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

2020 Interim Report

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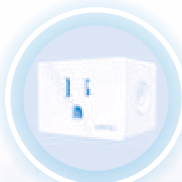

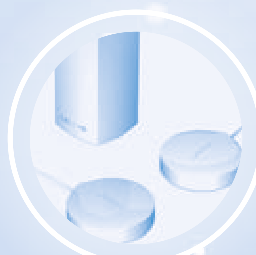

The English text of this interim report shall prevail over the Chinese text in case of any inconsistency.

Corporate Information

LEGAL NAME OF THE COMPANY

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

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited

Stock code: 6088

DIRECTORS

Executive Directors

LU Sung-Ching (盧松青)

LU Pochin Christopher (盧伯卿)

PIPKIN Chester John

Independent non-executive Directors

CURWEN Peter D

TANG Kwai Chang (鄧貴彰)

CHAN Wing Yuen Hubert (陳永源)

TRAINOR-DEGIROLAMO Sheldon

JOINT COMPANY SECRETARIES

WONG Kenneth Tak-Kin (黃德堅)

NG Sau Mei (伍秀薇) *(FCIS, FCS)*

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

CHAN Wing Yuen Hubert (陳永源)

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

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, PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS

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

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, 2020 USD'000 Unaudited	2019 USD'000 Unaudited	Change %
Key income statement items			
Revenue	**1,916,543**	1,918,306	(0.1)
Gross profit	**261,217**	376,360	(30.6)
Operating profit	**31,913**	121,836	(73.8)
Profit attributable to owners of the Company	**22,173**	101,834	(78.2)

	Six months ended June 30, 2020 Unaudited	2019 Unaudited	Change % point
Key financial ratios			
Gross profit margin	**13.6%**	19.6%	(6.0)
Operating profit margin	**1.7%**	6.4%	(4.7)
Margin of profit attributable to owners of the Company	**1.2%**	5.3%	(4.1)

	Six months ended June 30, 2020	Year ended December 31, 2019	Six months ended June 30, 2019
Key operating ratios			
Average inventory turnover days[1]	**83**	68	80
Average trade receivables turnover days[2]	**82**	78	83
Average trade payables turnover days[1]	**71**	71	85

(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, 2019 is 365 days. The number of days for the six months ended June 30, 2020 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 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, 2019 is 365 days. The number of days for the six months ended June 30, 2020 is 183 days.

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

During the six months ended June 30, 2020, 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. However, due to the outbreak of the COVID-19 pandemic in late January 2020, our factories in China did not fully resume work until mid-March 2020. The rapid spread of COVID-19 in Europe and the Americas in mid-March 2020 has shut down physical supply chains, which has had an impact on our performance. We have experienced a slight decline in our performance. For the six months ended June 30, 2020, our revenue amounted to US$1,917 million and our profit amounted to US$20 million, representing a decrease of 0.1% and a decrease of 80.0% compared to the six months ended June 30, 2019, respectively. More details are discussed in the "Results of Operations" section below.

Mobile devices continued to be our largest source of revenue by end market. For the six months ended June 30, 2020, our lightning plug, cable and earphone business recorded a growth mainly due to the increase in shipments of brand companies' new smart phones. As a result, our revenue from the mobile devices end market increased by 14.2% for the six months ended June 30, 2020 compared to the same period in 2019.

For the communications infrastructure end market, there was an increase in our CPU socket and memory card slot product business, which was mainly attributable to the work-from-home arrangement and home-based learning for schools during the COVID-19 outbreak. However, the demand for some optical modules recorded a decrease due to the Sino-U.S. trade conflicts and changes in our optical module business model. As a result, our revenue from the communications infrastructure end market decreased by 8.4% for the six months ended June 30, 2020 compared to the same period in 2019.

For the computer and consumer electronics end market, revenue from laptops and tablets related products experienced an increase, likewise due to the work-from-home arrangement and home-based learning during the COVID-19 outbreak. Our revenue from the computer and consumer electronics end market for the six months ended June 30, 2020 increased by 5.5% compared to the same period in 2019.

Furthermore, we had a revenue growth of 5.7% in our automotive, industrial and medical end markets for the six months ended June 30, 2020 compared to the same period in 2019. The primary drivers of this growth came from revenue growth of our industrial burn-in and test sockets and new products launched by our customers in the automotive segment.

The rapid spread of COVID-19 in Europe and the Americas in mid-March 2020 led to disruption and shut down of physical supply chains to these regions, both of which are the major end markets for our connected home and smart accessories businesses. As a result, for the six months ended June 30, 2020, our revenue from the connected home and smart accessories end markets decreased by 3.2% and 30.2% respectively compared to the same period in 2019.

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 that advanced market players and first movers, like ourselves, are more likely to seize the emerging market opportunities as well as to build brand awareness globally, leading to a fast expansion of the 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 devices. Demand for mobile devices continues to expand around the world. The arrival of the 5G generation will drive the replacement of mobile phones, and it is expected that the mobile phone industry will return to growth next year, which will also bring business opportunities for 5G-related components.

