**FIT Hon Teng Limited**
**鴻騰六零八八精密科技股份有限公司**
*(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)*
**(Stock Code: 6088)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017

## FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2017 amounted to US$3,399 million, representing a YoY increase of 18.0% as compared to US$2,880 million for the year ended December 31, 2016.
- Profit for the year ended December 31, 2017 amounted to US$180 million, representing a YoY increase of 6.5% as compared to US$169 million for the year ended December 31, 2016.
- Basic earnings per share attributable to owners of the Company for the year ended December 31, 2017 amounted to US2.95 cents, representing a YoY decrease of 2.0% as compared to US3.01 cents for the year ended December 31, 2016.
- The Board recommended the payment of a final dividend of HK$0.055 per Share for the year ended December 31, 2017 to the Shareholders, subject to the approval by the Shareholders at the forthcoming AGM.

The board of directors (the "**Board**"/ "**Directors**") of FIT Hon Teng Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2017 together with the comparative figures for the corresponding period in the previous year as follows:

## CONSOLIDATED INCOME STATEMENT

| | Note | **For the year ended December 31, 2017** *US$'000* | 2016 *US$'000* |
|---|---|---|---|
| **Revenue** | 4 | **3,398,803** | 2,880,260 |
| Cost of sales | 5 | **(2,829,359)** | (2,389,850) |
| **Gross profit** | | **569,444** | 490,410 |
| Distribution costs and selling expenses | 5 | **(82,926)** | (87,277) |
| Administrative expenses | 5 | **(81,157)** | (68,102) |
| Research and development expenses | 5 | **(189,855)** | (168,749) |
| Other income | | **19,224** | 9,109 |
| Other (losses)/gains — net | | **(14,904)** | 34,563 |
| **Operating profit** | | **219,826** | 209,954 |
| Finance income | | **9,770** | 5,530 |
| Finance costs | | **(4,757)** | (3,826) |
| **Finance income — net** | | **5,013** | 1,704 |
| Share of results of associates | | **(285)** | (59) |
| **Profit before income tax** | | **224,554** | 211,599 |
| Income tax expense | 6 | **(44,068)** | (43,037) |
| **Profit for the year** | | **180,486** | 168,562 |
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | **180,490** | 168,562 |
| Non-controlling interests | | **(4)** | — |
| | | **180,486** | 168,562 |
| **Earnings per share for profit attributable to owners of the Company (expressed in US cents per share)** | | | |
| Basic earnings per share | 7 | **2.95** | 3.01 |
| Diluted earnings per share | 7 | **2.81** | 2.90 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the year ended December 31, 2017 US$'000 | 2016 US$'000 |
|---|---|---|
| **Profit for the year** | **180,486** | 168,562 |
| **Other comprehensive income/(loss):** | | |
| *Item that may be reclassified subsequently to profit or loss* | | |
| Currency translation differences | **66,899** | (60,711) |
| Fair value change in available-for-sale financial assets | **(339)** | — |
| Transfer of fair value change in available-for-sale financial assets to consolidated income statement | **(590)** | — |
| **Total other comprehensive income/(loss) for the year, net of tax** | **65,970** | (60,711) |
| **Total comprehensive income for the year** | **246,456** | 107,851 |
| **Total comprehensive income/(loss) for the year attributable to:** | | |
| Owners of the Company | **246,460** | 107,854 |
| Non-controlling interests | **(4)** | (3) |
| | **246,456** | 107,851 |

# CONSOLIDATED BALANCE SHEET

| | Note | As at December 31, **2017** *US$'000* | 2016 *US$'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | **21,850** | 21,027 |
| Property, plant and equipment | | **675,883** | 710,647 |
| Intangible assets | | **13,949** | 431 |
| Available-for-sale financial assets | | **10,378** | 5,857 |
| Interests in associates | | **6,546** | 1,331 |
| Deferred income tax assets | | **28,238** | 17,973 |
| Deposits, prepayments and other receivables | 9 | **11,771** | 14,114 |
| | | **768,615** | 771,380 |
| **Current assets** | | | |
| Inventories | | **528,326** | 368,481 |
| Trade and other receivables | 9 | **1,061,902** | 948,050 |
| Derivative financial instruments | | **5,569** | — |
| Short-term bank deposits | | **48,668** | 111,889 |
| Cash and cash equivalents | | **767,554** | 414,899 |
| | | **2,412,019** | 1,843,319 |
| **Total assets** | | **3,180,634** | 2,614,699 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **131,521** | 109,283 |
| Reserves | | **1,762,353** | 1,174,668 |
| | | **1,893,874** | 1,283,951 |
| **Non-controlling interests** | | **29** | 33 |
| **Total equity** | | **1,893,903** | 1,283,984 |

