:		
As at January 1, 2022 and June 30, 2022	15,360,000	300,000
As at January 1, 2021 and June 30, 2021	15,360,000	300,000
Issued and fully paid:		
As at January 1, 2022	7,133,509	139,326
Issuance of ordinary shares upon exercise of share option	122,370	2,390
As at June 30, 2022	7,255,879	141,716
As at January 1, 2021	6,892,715	134,623
Issuance of ordinary shares upon exercise of share option	7,000	1
As at June 30, 2021	6,899,715	134,624

22 Bank borrowings

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Non-current		
Bank borrowings, unsecured	574,617	575,632
Current		
Bank borrowings, unsecured	689,851	689,891
	1,264,468	1,265,523

Note:

As at June 30, 2022, the maturity date of the bank borrowings of approximately USD677,202,000 are less than 12 months and therefore classified as short-term bank borrowings.

As at June 30, 2022, the Group drew down USD1,264,468,000 (As at December 31, 2021: USD1,265,523,000) from the total borrowing and overdraft facilities of approximately USD3,119,289,000 (As at December 31, 2021: USD3,282,780,000) granted by banks.

As at June 30, 2022, the Group's weighted average interest rates for the unsecured bank borrowings were 1.83% (As at December 31, 2021: 0.83%) per annum.

As at June 30, 2022, the carrying amount of bank borrowings approximate their fair value as the interest payable on these borrowings is either close to current market rates or the borrowings are of a short-term nature (As at December 31, 2021: Same).

Notes to the Interim Condensed Consolidated Financial Information

23 Trade and other payables

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Trade payables due to third parties	639,753	700,646
Trade payables due to related parties (Note 26)	84,652	72,646
Total trade payables	724,405	773,292
Amounts due to related parties (Note 26)	23,844	28,007
Staff salaries, bonuses and welfare payables	115,359	114,243
Deposits received, other payables and accruals	177,262	232,167
Less: non-current portion	1,040,870 (13,702)	1,147,709 (9,504)
	1,027,168	1,138,205

As at June 30, 2022 and December 31, 2021, the aging analysis of the trade payables to third parties and related parties of trading in nature based on invoice date is as follows:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Within 3 months	706,808	729,492
3 months to 1 year	16,850	43,007
Over 1 year	747	793
	724,405	773,292

24 Share-based payments

The table below summarised the share-based payment expenses charged to the consolidated income statement during the six months ended June 30, 2022 and 2021.

	For the six months ended June 30	
	2022	2021
	USD'000 (unaudited)	USD'000 (unaudited)
Senior management share grant scheme (Note (a))	472	1,256
Share option scheme (Note (b))	154	360
Share award scheme (Note (c))	956	–
Total	1,582	1,616

(a) Senior management share grant plan

In January 2015, 21,840,000 restricted shares were granted to the Group's senior management, which was subsequently divided into 349,440,000 shares pursuant to a shareholder's resolution for share split passed on 3 November 2016. Such equity instruments were measured at fair value at the grant date and recognized as compensation cost over the vesting period. The weighted average fair value of shares granted under this plan was approximately USD0.25 per share. The restricted shares are vested and issued over the grantees' service periods. The restricted shares were vested on every March 31, June 30, September 30 and December 31 at 12% in each quarter of 2018 and were/will be vested at 3.25% in each quarter from 2019 to 2022.

	For the six months ended June 30	
	2022	2021
	('000) (unaudited)	('000) (unaudited)
Number of outstanding restricted shares ('000)		
Balance as at beginning and end of period	34,070	221,440
Number of outstanding vested restricted shares to be issued ('000)	11,357	153,299

24 Share-based payments (continued)

(a) Senior management share grant plan (continued)

During the six months ended June 30, 2022, 122,370,000 shares were issued to grantees, which worth USD17,346,000 at the date of the issuance based on the weighted average market price of USD0.15 per share (For the six months ended June 30, 2021, no share was issued under the senior management share grant scheme).

The share-based payment expense incurred for this plan for the six months ended June 30, 2022 was USD472,000 (for the six months ended June 30, 2021: USD1,256,000).