Communications infrastructure. Demand for communications infrastructure connectors is largely driven by the accelerating growth in data traffic and the constantly growing need for additional network bandwidth, which is mainly attributable to technological advancement, such as the adoption of 5G network in the business sector in the next few years. 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 maintain secure 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, which generate heavy demand for sensor connectors and creates market potential for innovative connectors.

Computer and consumer electronics. The steady need for various connectors in the computer and consumer electronics product end market has laid a solid foundation for the demand of connectors. As the global connector industry is undergoing a rapid technical development with better 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. For example, the USB Type-C connector has been extensively applied to not only computers, but also a wide range of electronic products, including televisions and displays. It is estimated that working from home and home-based learning will continue in the second half of the year, which will drive the growth of this end market.

Automotive, industrial and medical. 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.

Connected home. With the rapid development of connected home, alongside the 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 will drive the demand for interconnected device upgrades.

Smart accessories. The popularity of smartphones has driven the demand for various smart accessories products (such as chargers, earphones, screen protectors, and mobile power supplies etc.). The size of the smart accessories end market is growing and the product categories are expanding. New products will stimulate consumer demand.

Business Prospects

Over the long run, we are confident that the overall connector industry, and in particular the mobile devices and automotive, industrial and medical end markets that we strategically focus on, will continue to grow. In the short term, we anticipate that the second half of 2020 will be stronger than the first half but, uncertainties due to COVID-19 will remain.

- ***Mobile devices.*** We expect our cable and connector products to grow in response to demand from our key brand customers, but expect the change in product mix to impact our revenue. We anticipate that this end market will continue to be our main revenue contributor.

- ***Communications infrastructure.*** Revenue will be generated from products such as connectors, antennas, and routers used in communications through penetrating 5G markets. The changes in our business model of optical modules will affect the overall performance of the communications infrastructure business in the second half of the year.

- ***Computer and consumer electronics.*** The trend of working from home and home-based learning will continue, leading to revenue growth in laptop and tablet related products. In the long run, industry growth is expected to slow down, so we will focus more on profitability than revenue 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 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 would be able to tap into the burgeoning demand for electronic 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 opportunities in the automotive electronics market.

- ***Connected home.*** We will strengthen the development of smart products in the field related to home living and provide novel designs of smart products, in order to bring to consumers more comfort and convenience in terms of home living. In addition, this expectation has been strongly realized in the CES 2020 exhibition. In the CES 2020 exhibition, we introduced the Wi-Fi 6 Mesh router systems, 5G mobile hotspot, and Mesh Gateway. Working from home and home-based learning will drive demand for routers, but its final performance may be affected due to uncertainty in the supply of some key components.

- ***Smart accessories.*** In the CES 2020 exhibition, we introduced powerful new GaN chargers, wireless charging docks, screen protection solutions, and an entire portfolio of audio products (TWS, Smart Speaker). With the Belkin International brand and the Group's resources, we shall expand the product lines and seize market share by leveraging the sales network of our global partners.

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, 2020, our revenue amounted to US$1,917 million, representing a 0.1% decrease from US$1,918 million in the same period in 2019. Among the six main end markets, our revenue from (1) the mobile devices end market increased by 14.2%, (2) the communications infrastructure end market decreased by 8.4%, (3) the computer and consumer electronics end market increased by 5.5%, (4) the automotive, industrial and medical end market increased by 5.7%, (5) the connected home end market decreased by 3.2%, and (6) the smart accessories end market decreased by 30.2%. 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,			
	2020		2019	
	US$	%	US$	%
	(in thousands, except for percentages)			
Mobile devices	**766,122**	**40.0**	670,897	35.0
Communications infrastructure	**403,507**	**21.1**	440,510	23.0
Computer and consumer electronics	**377,742**	**19.7**	357,895	18.7
Automotive, industrial and medical	**65,509**	**3.4**	61,995	3.2
Connected home	**120,229**	**6.3**	124,195	6.5
Smart accessories	**183,434**	**9.5**	262,814	13.6
Total	**1,916,543**	**100.0**	1,918,306	100.0

Mobile devices. The revenue from the mobile devices end market increased by 14.2%, which was primarily due to the continuous increase of 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 other earphone-associated products, such as lightning plugs, cables, and connectors.

Communications infrastructure. The revenue from server-related products increased, but the revenue from the communications infrastructure end market decreased by 8.4% due to reduced shipments of some optical modules, which were affected by the Sino-U.S. trade conflicts and changes in business pattern.

Computer and consumer electronics. The revenue from the computer and consumer electronics end market increased by 5.5%, which was mainly attributable to the work-from-home arrangement and home-based learning during the COVID-19 outbreak.

Automotive, industrial and medical. The revenue from the automotive, industrial and medical end market increased by 5.7%, which was primarily due to the growth in revenue related to our applications for industrial products (Burn In and Testing Socket), and the growth driven by part of our automobile application product customers launching new products.