# CONSOLIDATED BALANCE SHEET (CONTINUED)

| | Note | At December 31, **2017** *US$'000* | 2016 *US$'000* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **1,213** | 1 |
| Deposits received and other payables | 10 | **8,644** | 1,346 |
| | | **9,857** | 1,347 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **935,710** | 902,849 |
| Bank borrowings | | **296,127** | 384,818 |
| Current income tax liabilities | | **45,037** | 41,701 |
| | | **1,276,874** | 1,329,368 |
| **Total liabilities** | | **1,286,731** | 1,330,715 |
| **Total equity and liabilities** | | **3,180,634** | 2,614,699 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information of the Group

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

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

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

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

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

## 2 Basis of preparation

The consolidated financial information, contained in this announcement, has been based on the audited consolidated financial statements of the Group for the year ended December 31, 2017 which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## 3 Summary of significant accounting policies

**New and amended standards adopted by the Group**

The adoption of the new and amended standards which are mandatory for the first time for the financial year beginning January 1, 2017 did not have any material impact on the Group's consolidated financial statements.

HKIAS7 (Amendments) Disclosure initiative

**New standards and interpretations not yet adopted**

The adoption of the new and amended standards did not have any impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Amendment to IFRS 2 "Classification and measurement of share-based payment transactions" (effective for annual periods beginning on or after January 1, 2018). The amendment provides requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group expects to adopt the amendment on January 1, 2018 and the impact is not expected to be material.

Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" (effective date to be determined). The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2018). IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The application of IFRS 15 does not have impact to the Group.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018). IFRS 9 (2014) replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through other comprehensive income ("**OCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognized in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss. The adoption of IFRS 9 impacted the Group's classification of its available-for-sale financial assets but did not change the Group's measurement of financial assets and liabilities at fair value.

IFRS 16, "Leases" (effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted subject to the entity adopting IFRS 15 "Revenue from contracts with customers" at the same time) addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations.

The Group is a lessee of various offices, factories and staff quarters which are currently classified as operating leases. The Group's current accounting policy for such leases under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheet. As of December 31, 2017, the aggregated future lease payments of the Group under operating leases was USD36,349,000. IFRS 16 provides new provisions for the accounting treatment of leases and all non-current leases, including future operating lease commitments, must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheet. In the consolidated income statement, leases will be recognized in the future as capital expenditure on the purchase side and will no longer be recorded as an operating expenses. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortization and the interest expense will increase. The new standard will impact both the consolidated balance sheet and related ratios (gearing ratio), the impact is not expected to be material. The management of the Group expects the adoption of IFRS 16 result in recognition of right of use assets and lease liabilities in the consolidated balance sheet.

## 4 Segment information

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

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

For the year ended December 31, 2017, revenue by geographical areas is as follows:

| | **2017** | 2016 |
|---|---:|---:|
| | ***US$'000*** | *US$'000* |
| Mainland China | **1,278,511** | 1,074,700 |
| United States of America | **1,244,907** | 942,031 |
| Taiwan | **236,093** | 284,054 |
| Singapore | **142,689** | 139,989 |
| Hong Kong | **161,602** | 140,899 |
| Others | **335,001** | 298,587 |
| | **3,398,803** | 2,880,260 |

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

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

| | **2017** | 2016 |
|---|---:|---:|
| | ***US$'000*** | *US$'000* |
| Mainland China | **582,585** | 619,772 |
| Singapore | **59,412** | 49,308 |
| Vietnam | **50,427** | 62,805 |
| Taiwan | **4,350** | 7,526 |
| United States of America | **15,042** | 5,901 |
| Others | **4,234** | 1,807 |
| | **716,050** | 747,119 |

The measures of assets and liabilities have not been disclosed for each reportable segment as they are not regularly provided to the chief operating decision-maker for their review.