(b) Share options scheme

(i) In May 2018, 24,440,600 new share options were granted to certain eligible employees at an exercise price of HK\$3.69 per share (equivalent to USD0.47 per share) and vested in June 2018 and are exercisable for a period of three years commencing on June 10, 2018. The fair value of the options determined using the Black-Scholes model at the date of the grant was USD5,360,000 (approximately USD0.22 per share).

The share option scheme was expired on December 31, 2021. (For the six months ended June 30, 2021, 7,000 share options were exercised).

(ii) In December 2018, the Company granted certain eligible employees an aggregated 41,763,000 share options at an exercise price of HK\$3.422 per share (equivalent to USD0.44 per share).

Among the 41,763,000 share options granted, 10,000,000 options were vested on December 31, 2019, 183,000 options would be vested from December 31, 2019 on every December 31 at 33.33% over a 3-year period, and 31,580,000 options would be vested from December 31, 2019 on every December 31 at 25% over a 4-year period. The share options granted are subject to performance related adjustment.

The fair value of the options determined using the Black-Scholes model at the date of the grant was approximately USD6,139,000.

The share-based payment expenses incurred under this scheme for the six months ended June 30, 2022 were approximately USD154,000 (For the six months ended June 30, 2021: USD360,000).

24 Share-based payments (continued)

(b) Share options scheme (continued)

(ii) (continued)

Set out below are summaries of options granted under the plan:

	For the six months ended June 30	
	2022	2021
	Number of shares options (‘000) (unaudited)	Number of shares options (‘000) (unaudited)
Balance as at beginning of period	28,228	28,883
Forfeited and lapsed during the period	(4,080)	(50)
Balance as at end of period	24,148	28,833
Vested and exercisable at end of period	20,054	18,320

During the six months ended June 30, 2022 and 2021, there was no share option exercised and expired.

24 Share-based payments (continued)

(b) Share options scheme (continued)

(ii) (continued)

As at June 30, 2022 and 2021, the outstanding share options have the following expiry dates:

Grant date	Expiry date	As at June 30, 2022 Share options (‘000)	As at December 31, 2021 Share options (‘000)
December 28, 2018	December 29, 2022	7,845	7,845
	December 29, 2024	63	63
	December 29, 2025	16,240	20,320
		24,148	28,228
Weighted average remaining contractual life of options outstanding at end of period/year		2.52 years	3.16 years
Weighted average share price at the time of exercise of options during the period/year		Not applicable	Not applicable

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares)

	As at			
	June 30, 2022 Shares ('000) (unaudited)	December 31, 2021 Shares ('000) (audited)	June 30, 2022 USD'000 (unaudited)	December 31, 2021 USD'000 (audited)
Restricted share award scheme ("2017 scheme")	204,684	207,441	90,869	91,236
Second restricted share award scheme ("2019 scheme")	444	2,138	1,054	1,276
	205,128	209,579	91,923	92,512

	2017 scheme		2019 scheme	
	Number of Shares ('000) (unaudited)	USD'000 (unaudited)	Number of Shares ('000) (unaudited)	USD'000 (unaudited)
Opening balance as at January 1, 2021 and June 30, 2021	207,641	91,277	81	815
Balance as at January 1, 2022	207,441	91,236	2,138	1,276
Acquisition of treasury shares during the period	–	–	2,726	367
Shares granted and awarded during the period	(2,757)	(367)	(4,420)	(589)
Balance as at June 30, 2022	204,684	90,869	444	1,054

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares) (continued)

(i) 2017 scheme

In December 2017, the Company adopted the restricted share award scheme to provide incentive to encourage the participants for their contribution to the Group. The restricted share award scheme shall be subject to the terms of the scheme and the listing rules of the Main Board of the Hong Kong Stock Exchange. Existing shares of the Company will be purchased by an independent trustee 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.

No shares shall be purchased pursuant to the share award scheme 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 December 19, 2017.

During the six months ended June 30, 2022 and 2021, no treasury shares were purchased on the market under this share award scheme. During the six months ended June 30, 2022, the Group awarded 2,757,000 treasury shares to eligible employees (for the six months ended June 30, 2021: Nil) and the share-based payment expense of approximately USD367,000 was recognized for the period (for the six months ended June 30, 2021: Nil).

During the six months ended June 30, 2022, the weighted average market price at the date of the award was USD0.13 per share (for the six months ended June 30, 2021: Nil).