Connected home. The revenue from the connected home end market decreased by 3.2%, which was mainly due to the shutdown of physical supply chains resulting from the rapid spread of COVID-19 in Europe and the Americas in mid-March 2020.

Smart accessories. The revenue from the smart accessories end market decreased by 30.2%, which was mainly due to the shutdown of physical supply chains resulting from the rapid spread of COVID-19 in Europe and the Americas in mid-March 2020.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 7.4% from US$1,542 million for the six months ended June 30, 2019 to US$1,655 million for the same period in 2020. 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) utilities, molding, and consumable expenses, and (7) other costs associated with the production of our interconnect solutions and other products. For the six months ended June 30, 2020, the increase was primarily impacted by the work stoppages during the outbreak of COVID-19 at the beginning of the year and the changes in business model of optical modules.

As a result of the foregoing, our gross profit decreased by 30.6% from US$376 million for the six months ended June 30, 2019 to US$261 million for the same period in 2020. Our gross profit margin decreased from 19.6% for the six months ended June 30, 2019 to 13.6% for the same period in 2020.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses decreased by 12.9% from US$57 million for the six months ended June 30, 2019 to US$50 million for the same period in 2020, primarily due to the changes in business model of optical modules.

Administrative Expenses

Our administrative expenses increased by 4.7% from US$86 million for the six months ended June 30, 2019 to US$90 million for the same period in 2020, as we incurred more legal and professional expenses to support our business operation.

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 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 decreased by 5.1% from US$121 million for the six months ended June 30, 2019 to US$115 million for the same period in 2020, mainly due to the impact of the changes in business model of optical modules and the decrease in research and development expenses for optical communication products.

Operating Profit and Operating Profit Margin

As a result of the foregoing, although our sales of products were flat, our operating margin decreased due to the impact of the outbreak of COVID-19 and changes in business model of optical modules; hence, our operating profit decreased by 73.8% from US$122 million for the six months ended June 30, 2019 to US$32 million for the same period in 2020. Our operating profit margin decreased from 6.4% for the six months ended June 30, 2019 to 1.7% for the same period in 2020.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan, the United States, and Vietnam. Our income tax expenses decreased by 68.4% from US$17 million for the six months ended June 30, 2019 to US$5 million for the same period in 2020. Effective income tax rate for taxes on profit for the period increased from 14.7% to 21.3%.

Profit for the Period

As a result of the decrease in operating profit, profit for the period decreased by 80.0% from US$101 million for the six months ended June 30, 2019 to US$20 million for the same period in 2020. Our profit margin decreased from 5.3% for the six months ended June 30, 2019 to 1.1% for the same period in 2020.

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, 2020, we had cash and cash equivalents of US$744 million, compared to US$892 million as of December 31, 2019. In addition, as of June 30, 2020, we had short-term bank deposits of US$94 million, compared to US$118 million as of December 31, 2019.

As of June 30, 2020, we had total bank borrowings of US$1,092 million, including short-term borrowings of US$518 million and long-term borrowings of US$574 million, as compared to the total bank borrowings of US$1,068 million, including short-term borrowings of US$494 million and long-term borrowings of US$574 million, as of December 31, 2019. We incurred short-term bank borrowings mainly for our working capital purpose and for supplementing our capital needs for investment and acquisition activities. For long-term borrowings, in February 2019, the Company entered into a Syndicated Loan Facility Agreement of US$575 million for a term of three years with a syndicate group comprising eighteen banks including Mizuho Corporate Bank, a Japanese company. This loan was mainly used for the repayment of the short-term bank borrowings incurred for the acquisition of Belkin International in 2018. As of June 30, 2020, we had fully utilized the new facility. The increase in bank borrowings during the six months ended June 30, 2020 was primarily for the purchase of our production facilities and operating activities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.68 times as of June 30, 2020, compared to 1.65 times as of December 31, 2019. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.14 times as of June 30, 2020, compared to 1.23 times as of December 31, 2019. The improvement in our current ratio was primarily due to decrease in current liabilities. The decrease in quick ratio was primarily due to increase of inventories.

Cash Flow

For the six months ended June 30, 2020, our net cash used in operating activities was US$31 million, net cash used in investing activities was US$109 million, and net cash generated from financing activities was US$3 million.

Capital Expenditures

Our capital expenditures primarily relate to the purchase of right-of-use assets, property, plant and equipment, and intangible assets (exclusive of goodwill). We finance our capital expenditures primarily through the cash generated from our operating activities, bank borrowings, and IPO proceeds. We have also funded and will continue to fund part of our capital expenditures using our IPO proceeds. See “Use of IPO Proceeds” below for details.

For the six months ended June 30, 2020, our capital expenditures amounted to US$143 million, as compared to US$120 million for the same period in 2019. The capital expenditures for the six months ended June 30, 2020 were primarily used for acquiring, upgrading, maintaining, and converting production facilities, including the factories in Vietnam.

Significant Investments, Acquisitions and Disposals

We did not have any significant investments, material acquisitions or material disposals during the six months ended June 30, 2020.