During the year ended December 31, 2017, there were two customers (2016: two customers), respectively, which individually contributed over 10% of the Group's total revenue. During the year, the revenue contributed from these customers are as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Customer A | **986,911** | 689,001 |
| Customer B | **796,976** | 673,355 |

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

## 5 Expenses by nature

| | **2017** | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Cost of inventories | **1,794,817** | 1,560,590 |
| Subcontracting expenses | **253,486** | 228,235 |
| Utilities | **50,072** | 48,644 |
| Employee benefit expenses | **566,864** | 433,084 |
| Amortization of land use rights | **575** | 798 |
| Amortization of intangible assets | **1,572** | 3,021 |
| Auditor's remuneration | **750** | 242 |
| Depreciation of property, plant and equipment | **181,519** | 148,495 |
| Molding and consumables | **116,755** | 117,945 |
| Professional expenses | **25,972** | 20,537 |
| Delivery expenses | **29,166** | 26,644 |
| Operating lease expenses | **19,858** | 14,720 |
| Listing expenses | **3,341** | 5,786 |
| Impairment for trade receivables | **1,597** | 652 |
| Others | **136,953** | 104,585 |
| | **3,183,297** | 2,713,978 |

## 6 Income tax expense

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

| | **2017** | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Current income tax | | |
| — Current tax on profits for the year | **52,432** | 43,804 |
| — Under/(Over) provision in prior years | **689** | (206) |
| Deferred income tax | **(9,053)** | (561) |
| Income tax expense | **44,068** | 43,037 |

**(a) PRC corporate income tax**

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

Three subsidiaries of the Group, Fu Ding Shenzhen, and Foxconn Kunshan Fuyu Huai'an are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% (2016:15%) during the year.

Chongqing Hong Teng Technology Co., Ltd. is qualified for a preferential income tax rate of 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 year ended December 31, 2017 and 2016.

**(b) Taiwan profit-seeking enterprise income tax**

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 17% (2016: 17%) on the estimated taxable income during the year.

**(c) Singapore corporate income tax**

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

**(d) Vietnam corporate income tax**

The current tax regulations allow the subsidiary incorporated in Vietnam to be exempted from income tax for 2 years starting from the first year with taxable profit and is entitled to a 50% reduction in income tax for the next 4 succeeding years. The income tax regulations also specify that if the subsidiary does not generate any taxable profit in three consecutive years from the first year it generates revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made.

**7 Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the years ended December 31, 2017 and 2016.

| | **2017** | 2016 |
|---|---|---|
| Profit attributable to the owners of the Company (US$'000) | **180,486** | 168,562 |
| Weighted average number of ordinary shares in issue (in thousand) (Note) | **6,117,712** | 5,595,286 |
| Basic earnings per share in US cents | **2.95** | 3.01 |

Note:

Pursuant to a shareholder's resolution passed on November 3, 2016, every then existing ordinary share of the Company was split into 16 shares. The number of ordinary shares outstanding increased from 349,705,368 shares to 5,595,285,888 shares. Such increase has been adjusted retrospectively in the calculation of earnings per share as if the new number of shares was effective since the beginning of the year ended December 31, 2016.

**(b) Diluted earnings per share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended December 31, 2017 and 2016, the Group has two categories of dilutive potential ordinary shares, respectively.

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

| | **2017** | 2016 |
|---|---|---|
| Profit attributable to the owners of the Company (U$'000) | **180,486** | 168,562 |
| Weighted average number of ordinary shares in issue (in thousand) | **6,117,712** | 5,595,286 |
| Adjustments for: | | |
| — impact of the senior management and employees' share grant schemes (in thousand) | **314,158** | 224,275 |
| Weighted average number of ordinary shares for diluted earnings per share (in thousand) | **6,431,870** | 5,819,561 |
| Diluted earnings per share in US cents | **2.81** | 2.90 |

## 8 Dividends

| | **2017** | 2016 |
|---|---|---|
| | ***US$ '000*** | *US$ '000* |
| Basic earnings per share in US cents | **40,553** | 44,203 |

The dividend of HK$ 0.047 per share in respect of the net profit for the year ended December 31, 2016, amounting to a total dividend of USD40,553,000 was approved at the Company's extraordinary general meeting on October 27, 2017. Such dividends were paid to shareholders in year 2017.