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares) (continued)

(ii) 2019 scheme

In March 2019, the Company adopted the second restricted share award scheme (the “Second Scheme”) to provide incentive to encourage the participating employees for their contribution to the Group. The Second Scheme shall be subject to the administration of the administration committee and the Trustee in accordance with the scheme rules and the trust deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed.

No shares shall be purchased pursuant to the Second Scheme if as a result of such purchase, the number of Shares administered under the Second Scheme shall exceed 674,353,688 shares, being 10% of the issued share capital of the Company at the date of the adoption of the Second Scheme, or such other limit as determined by the administration committee at its sole discretion. The maximum number of award shares which may be granted to a selected participant at any one time or in aggregate may not exceed 67,435,368 shares, being 1% of the issued share capital of the Company at the same date.

Subject to any early termination as may be determined by the board, the Second Scheme shall remain valid and effective for a period of ten years commencing on March 26, 2019.

During the six months ended June 30, 2022, 2,726,000 treasury shares (for the six months ended June 30, 2022: Nil) were purchased on the market under the Second Scheme at a consideration of approximately USD367,000 (for the six months ended June 30, 2022: Nil). During the six months ended June 30, 2022, the Group awarded 4,420,000 treasury shares to eligible employees (for the six months ended June 30, 2021: Nil) and the share-based payment expense of approximately USD589,000 was recognized for the period (for the six months ended June 30, 2021: Nil).

During the six months ended June 30, 2022, the weighted average market price of the treasury shares granted at the date of grant was USD0.13 per share (for the six months ended June 30, 2021: Nil).

25 Commitments

(a) Capital commitments

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

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
Investments in funds	11,820	9,461
Property, plant and equipment	29,747	25,285
	41,567	34,746

(b) Operating leases rental receivables – the Group as lessor

As at June 30, 2022, minimum lease payments receivable under non-cancellable operating lease of properties not recognized are as follows:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
No later than 1 year	901	907
Later than 1 year and no later than 2 years	923	901
Later than 2 years and no later than 5 years	1,191	1,103
	3,015	2,911

26 Related-party transactions

In addition to the information disclosed elsewhere in the interim condensed consolidated 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 June 30	
	2022	2021
	USD'000	USD'000
	(unaudited)	(unaudited)
(i) Sales of goods		
– Subsidiaries of Hon Hai	183,785	148,261
– Associates of Hon Hai	89,218	94,474
– Hon Hai	23,104	26,972
– Associate	565	–
	296,672	269,707
(ii) Sales of services		
– Subsidiaries of Hon Hai	4,404	1,192
– Associates of Hon Hai	2,138	–
– Hon Hai	554	–
	7,096	1,192
(iii) Purchase of goods		
– Subsidiaries of Hon Hai	125,259	125,928
– Associates of Hon Hai	52,239	71,730
– Hon Hai	3,804	5,135
– Associate	368	–
	181,670	202,793

26 Related-party transactions (continued)

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

	For the six months ended June 30	
	2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
(iv) Purchase of property, plant and equipment and right-of-use assets		
– Subsidiaries of Hon Hai	5,314	445
– Associates of Hon Hai	1,380	1,753
– Hon Hai	–	1,348
	6,694	3,546
(v) Subcontracting expenses		
– Subsidiaries of Hon Hai	299	225
– Associates of Hon Hai	22	220
– Hon Hai	–	10
	321	455
(vi) Molding costs		
– Subsidiaries of Hon Hai	16,655	22,855
– Associates of Hon Hai	247	16
	16,902	22,871
(vii) Rental income		
– Subsidiaries of Hon Hai	5	43
– Associates of Hon Hai	674	690
	679	733

26 Related-party transactions (continued)

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

	For the six months ended June 30	
	2022 USD'000 (unaudited)	2021 USD'000 (unaudited)
(viii) Rental expenses		
– Subsidiaries of Hon Hai	2,012	2,385
– Hon Hai	531	587
– Associates of Hon Hai	123	116
	2,666	3,088
(ix) Acquisition of 9.57% interest in a subsidiary		
– A director of the Company and a related party	–	6,000
(x) Key management compensation		
Salaries, wages and bonuses	3,359	4,958
Pension, housing fund, medical insurance and other social insurance	88	20
Share-based payment expenses	472	1,256
	3,919	6,234

(xi) During the six months ended June 30, 2022, the Group entered into a framework agreement with a related company, which is a non-wholly owned subsidiary of Hon Hai. The Group will rent a parcel of industrial land in the PRC occupied by the Group to the related company for an aggregated term of 35 years for RMB238,680,000 (approximately US\$34,000,000), where applicable and legal enforceable, and the lease will commence upon completion of construction of buildings that will be constructed at the requests and cost of the related company.