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, 2020 was 83 days as compared to 68 days in 2019. The higher inventory turnover days for the six months ended June 30, 2020 was primarily due to the change in product mix, which caused longer turnover periods.

Our inventories increased from US$703 million as of December 31, 2019 to US$811 million as of June 30, 2020, primarily due to the expansion of our business scale in general, as well as increased leveling production activities in anticipation of a greater product demand in the second half of 2020.

Provision for inventory impairment increased from US$25 million as of December 31, 2019 to US$33 million as of June 30, 2020, which is in line with the increase in the inventory balance during the period.

Trade Receivables

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

We typically grant to our third party and related party customers a credit period ranging from 30 days to 180 days. Our average number of trade receivables turnover days increased from 78 days in 2019 to 82 days for the six months ended June 30, 2020, mainly due to the mix of customers. Our average number of trade receivables turnover days for related parties for the six months ended June 30, 2020 was 131 days as compared to 125 days in 2019.

Our trade receivables decreased from US$930 million as of December 31, 2019 to US$784 million as of June 30, 2020, primarily due to intrinsic seasonality of our business itself, which resulted in lower revenue compared to the second half of the year.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials, work in progress, and finished goods. Our average number of trade payables turnover days for the six months ended June 30, 2020 was 71 days, remaining stable as compared to 71 days for 2019.

Our trade payables decreased from US$691 million as of December 31, 2019 to US$592 million as of June 30, 2020, primarily due to decreased procurement as a result of the intrinsic seasonality of our businesses.

Major Capital Commitments

As of June 30, 2020, we had capital commitments of US$32 million, which were primarily connected with the purchase of property, plant, and equipment related to our production facilities and investments in fund.

Contingent Liabilities

As of June 30, 2020, 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, 2020, 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 12.3% (as of June 30, 2019: not applicable).

USE OF IPO PROCEEDS

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

The use of proceeds is set out as below:

Item	Available on December 31, 2019 (US$'000)	**Utilized between December 31, 2019 and June 30, 2020 (US$'000)**	**Unutilized as at June 30, 2020 (US$'000)**
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	29,550	**–**	**29,550**
Establish an enhanced management information technology platform including the purchase of enterprise resource planning systems and modules, as well as implementation	11,898	**6,759**	**5,139**

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

Item	Unutilized as at June 30, 2020 (US$'000)	Expected timeline
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	**29,550**	The remaining amount is expected to be fully utilized in the second half of 2020.
Establish an enhanced management information technology platform including the purchase of enterprise resource planning systems and modules, as well as implementation	**5,139**	The remaining amount is expected to be fully utilized in the second half of 2020.

PLEDGE OF ASSETS

As of June 30, 2020, certain bank deposits totaling RMB13.77 million of Chongqing Hon Teng Technology Co., Ltd. (重慶市鴻騰科技有限公司), Huaian Fu Li Tong Trading Co., Ltd. (淮安市富利通貿易有限公司), and Fu Sheng Optoelectronics Technology (Kun Shan) Co., Ltd. (富聖光電科技(昆山)有限公司) have been pledged as customs guarantee.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2020, we had approximately 51,640 employees, as compared to 47,163 employees as of December 31, 2019. Total employee benefit expenses, including Directors' remuneration, for the six months ended June 30, 2020 were US$329 million, as compared to US$281 million for the same period in 2019. Remuneration is determined with reference to performance, skills, qualifications, and experience of the staff concerned and in accordance with the prevailing industry practice.

In addition to salaries and wages, other employee benefit expenses include cash bonus, pension, housing fund, medical insurance, and other social insurances, as well as share-based payment expenses and others. We made certain share grants under our Share Grant Scheme prior to our IPO. We also adopted the Share Option Scheme and the Restricted Share Award 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 information 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, 2020, the nominal principal amount of our forward foreign exchange contracts was US$757 million.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2020.

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 of Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)

Introduction

We have reviewed the interim financial information set out on pages 17 to 59, which comprises the condensed consolidated interim balance sheet of FIT Hon Teng Limited (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2020 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 11, 2020

Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2020

	Note	For the six months ended June 30, 2020 US$'000 (unaudited)	2019 US$'000 (unaudited)
Revenue	7	**1,916,543**	1,918,306
Cost of sales	10	**(1,655,326)**	(1,541,946)
Gross profit		**261,217**	376,360
Distribution costs and selling expenses	10	**(49,831)**	(57,205)
Administrative expenses	10	**(89,628)**	(85,597)
Research and development expenses	10	**(115,195)**	(121,325)
(Provision)/reversal of impairment loss on financial assets		**(371)**	117
Other income	8	**11,180**	10,164
Other gains/(losses) – net	9	**14,541**	(678)
Operating profit		**31,913**	121,836
Finance income		**9,102**	11,526
Finance costs		**(11,814)**	(15,298)
Finance costs – net		**(2,712)**	(3,772)
Share of results of associates and a joint venture		**(3,588)**	–
Profit before income tax		**25,613**	118,064
Income tax expense	11	**(5,468)**	(17,321)
Profit for the period		**20,145**	100,743
Profit attributable to:			
Owners of the Company		**22,173**	101,834
Non-controlling interests		**(2,028)**	(1,091)
		20,145	100,743
Earnings per share for profit attributable to owners of the Company (expressed in US cents per share)			
Basic earnings per share	12	**0.33**	1.55
Diluted earnings per share	12	**0.32**	1.48