A final dividend in respect of the financial year ended December 31, 2017 of HK$ 0.055 per share, amounting to a total dividend of HK$ 370,362,000, approximately US$ 47,482,000, is to be proposed at the forthcoming Annual General Meeting. The amount of 2017 proposed final dividend is based on 6,733,854,888 shares in issue as at March 23, 2018. These financial statements do not reflect this dividend payable.

## 9 Trade and other receivables

| | 2017 | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Trade receivables due from third parties | **662,114** | 558,938 |
| Trade receivables due from related parties | **330,920** | 246,145 |
| Total trade receivables | **993,034** | 805,083 |
| Less: provision for impairment of trade receivables | **—** | (652) |
| Total trade receivables, net | **993,034** | 804,431 |
| Other receivables | **13,306** | 17,382 |
| Amounts due from related parties | **7,016** | 70,249 |
| Prepayments for tooling expenses | **1,590** | 2,407 |
| Value-added tax recoverable and receivable | **33,435** | 47,976 |
| Deposits and prepayments | **25,292** | 19,719 |
| | **1,073,673** | 962,164 |
| Less: Non-current portion: | | |
| Deposits, prepayments and other receivables | **(11,771)** | (14,114) |
| | **1,061,902** | 948,050 |

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

| | 2017 | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Within 3 months | **865,203** | 706,354 |
| 3 months to 1 year | **126,788** | 95,468 |
| Over 1 year | **1,043** | 2,609 |
| | **993,034** | 804,431 |

## 10 Trade and other payables

| | **2017** | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Trade payables due to third parties | **413,356** | 332,345 |
| Trade payables due to related parties | **176,128** | 231,828 |
| Total trade payables | **589,484** | 564,173 |
| Amounts due to related parties | **46,241** | 101,673 |
| Staff salaries, bonuses and welfare payables | **89,814** | 77,132 |
| Advance from customers | **6,452** | 3,365 |
| Deposit received, other payables and accruals | **212,363** | 157,852 |
| | **944,354** | 904,195 |
| Less: Non-current portion: | | |
| Deposits received and other payables | **(8,644)** | (1,346) |
| | **935,710** | 902,849 |

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

| | **2017** | 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Within 3 months | **520,782** | 488,484 |
| 3 months to 1 year | **68,034** | 74,941 |
| Over 1 year | **668** | 748 |
| | **589,484** | 564,173 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW AND OUTLOOK

### Business Overview

For the year ended December 31, 2017, we continued to implement our business strategy to solidify our position as a global leader in the development and production of interconnect solutions and related products. With these efforts, we experienced significant growth in our business. Our revenue amounted to US$3,399 million, representing a 18.0% growth, and our profit amounted to US$180 million, representing a 6.5% growth, each compared to the year ended December 31, 2016. As discussed in more details in the "Results of Operations" section below, our sales in all end markets recorded a rapid growth, thanks to our strategic focus based on correct anticipation of industry trends. Despite an increase in operating costs caused by an increase in labor costs and an appreciation of Renminbi in 2017, we have fundamentally maintained our gross profit margin, with only a slight decrease compared to 2016, and recorded a significant growth in both operating profit and net profit, thanks to our growth in sales as well as prudent cost controls.

The mobile and wireless devices continued to be our largest revenue contributor by end market. For the year ended December 31, 2017, we witnessed increasing sales of interconnect solutions utilized in the new smartphone products released by a brand company customer as well as in the earphones associated with such smartphone products. This also drove the increase in sales of products associated with earphones, such as lightning plugs, cables and connectors. As a result, our revenue from the mobile and wireless devices end market increased by 28.4% for the year ended December 31, 2017 compared to the same period in 2016.