The related party transactions as set out under (i) to (ix) 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.

26 Related-party transactions (continued)

(b) Balances with related parties:

Amounts due from related parties:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
(i) Trade receivables:		
– Hon Hai	8,902	15,133
– Subsidiaries of Hon Hai	81,547	86,004
– Associates of Hon Hai	55,158	73,390
	145,607	174,527
(ii) Other receivables:		
– Hon Hai	5,444	6,391
– Subsidiaries of Hon Hai	3,920	888
– Associates of Hon Hai	496	294
– Associates	3,883	–
	13,743	7,573
(iii) Prepayments:		
– Subsidiaries of Hon Hai	–	3,034
– Associates of Hon Hai	4,356	11,095
	4,356	14,129

26 Related-party transactions (continued)

(b) Balances with related parties: (continued)

Amounts due to related parties:

	As at June 30, 2022 USD'000 (unaudited)	As at December 31, 2021 USD'000 (audited)
(i) Trade payables:		
– Hon Hai	1,158	1,474
– Subsidiaries of Hon Hai	56,202	35,969
– Associates of Hon Hai	27,292	35,203
	84,652	72,646
(ii) Other payables:		
– Hon Hai	532	532
– Subsidiaries of Hon Hai	2,086	5,291
– Associates of Hon Hai	21,226	22,184
	23,844	28,007
(iii) Payable for acquisition of license:		
– Hon Hai	1,750	2,525

27 Pledge of assets

As of June 30, 2022, bank deposits totalling RMB5.7 million (December 31, 2021: RMB7.8 million) had been pledged as customs guarantee and VND8,500 million (December 31, 2021: VND6,600 million) were pledged as customs guarantee and as power purchase performance guarantee respectively.

Other Information

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

As of June 30, 2022, 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the provisions of the SFO) or which were required to be entered in the register required to be kept by the Company under Section 352 of the SFO, or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares

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	406,589,600	5.60%
LU Pochin Christopher (盧伯卿) ²	Beneficial owner	26,012,000	0.36%
PIPKIN Chester John ³	Beneficial owner	1,790,000	0.02%

Notes:

1. Mr. LU Sung-Ching is also interested in 34,070,400 Shares under the Share Grant Scheme.
2. Mr. LU Pochin Christopher is also interested in 4,500,000 Shares under the Second Restricted Share Award Scheme.
3. Mr. PIPKIN Chester John is also interested in 200,000 share options granted by the Company under the Share Option Scheme.

(ii) Long position in the share capital or debentures of the associated corporations of the Company

Name of Director	Name of associated corporation of the Company	Capacity and nature of interest	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
TRAINOR-DEGIROLAMO Sheldon ¹	Linksys Holdings, Inc.	Beneficial owner	5,506.416	0.06%

Note:

1. The 5,506.416 series A preferred shares of Linksys Holdings, Inc. granted to Mr. TRAINOR-DEGIROLAMO Sheldon have vested as to one-third on March 19, 2022, and will vest as to one-third on March 19, 2023 and one-third on March 19, 2024.

(iii) Long position in share options granted by the Company

As of June 30, 2022, the long position of the Directors in the share options granted by the Company under the Share Option Scheme was as follows:

Name of Director	As of January 1, 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As of June 30, 2022	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\$
PIPKIN Chester John	200,000	—	—	—	—	200,000	December 28, 2018	December 28, 2019 to December 28, 2022	3.380	3.422