The notes on pages 24 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2020

	For the six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit for the period	**20,145**	100,743
Other comprehensive loss:		
Item that may be reclassified subsequently to profit or loss		
Currency translation differences	**(27,645)**	(16,996)
Item that will not be reclassified subsequently to profit or loss		
Fair value change in financial assets at fair value through other comprehensive income	**(2,925)**	(43)
Total other comprehensive loss for the period, net of tax	**(30,570)**	(17,039)
Total comprehensive (loss)/income for the period	**(10,425)**	83,704
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(8,689)**	84,743
Non-controlling interests	**(1,736)**	(1,039)
	(10,425)	83,704

The notes on pages 24 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at June 30, 2020

	Note	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	**614,302**	566,090
Right-of-use assets	14	**61,429**	62,772
Intangible assets	14	**723,828**	744,541
Financial assets at fair value through other comprehensive income	15	**24,907**	17,694
Financial assets at fair value through profit or loss	16	**58,424**	56,957
Interests in associates and a joint venture	17	**21,122**	21,710
Deposits and prepayments	18	**11,324**	17,973
Finance lease receivables	19	**59,237**	62,452
Deferred income tax assets		**119,027**	114,931
		1,693,600	1,665,120
Current assets			
Inventories		**811,355**	702,587
Trade and other receivables	18	**870,451**	1,006,669
Finance lease receivables	19	**14,564**	15,645
Financial assets at fair value through profit or loss	16	**3,117**	6,886
Short-term bank deposits		**93,655**	118,011
Cash and cash equivalents		**743,570**	892,111
		2,536,712	2,741,909
Total assets		**4,230,312**	4,407,029
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	**134,400**	134,400
Treasury shares		**(92,930)**	(92,930)
Reserves		**2,019,710**	2,025,277
		2,061,180	2,066,747
Non-controlling interests		**8,864**	10,600
Total equity		**2,070,044**	2,077,347

Condensed Consolidated Interim Balance Sheet

As at June 30, 2020

	Note	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	**574,367**	574,176
Lease liabilities		**14,311**	22,582
Deferred income tax liabilities		**55,537**	60,995
Deposit received and other payables	22	**9,070**	9,751
		653,285	667,504
Current liabilities			
Trade and other payables	22	**918,472**	1,086,463
Contract liabilities		**4,249**	3,174
Lease liabilities		**17,350**	16,389
Bank borrowings	21	**517,914**	493,546
Current income tax liabilities		**48,998**	62,606
		1,506,983	1,662,178
Total liabilities		**2,160,268**	2,329,682
Total equity and liabilities		**4,230,312**	4,407,029

The notes on pages 24 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2020

	Attributable to owners of the Company							
(Unaudited)	Share capital US$'000	Treasury shares US$'000	Share premium and capital reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at January 1, 2020	134,400	(92,930)	550,564	74,740	1,399,973	2,066,747	10,600	2,077,347
Comprehensive income								
– Profit/(loss) for the period	–	–	–	–	22,173	22,173	(2,028)	20,145
Other comprehensive loss								
– Currency translation differences	–	–	–	(27,937)	–	(27,937)	292	(27,645)
– Fair value change in financial assets at fair value through other comprehensive income	–	–	–	(2,925)	–	(2,925)	–	(2,925)
Total comprehensive income/(loss)	–	–	–	(30,862)	22,173	(8,689)	(1,736)	(10,425)
Transactions with owners								
– Senior management and employees' share grant schemes (Note 23(a) & (b))	–	–	–	2,450	–	2,450	–	2,450
– Share option scheme (Note 23(c))	–	–	–	672	–	672	–	672
Total transactions with owners, recognized directly in equity	–	–	–	3,122	–	3,122	–	3,122
Balance at June 30, 2020	134,400	(92,930)	550,564	47,000	1,422,146	2,061,180	8,864	2,070,044