Further to our acquisition of Avago's optical modules business at the end of 2015, we have continued to strengthen our optical modules offerings to capture business opportunities in the communications infrastructure end markets. In particular, our optical modules business experienced a growth, thanks to the successful integration and continuing growth of the optical modules business we acquired from Avago. Moreover, we saw more customers of optical modules business began placing orders to us since 2017, which also benefited our growth in this sector. As a result, our revenue from the communications infrastructure end market increased by 18.8% for the year ended December 31, 2017 compared to the same period in 2016.

The computer and consumer electronics end market continued to be a pillar of our revenue contributor, and we solidified our leading position in this end market by focusing on high end products and products of our key brand companies. Despite the lower growth prospect of this end market in general and more intense price competition from competitors, we have expanded our market share in the area of game consoles, causing revenue from the computer and consumer electronics end market to increase by 1.4% for the year ended December 31, 2017 compared to the same period in 2016.

We continued to strategically pursue opportunities in automotive and other emerging applications for our interconnect solutions and other products. As such, we enhanced our research and development efforts in this field, in particular automotive applications. We have also been in constant discussions with potential partners, including our connected persons, as to investment and collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry. As a result of these efforts, our revenue from the automotive, industrial and medical end market increased by 45.2% for the year ended December 31, 2017 compared to the same period in 2016.

## Industry Outlook and Business Prospects

### *Industry Outlook*

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

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

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

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

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

***Business Prospects***

We anticipate the overall connector industry, particularly the end markets we strategically focus on, will continue to grow in 2018. We plan to continue our strategic focus on the mobile and wireless devices, communications infrastructures, and automotive, industrial and medical end markets, and expect that our development in these end markets will be the main driver of our growth in 2018. On the production side, we continue to further improve our production efficiency and flexibility through automation and other means. We also expect the production efficiency for mobile earphone and associated products will further improve as we further optimize the production process and enhance the quality of those products, which will contribute to our gross profit margin. In particular:

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

- *Communications infrastructure*. We anticipate a growth compared to 2017, as we expect the demand for certain types of optical transceivers, fiber channels and CXP to be strong. In particular, as the higher speed optical products are expected to grow faster than lower speed optical products, the change of sales mix would contribute to both our revenue and overall margin.

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

- *Automotive, industrial and medical.* We believe the demand from our key customers in this end market will continue to be strong, and we expect to benefit from industry trend. We will continue to strategically pursue opportunities in emerging application for our interconnect solutions and other products, especially in the smart home industry and automotive industry. We believe with our leading position in the development and production of interconnect solutions, we would be able to tap on the burgeoning demand for electronic vehicles. We also plan to increase our investments in developing in-car electronic systems and key autonomous driving components. For example, on February 7, 2018, we entered into an agreement with Sharp to form a joint venture company to explore opportunities in the development, design, manufacturing, distribution and marketing for automotive cameras and electronic mirrors. We believe this will create greater synergy between us and Sharp in terms of industrial expertise and geographical reach. Furthermore, our strategic partnership with Hon Hai Group puts us in a good position to capture the emerging opportunities in automotive electronics market.

Therefore, we are confident of our sales growth in 2018.

# RESULTS OF OPERATIONS

## Revenue

We derive our revenue mainly from the sale of our interconnect solutions and other products and, to a lesser extent, from the sale of mold parts and sample products and others. For the year ended December 31, 2017, our revenue amounted to US$3,399 million, representing a 18.0% increase from US$2,880 million in 2016. Among the four main end markets, our revenue from (1) the mobile and wireless devices end market increased by 28.4%, (2) the communications infrastructure end market increased by 18.8%, (3) the computer and consumer electronics end market increased by 1.4% and (4) the automotive, industry and medical end market increased by 45.2%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the years indicated:

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2017** | | 2016 | |
| | ***US$*** | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| Mobile and wireless devices | **1,589,554** | **46.8** | 1,238,331 | 43.0 |
| Communications infrastructure | **844,146** | **24.8** | 710,756 | 24.7 |
| Computer and consumer electronics | **818,544** | **24.1** | 807,158 | 28.0 |
| Automotive, industrial and medical | **63,962** | **1.9** | 44,037 | 1.5 |
| Others | **82,597** | **2.4** | 79,978 | 2.8 |
| Total | **3,398,803** | **100** | 2,880,260 | 100 |

***Mobile and wireless devices***. The 28.4% increase in revenue from the mobile and wireless devices end market was primarily as a result of increased sales of interconnect solutions utilized in the new smartphone products released by a brand company customer, the earphones associated with such smartphone products, as well as the products associated with earphones, such as lightning plugs, cables and connectors.