Save as disclosed above, as of June 30, 2022, 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) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Interim Report, at no time during the six months ended June 30, 2022 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, nor were there any such rights exercised by the Directors; nor 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 of June 30, 2022, 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 executive of the Company, who had an interest or a short position in the Shares or the underlying Shares 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 Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding
Hon Hai Foxconn (Far East) Limited	Interest in controlled corporation ¹	5,179,557,888	71.38%
("Foxconn Far East Cayman")* Foxconn (Far East) Limited	Interest in controlled corporation ²	5,179,557,888	71.38%
("Foxconn Far East Hong Kong")**	Beneficial owner	5,179,557,888	71.38%

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

** Foxconn Far East Hong Kong is a limited liability company incorporated in Hong Kong on December 29, 1988.

Notes:

- Hon Hai holds the entire issued share capital of Foxconn Far East Cayman, which in turn holds the entire issued share capital of Foxconn Far East Hong Kong.
- 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 of June 30, 2022, 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 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 to contribute to the Group and to attract, motivate, and retain skilled and experienced personnel for the 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 of June 30, 2022, details of the interests of the Director 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	34,070,400

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by our Shareholders on December 19, 2017 (the “Adoption Date”). 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 incentives to attract and retain quality personnel to work towards enhancing the value and attaining the long-term objectives of the Group.

The Board may, in its absolute discretion, offer to grant an option (an “Option”) to any director or employee of the Group, any customer of or supplier of goods or services to the Group, any customer of or supplier of goods or services to any entity in which the Group holds any equity interest (an “Invested Entity”), or any person or entity that provides research, development or technical support to the Group or any Invested Entity (each of whom a “Qualified Participant”). An offer for an Option must be accepted by the relevant Qualified Participant on a date not later than five business days after the Option is offered to a Qualified Participant. An amount of HK\$1.00 is payable as consideration for acceptance of the grant.

Other Information

The maximum number of Shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 130,000,000 Shares, representing approximately 1.9% of the share capital of the Company in issue at the Adoption Date (the “Option Limit”), provided that:

- (i) the Company may seek approval by Shareholders in a general meeting to refresh the Option Limit; and
- (ii) the Company may seek separate Shareholders’ approval in a general meeting to grant share options beyond the Option Limit provided that the share options in excess of the Option Limit are granted only to Qualified Participants specifically identified by the Company before such approval is sought,

subject to the limitation that the maximum number of Shares which may be issued or issuable upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of Shares (issued and to be issued upon the exercise of share options) in respect of which share options may be granted under the Share Option Scheme to any one grantee in any 12-month period shall not exceed 1% of the share capital of the Company in issue unless approval by the Shareholders has been obtained in accordance with the Listing Rules.

The Share Option Scheme was in force from the Adoption Date up to (and including) December 31, 2018. As of the Latest Practicable Date, the Share Option Scheme has expired. A grantee may subscribe for Shares during such period as may be determined by the Directors (which shall not be more than 10 years from the date of grant of the relevant Option and may include the minimum period, if any, for which an Option must be held before it can be exercised). The Directors may, at their absolute discretion, specify at the time of the grant, the performance targets (if any) that must be achieved before the Option can be exercised.

The exercise price of an Option shall not be less than the higher of (i) the closing price per Share as stated in the Stock Exchange’s daily quotations sheet on the date of the grant of the Option; (ii) the average closing price per Share as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of the grant of the Option; and (iii) the nominal value of the Shares.

For further details about the Share Option Scheme, please refer to the Company’s circular dated December 4, 2017.

Name or category of participant	Number of share options					Cancelled during the period Note 2	As of June 30, 2022	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	Exercise price of share options	Weighted average closing price of the Shares immediately before the date(s) on which options were exercised
	As of January 1, 2022	Granted during the period	Exercised during the period	Lapsed during the period						HK\$	HK\$	HK\$
PIPKIN Chester John	200,000	-	-	-	-	200,000	December 28, 2018	December 28, 2019 to December 28, 2022	3.380	3.422	-	
Employees in aggregate	7,645,000	-	-	920,000	-	6,725,000	December 28, 2018	December 28, 2019 to December 28, 2022	3.380	3.422	-	
	63,000	-	-	-	-	63,000	December 28, 2018	33 1/3%: December 28, 2019 to December 28, 2024; 33 1/3%: December 28, 2020 to December 28, 2024; 33 1/3%: December 28, 2021 to December 28, 2024	3.380	3.422	-	
	20,320,000	-	-	1,610,000	1,550,000	17,160,000	December 28, 2018	25%: December 28, 2019 to December 28, 2025; 25%: December 28, 2020 to December 28, 2025; 25%: December 28, 2021 to December 28, 2025; 25%: December 28, 2022 to December 28, 2025	3.380	3.422	-	
	28,228,000	-	-	2,530,000	1,550,000	24,148,000 ¹						