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2020

	Attributable to owners of the Company							
(Unaudited)	Share capital US$'000	Treasury shares US$'000	Share premium and capital reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance as at January 1, 2019	131,708	(72,072)	518,946	128,903	1,227,093	1,934,578	12,750	1,947,328
Comprehensive income								
– Profit/(loss) for the period	–	–	–	–	101,834	101,834	(1,091)	100,743
Other comprehensive loss								
– Currency translation differences	–	–	–	(17,048)	–	(17,048)	52	(16,996)
– Fair value change in financial assets at fair value through other comprehensive income	–	–	–	(43)	–	(43)	–	(43)
Total comprehensive income/(loss)	–	–	–	(17,091)	101,834	84,743	(1,039)	83,704
Transactions with owners								
– Exercise of share grant plan	547	–	(547)	–	–	–	–	–
– Exercise of share option	12	–	420	(136)	–	296	–	296
– Senior management and employees' share grant schemes (Note 23(a) & (b))	–	–	–	2,654	–	2,654	–	2,654
– Share option scheme (Note 23(c))	–	–	–	1,868	–	1,868	–	1,868
– Shares purchased for share award scheme (Note 23(d))	–	(10,760)	–	–	–	(10,760)	–	(10,760)
– Dividend	–	–	–	–	(60,394)	(60,394)	–	(60,394)
Total transactions with owners, recognized directly in equity	559	(10,760)	(127)	4,386	(60,394)	(66,336)	–	(66,336)
Balance at June 30, 2019	132,267	(82,832)	518,819	116,198	1,268,533	1,952,985	11,711	1,964,696

The notes on pages 24 to 59 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2020

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Cash flow from operating activities		
Cash (used in)/generated from operations	**(2,701)**	266,149
Income tax paid	**(28,629)**	(56,142)
Net cash (used in)/generated from operating activities	**(31,330)**	210,007
Cash flow from investing activities		
Payments for the purchase of property, plant and equipment	**(138,449)**	(111,712)
Payments for the purchase of intangible assets	**(668)**	(134)
Proceeds from finance lease receivables	**4,442**	–
Proceeds from disposal of property, plant and equipment	**5,853**	3,569
Payments for investments in financial assets at fair value through other comprehensive income	**(10,149)**	(4,155)
Payments for interest in a joint venture	**(3,000)**	–
Proceeds from disposal of intangible assets	**–**	3
Decrease in short-term bank deposits	**24,356**	4,358
Interest received	**9,102**	11,526
Net cash used in investing activities	**(108,513)**	(96,545)
Cash flow from financing activities		
Proceeds from bank borrowings	**1,605,216**	762,008
Repayment of bank borrowings	**(1,581,645)**	(862,655)
Principal elements of lease payments	**(8,917)**	(9,683)
Interest paid	**(11,222)**	(12,253)
Shares purchases for share award scheme	**–**	(10,760)
Proceeds from issuance of ordinary shares	**–**	296
Net cash generated from/(used in) financing activities	**3,432**	(133,047)
Net decrease in cash and cash equivalents	**(136,411)**	(19,587)
Cash and cash equivalents at beginning of the period	**892,111**	1,064,824
Exchange difference on cash and cash equivalents	**(12,130)**	(888)
Cash and cash equivalents at end of the period	**743,570**	1,044,349

The notes on pages 24 to 59 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information of the Group

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

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2020 is prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2019 ("Annual Report") and any public announcements made by FIT Hon Teng Limited during the interim reporting period.

3 Summary of significant accounting policies

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

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

The Group has applied the following amendments and revised conceptual framework which are mandatory for the financial year beginning January 1, 2020 and are relevant to its operations:

Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 3	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest rate benchmark reform
Amendments to IFRS 16	COVID-19 related rent concessions

The amendments and revised conceptual framework listed above did not have any material impact on the Group's results.

(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 annual improvements project	Annual improvements 2018-2020 cycle	January 1, 2022
Amendments to IAS 16	Property, plant and equipment	January 1, 2022
Amendments to IAS 37	Onerous contracts	January 1, 2022
Amendments to IFRS 3	Reference to the conceptual framework	January 1, 2022
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1	Presentation of financial statements on classification of liabilities	January 1, 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 condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

5 Financial risk management and financial instruments

(a) Financial risk factors

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

The condensed consolidated interim 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 Report.

There have been no changes in the risk management policies since the year ended December 31, 2019.

(b) 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 financial institutions.

5 Financial risk management and financial instruments (continued)

(b) Liquidity risk (continued)

(i) Financing arrangements

As at June 30, 2020 and December 31, 2019, the Group had the following bank borrowings:

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Floating rate-unsecured		
Expiring within one year	**517,914**	493,546
Expiring between one to five years	**574,367**	574,176
	1,092,281	1,067,722

(ii) Maturities of financial liabilities

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

At June 30, 2020: (unaudited)

	Less than 1 year US$'000	From 1 year to 2 years US$'000	From 2 years to 5 years US$'000	Over 5 years US$'000	Total contractual cash flows US$'000	Carrying amount US$'000
Trade and other payables	834,433	1,446	3,082	–	838,961	838,961
Lease liabilities	17,729	9,393	5,623	–	32,745	31,661
Borrowings	529,826	–	614,916	–	1,144,742	1,092,281

5 Financial risk management and financial instruments (continued)

(b) Liquidity risk (continued)

(ii) Maturities of financial liabilities (continued)

At December 31, 2019: (audited)

	Less than 1 year US$'000	From 1 year to 2 years US$'000	From 2 years to 5 years US$'000	Over 5 years US$'000	Total contractual cash flows US$'000	Carrying amount US$'000
Trade and other payables	975,464	1,430	3,760	–	980,654	980,654
Lease liabilities	17,442	13,098	8,912	1,653	41,105	38,971
Borrowings	508,204	–	626,869	–	1,135,073	1,067,722

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

(c) Fair value estimation

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

The table below analyses the Group's financial instruments carried at fair values as at June 30, 2020 and December 31, 2019 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:

- Quoted 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 date (that is, unobservable inputs) (level 3).