***Communications infrastructure***. The 18.8% increase in revenue from the communications infrastructure end market was primarily as a result of the successful integration and continuing growth of the optical modules business we acquired from Avago, including our server, switch and optical transceiver products. The development of single-mode high-speed transceivers using advanced 100G (or even faster) optical transceiver technology was essential to our continued growth in this segment.

***Computer and consumer electronics***. The 1.4% increase in revenue from the computer and consumer electronics end market was primarily due to our ability to maintain our market share in the game consoles sector despite a slowdown of the overall end market and price competition from our competitors, as well as lower demand of certain products of our key customers.

***Automotive, industry and medical***. The 45.2% increase in revenue from the automotive, industry and medical end market was primarily because we began shipping certain new products to our key automotive customers since 2017.

## Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 18.4% from US$2,390 million in 2016 to US$2,829 million in 2017. Our cost of sales primarily includes raw materials, employee benefit expenses for our production personnel, depreciation of property, plant and equipment, subcontracting expenses primarily paid to our related parties, utilities, molding and consumable expenses and other costs associated with the production of our interconnect solutions and other products. For the year ended December 31, 2017, the increase was primarily driven by the expansion of our overall business scale and an increase in labor costs.

Our gross profit increased by 16.1% from US$490 million in 2016 to US$569 million in 2017, primarily due to the revenue increase. Our gross profit margin decreased from 17.0% in 2016 to 16.8% in 2017, primarily due to a change in revenue mix, with lower margin businesses, namely, the mobile and wireless segment, accounting for a higher percentage in 2017 compared to 2016.

## Distribution Costs and Selling Expenses

Our distribution costs and selling expenses decreased by 4.6% from US$87 million in 2016 to US$83 million in 2017, primarily due to prudent cost controls, reduction in shipment costs, as well as a decrease in expenses in relation to bonus and other incentive payments to relevant employees. As a percentage of revenue, our distribution costs and selling expenses also decreased as a result of economies of scale as the headcounts of sales staff did not increase in proportion to the revenue increase.

## Administrative Expenses

Our administrative expenses increased by 19.1% from US$68 million for the year ended December 31, 2016 to US$81 million in 2017, primarily due to an increment of bonus and incentives to the employees and incurrence of additional professional and regulatory expenses associated with the Listing.

## Research and Development Expenses

Our research and development expenses primarily consist of (1) employee benefit expenses paid to our research and development personnel, (2) molding and consumables expenses relating to the moldings used in research and development, (3) depreciation of molds and molding equipment and (4) other costs and expenses in connection with our research and development activities. Our research and development expenses increased by 12.4% from US$169 million in 2016 to US$190 million in 2017, as we incurred significant research and development expenses associated with earphone, optical transceiver, batteries and other related products.

## Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 4.8% from US$210 million in 2016 to US$220 million in 2017, primarily due to an increase in our gross profit. Our operating profit margin decreased from 7.3% in 2016 to 6.5% in 2017.

### Income Tax Expenses

We incur income tax expenses primarily relating to our operations in China, Taiwan and Singapore. Our income tax expenses increase from US$43 million in 2016 to US$44 million in 2017. Effective income tax rate decreased from 20.3% to 19.6%, primarily due to the enjoyment of tax incentives in certain jurisdictions.

### Profit for the year

As a result of the increase in operating profit, profit for the year increased by 6.5% from US$169 million in 2016 to US$180 million in 2017.

## LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through cash generated from our operating activities and bank borrowings. As of December 31, 2017, we had cash and cash equivalents of US$768 million, compared to US$415 million as of December 31, 2016. In addition, as of December 31, 2017, we had short-term bank deposits of US$49 million, compared to US$112 million as of December 31, 2016.