Notes:

- The total number of Shares available for issue under the Share Option Scheme is 24,148,000 Shares, representing approximately 0.33% of the issued Shares as of the Latest Practicable Date.
- During the six months ended June 30, 2022, 1,550,000 share options were forfeited as a result of the resignation of employees.

Save as disclosed above, the Company has not entered into any other share option scheme.

RESTRICTED SHARE AWARD SCHEMES

The First 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 First 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 the further development of the Group. Please refer to the Company's announcement dated May 21, 2018 for further details of the First Restricted Share Award Scheme.

As of June 30, 2022, the trustee of the First Restricted Share Award Scheme had purchased 213,642,000 Shares on the Stock Exchange for a total consideration of HK\$736,383,975.72 and 8,958,000 Shares had been granted to the selected participants.

The Second Restricted Share Award Scheme was approved and adopted by the Company on February 11, 2019. The purpose of the Second 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 the further development of the Group. Please refer to the Company's announcement dated March 26, 2019 for further details of the Second Restricted Share Award Scheme.

As of June 30, 2022, the trustee of the Second Restricted Share Award Scheme had purchased 25,767,000 Shares on the Stock Exchange for a total consideration of HK\$63,853,991.74 and 25,323,000 Shares had been granted to the selected participants.

As of the Latest Practicable Date, details of the interests of the Director in the Second Restricted Share Award Scheme are set out below:

Name of Director	Date of grant	Number of Shares granted	Vesting schedule
LU Pochin Christopher (盧伯卿)	December 12, 2019	18,000,000	25%: vested on December 12, 2019 25%: vested on December 12, 2020 25%: vested on December 13, 2021 25%: to vest on December 12, 2022

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

Save as disclosed under the section headed "Restricted Share Award Schemes", during the six months ended June 30, 2022, 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, 2022, 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 C.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 the Company's 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. Also, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board 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 in due course after taking into account 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 has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended June 30, 2022.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' biographical details from the publication of the Company's 2021 annual report up to the Latest Practicable Date, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of Changes
Mr. LU Sung-Ching	Ceased to be a director of Hon Hai on June 30, 2022
Mr. LU Pochin Christopher	Ceased to be an independent non-executive director and chairman of the audit committee of Greenland Holdings Corp Ltd (綠地控股集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600606) on February 16, 2022

Save as disclosed above, there is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2021 annual report.

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 interim condensed consolidated financial information of our Group for the six months ended June 30, 2022 and this interim report have been reviewed by the Audit Committee.

PricewaterhouseCoopers, the external auditor of the Company, has also reviewed the unaudited interim condensed consolidated financial information for the period in accordance with the 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 2021 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 Shares 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 made 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, 2022.

Definitions

“Audit Committee”	the audit committee of the Board;
“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;
“First 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);
“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), and the controlling Shareholder;
“Hon Hai Group”	Hon Hai and its subsidiaries and (where relevant) 30%-controlled entities and, for the purpose of this report, excluding the Group;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IFRS”	International Financial Reporting Standards;
“IPO”	the initial public offering of Shares and listing of the Company on the Stock Exchange on July 13, 2017;

“Latest Practicable Date”	August 9, 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this report;
“Linksys”	Linksys Holdings Inc., a company incorporated in the Cayman Islands with limited liability, which was formerly a subsidiary of the Company;
“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 Schemes”	the First Restricted Share Award Scheme and the Second Restricted Share Award Scheme;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Restricted Share Award Scheme”	the restricted share award scheme approved and adopted by the Company on February 11, 2019 (as restated, supplemented and amended from time to time);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(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;



Definitions

“Share Option Scheme”	the share option scheme of our Company, which was approved and adopted by our Shareholders on December 19, 2017 and which expired on December 31, 2018;
“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;
“VND”	Vietnamese dong, the lawful currency of Vietnam;
“YoY”	year-on-year; and
“%”	percent.