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

	Level 1 US$'000 (unaudited)	Level 2 US$'000 (unaudited)	Level 3 US$'000 (unaudited)	Total US$'000 (unaudited)
As at June 30, 2020				
Financial assets				
Financial assets at fair value through profit or loss	**–**	**3,117**	**58,424**	**61,541**
Financial assets at fair value through other comprehensive income	**–**	**–**	**24,907**	**24,907**

	Level 1 US$'000 (audited)	Level 2 US$'000 (audited)	Level 3 US$'000 (audited)	Total US$'000 (audited)
As at December 31, 2019				
Financial assets				
Financial assets at fair value through profit or loss	–	6,886	56,957	63,843
Financial assets at fair value through other comprehensive income	–	–	17,694	17,694

There were no transfers between the levels of the fair value hierarchy during six months ended June 30, 2020.

The financial assets at fair value through profit or loss represented currency forward contracts and within level 2 of the fair value hierarchy. The fair values are determined by the present value of future cash flows based on the forward exchange rate at the balance sheet date.

The fair values of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss within level 3 of the fair value hierarchy are determined by using various applicable valuation techniques or by referencing the recent funding transactions. There were also no changes made to any of the valuation techniques applied as of December 31, 2019.

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 a measure of operating profit.

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

The CODM determined that the Group was organised into two main operating segments from continuing operations: (i) intermediate products and (ii) consumer products. The Group internally reviewed and assessed the financial performance and position of consumer products and intermediate products. Accordingly, the related revenue, assets and liabilities of the operating segments of consumer products and intermediate products are presented.

Segment revenue and results

For the six months ended June 30, 2020, the Group's revenue and results by operating segment are as follows:

	Intermediate products US$'000 (unaudited)	Consumer products US$'000 (unaudited)	Total US$'000 (unaudited)
Revenue	**1,612,880**	**303,663**	**1,916,543**
Gross profit			**261,217**
Unallocated:			
Expenses – net			**(255,025)**
Other income			**11,180**
Other gains – net			**14,541**
Finance costs – net			**(2,712)**
Share of results of associates and a joint venture			**(3,588)**
Profit before income tax			**25,613**

6 Segment information (continued)

Segment revenue and results (continued)

For the six months ended June 30, 2019, the Group's revenue and results by operating segment are as follows:

	Intermediate products US$'000 (unaudited)	Consumer products US$'000 (unaudited)	Total US$'000 (unaudited)
Revenue	1,531,297	387,009	1,918,306
Gross profit			376,360
Unallocated:			
Expenses – net			(264,010)
Other income			10,164
Other loss – net			(678)
Finance costs – net			(3,772)
Profit before income tax			118,064

6 Segment information (continued)

Segment assets and liabilities

The Group's assets and liabilities by operating segment is as follows:

As at June 30, 2020:

	Intermediate products US$'000 (unaudited)	Consumer products US$'000 (unaudited)	Total US$'000 (unaudited)
Assets			
Segment assets	1,571,740	942,332	2,514,072
Unallocated:			
Property, plant and equipment			614,302
Right-of-use assets			61,429
Intangible assets			21,913
Financial assets at fair value through other comprehensive income			24,907
Financial assets at fair value through profit or loss			61,541
Interests in associates and a joint venture			21,122
Finance lease receivables			73,801
Short-term bank deposits			93,655
Cash and cash equivalents			743,570
Total assets			4,230,312

6 Segment information (continued)

Segment assets and liabilities (continued)

As at June 30, 2020: (continued)

	Intermediate products US$'000 (unaudited)	Consumer products US$'000 (unaudited)	Total US$'000 (unaudited)
Liabilities			
Segment liabilities	776,398	255,679	1,032,077
Unallocated			
Bank borrowings			1,092,281
Lease liabilities			31,661
Contract liabilities			4,249
Total liabilities			2,160,268

6 Segment information (continued)

Segment assets and liabilities (continued)

As at December 31, 2019:

	Intermediate products US$'000 (audited)	Consumer products US$'000 (audited)	Total US$'000 (audited)
Assets			
Segment assets	1,532,198	1,028,788	2,560,986
Unallocated:			
Property, plant and equipment			566,090
Right-of-use assets			62,772
Intangible assets			25,715
Financial assets at fair value through other comprehensive income			17,694
Financial assets at fair value through profit or loss			63,843
Interests in associates and a joint venture			21,710
Finance lease receivables			78,097
Short-term bank deposits			118,011
Cash and cash equivalents			892,111
Total assets			4,407,029