In addition, we completed our IPO and, including the issue of the Over-allotment Shares, received proceeds of US$394 million. We will fund our operations partly using our IPO proceeds. See "Use of IPO Proceeds" below for details.

As of December 31, 2017, we had total bank borrowings of US$296 million, all of which were short-term borrowings, as compared to US$385 million as of December 31, 2016. We incur bank borrowings mainly for our working capital purpose and to supplement our capital needs in our foreign investment and acquisition activities if needed. The decrease in bank borrowings during the year ended December 31, 2017 was primarily due to repayments.

Our current ratio, calculated using current assets divided by current liabilities, was 1.89 times as of December 31, 2017, compared to 1.39 times as of December 31, 2016. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.48 times as of December 31, 2017, compared to 1.11 times as of December 31, 2016. The increase in our current ratio and quick ratio were primarily due to an increase in cash and bank balances.

### Cash Flow

For the year ended December 31, 2017, our net cash generated from operating activities was US$156 million, net cash used in investing activities was US$52 million, and net cash generated from financing activities was US$215 million.

**Capital Expenditures**

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

For the year ended December 31, 2017, our capital expenditures amounted to US$119 million, as compared to US$198 million in 2016. The decrease in 2017 was primarily due to a decrease in capital expenditures for accessories products compared to 2016. The capital expenditures for the year ended December 31, 2017 were primarily used for upgrading, maintaining and converting production facilities, including converting certain production facilities for optical products, as well as upgrading environmental protection systems of certain factories in the PRC.

**Significant Investments, Acquisitions and Disposals**

Except as disclosed in the section headed "Our History and Development — Post-Track Record Period Acquisition" in the Prospectus, during the year ended December 31, 2017, we did not have any significant investments, material acquisitions or material disposals.

**Inventories**

Our inventories consist primarily of raw materials, work in progress and finished goods. We review our inventory levels on a regular basis to manage the risk of excessive inventories. Our average inventory turnover days for the year ended December 31, 2017 was 58 days as compared to 47 days for 2016. The higher inventory turnover days for the year ended December 31, 2017 was primarily associated with the launch timing of a smartphone product by a brand customer towards the end of 2017.

Our inventories increased from US$368 million as of December 31, 2016 to US$528 million as of December 31, 2017, primarily due to an expansion of our business scale in general, increased leveling production activities as a result of greater product demands due to, *inter alia,* the introduction of new smartphones from one of our largest brand customers, as well as the need to stock up inventories before the Chinese New Year holidays.

Provision for inventory impairment increased from US$14 million as of December 31, 2016 to US$22 million as of December 31, 2017, which is in line with the increase in the inventory balance during the year.

**Trade Receivables**

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

We typically grant to our third party and related party customers a credit period ranging from 30 days to 180 days. Our average trade receivables turnover days for the year ended December 31, 2017 increased to 97 days, as compared to 90 days for 2016. The increase was primarily associated with the launch timing of a smartphone product by a brand customer towards the end of 2017. Our average trade receivables turnover days for related parties for the year ended December 31, 2017 was 132 days as compared to 132 days for 2016.

Our trade receivables increased from US$804 million as of December 31, 2016 to US$993 million as of December 31, 2017, primarily due to higher sales volume.

### Trade Payables

Our trade payables primarily relate to the procurement of raw materials, semi-finished goods and finished goods. Our average trade payables turnover days for the year ended December 31, 2017 was 74 days as compared to 70 days for 2016. The increase was primarily due to our longer payment period to certain related parties in our Vietnam supply chain.

Our trade payables increased from US$564 million as of December 31, 2016 to US$589 million as of December 31, 2017, primarily due to increased procurement as a result of increase of demand from customers in the second half of 2017.

### Major Capital Commitments

As of December 31, 2017, we had capital commitments of US$9 million, which primarily related to the purchase of property, plant and equipment related to our production facilities.

### Contingent Liabilities

As of December 31, 2017, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

### Gearing ratio

As of December 31, 2017, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash and cash equivalents) divided by total equity, was not applicable because we did not have the net debt position (as of December 31, 2016: not applicable).

## USE OF IPO PROCEEDS

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

## PLEDGE OF ASSETS

As of December 31, 2017, none of our assets had been pledged.

## HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of December 31, 2017, we had approximately 47,700 employees, as compared to approximately 47,500 employees as of December 31, 2016. Total employee benefit expenses including Directors' remuneration for the year ended December 31, 2017 were US$567 million, as compared to US$433 million in 2016. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

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

## FOREIGN EXCHANGE RISK

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

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

To mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of December 31, 2017, the nominal principal amount of our forward foreign exchange contracts was RMB2,664 million.

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. TANG Kwai Chang, CURWEN Peter D and CHAN Wing Yuen Hubert. The consolidated financial statements of our Group for the year ended December 31, 2017 have been reviewed by the Audit Committee.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended December 31, 2017 which have been agreed with the external auditor of the Company.

## SUBSEQUENT EVENTS

On January 18, 2018, the Company granted an aggregate of 25,705,400 share options to certain eligible participants under the Share Option Scheme. For further details about the Share Option Scheme and the grant of share options thereunder, please refer to the Company's circular dated December 4, 2017 and the Company's announcement, dated January 18, 2018.

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

## CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the period from the Listing Date up to the date of this announcement, the Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company, and has complied with all applicable code provisions as set out in the CG Code, except the code provision as mentioned below.

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

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code from the Listing Date to December 31, 2017.

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

During the period from the Listing Date up to December 31, 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") be held on June 22, 2018. The notice of the AGM will be published on the Company's website and sent to the Shareholders in due course.

In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on June 15, 2018, for the purpose of effecting the share transfers. The register of members of the Company will be closed from June 19, 2018 to June 22, 2018 (both dates inclusive).

## 2017 FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.055 per Share for the year ended December 31, 2017 (the "**2017 Final Dividend**") to the Shareholders.

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

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of HKEx at www.hkexnews.hk and on the Company's website at http://www.fit-foxconn.com. The annual report of the Company for the year ended December 31, 2017 will be published on the aforesaid websites and dispatched to Shareholders in due course.

# DEFINITIONS

| | |
|---|---|
| "Audit Committee" | the audit committee of the Board; |
| "Board" or "Board of Directors" | the board of Directors of the Company; |
| "CG Code" | Corporate Governance Code as set out in Appendix 14 to the Listing Rules; |
| "China" or "PRC" | the People's Republic of China; for the purpose of this announcement only, references to "China" or the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong; |
| "Company" | FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange; |
| "Directors" | directors of the Company; |
| "Group", "our Group", "we" or "us" | the Company and its subsidiaries; |
| "HKEx" | Hong Kong Exchanges and Clearing Limited; |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the PRC; |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong; |
| "IFRS" | International Financial Reporting Standards; |
| "IPO" | the initial public offering of Shares and listing of the Group on the Stock Exchange on July 13, 2017; |
| "Listing Date" | the date on which dealings in the Shares first commenced on the Stock Exchange, i.e. July 13, 2017; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time; |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; |
| "Over-allotment Shares" | 148,509,000 Shares issued and allotted by the Company pursuant to the full exercise of the over-allotment option; |

| | |
|---|---|
| "Prospectus" | the prospectus dated June 29, 2017 issued by the Company; |
| "Remuneration Committee" | the remuneration committee of the Board; |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC; |
| "Share(s)" | ordinary share(s) of US$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company; |
| "Share Option Scheme" | the share option scheme of our Company approved and adopted by our Shareholders on December 19, 2017; |
| "Shareholder(s)" | holder(s) of the Share(s); |
| "Share Grant Scheme" | the share grant scheme approved and adopted by the Company on January 5, 2015, and the Board further adopted the rules and interpretations thereof on November 4, 2016; |
| "Sharp" | Sharp Corporation (シャープ株式會社), a limited liability company registered in Japan, the shares of which are listed on the First Section of the Tokyo Stock Exchange (Stock Code: 6753.T); |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "U.S." or "United States" | the United States of America; |
| "US$" or "United States Dollars" | United States dollars, the lawful currency of the United States; |
| "Vietnam" | the Socialist Republic of Vietnam; |
| "YoY" | year-on-year; and |
| "%" | percent. |

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

Hong Kong, March 23, 2018

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

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