6 Segment information (continued)

Segment assets and liabilities (continued)

As at December 31, 2019: (continued)

	Intermediate products US$'000 (audited)	Consumer products US$'000 (audited)	Total US$'000 (audited)
Liabilities			
Segment liabilities	941,400	278,415	1,219,815
Unallocated			
Bank borrowings			1,067,722
Lease liabilities			38,971
Contract liabilities			3,174
Total liabilities			2,329,682

Geographical segment

For the six months ended June 30, 2020 and 2019, revenue by geographical areas is as follows:

	For the six months ended June 30,	
	2020 US$'000 (unaudited)	2019 US$'000 (unaudited)
United States of America	**873,026**	732,352
The PRC	**333,297**	518,174
Taiwan	**232,514**	171,167
Hong Kong	**98,608**	112,272
United Kingdom	**61,157**	79,895
Singapore	**55,905**	84,186
Malaysia	**55,355**	49,684
Others	**206,681**	170,576
	1,916,543	1,918,306

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

6 Segment information (continued)

Geographical segment (continued)

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

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
The PRC	**450,993**	460,279
Vietnam	**171,850**	125,875
United States of America	**42,687**	39,867
Taiwan	**15,425**	11,346
Singapore	**914**	689
Others	**26,308**	30,489
	708,177	668,545

For the six months ended June 30, 2020, there were two customers (2019: 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,	
	2020 US$'000 (unaudited)	2019 US$'000 (unaudited)
Customer A	**653,769**	454,598
Customer B	**291,644**	410,211

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

7 Revenue

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Sales of goods	**1,879,995**	1,888,815
Provision of services	**7,839**	5,726
Sales of scrap materials	**28,709**	23,765
	1,916,543	1,918,306

Sales of goods and scrap materials are recognized at point in time and provision of services is recognized over time.

The Group has recognised following liabilities related to contracts with customers as at June 30, 2020 and December 31, 2019.

	As at June 30, 2020	As at December 31, 2019
	US$'000	US$'000
	(unaudited)	(audited)
Contract liabilities – sales of goods	**4,249**	3,174

The following table shows the amount of the revenue recognised for six months ended June 30, 2020 and 2019 related to carried-forward contract liabilities.

	For the six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Contract liabilities – sales of goods	**3,174**	6,025

8 Other income

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Government grants	**5,954**	4,501
Rental income from properties	**2,175**	3,041
Others	**3,051**	2,622
	11,180	10,164

9 Other gains/(losses) -net

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Net foreign currency exchange gains	**30,588**	6,752
Net losses on currencies forward contracts (included in financial assets at fair value through profit or loss)	**(17,000)**	(9,033)
Gains on disposal of property, plant and equipment	**833**	1,490
Others	**120**	113
	14,541	(678)

10 Expenses by nature

	For the six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Cost of inventories	**1,165,736**	1,025,979
Subcontracting expenses	**53,196**	131,702
Utilities	**21,870**	23,870
Employee benefit expenses	**329,294**	280,695
Amortization of intangible assets (Note 14)	**21,174**	20,789
Depreciation of property, plant and equipment (Note 14)	**72,526**	84,766
Depreciation of right-of-use assets (Note 14)	**9,839**	10,197
Mouldings and consumables	**70,428**	68,732
Legal and professional expenses	**30,899**	19,521
Delivery expenses	**28,486**	27,504
Other tax and related surcharges	**8,304**	10,267
Provision of impairment for inventories	**8,316**	7,208
Others	**89,912**	94,843
	1,909,980	1,806,073

11 Income tax expense

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

	For the six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Current income tax		
– Current tax on profits for the period	**15,022**	23,385
Deferred income tax	**(9,554)**	(6,064)
Income tax expense	**5,468**	17,321

11 Income tax expense (continued)

(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, 2020 (for the six months ended June 30, 2019: 25%).

Four (for the six months ended June 30, 2019: three) 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, 2020 (for the six months ended June 30, 2019: 15%).

One of the PRC subsidiaries of the Group 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 for the five consecutive years from 2015 to 2020.

(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, 2020 (for the six months ended June 30, 2019: 20%).

(c) Singapore corporate income tax

During the year ended December 31, 2019, a Singapore incorporated subsidiary of the Group has restructured its operations. As a result, the subsidiary is no longer entitled to the 5% incentive for the profits generated from Development and Expansion Incentives activities ("DEI") from March 21, 2019. Profits generated for the six months ended June 30, 2020 is taxed at the rate of 17% (for the six months ended June 30, 2019: profits were taxed at 5% before restructuring and 17% after restructuring).

(d) Vietnam corporate income tax

The current tax regulations allow the Vietnam incorporated subsidiary to be exempted from income tax for 2 years starting from the first year with taxable profits and is entitled to a 50% reduction in income tax for the next 4 succeeding years.

The Vietnam incorporated subsidiary of the Group is entitled to a 50% reduction in income tax for 4 consecutive years from 2019 to 2022. For the six months ended June 30, 2020, the Vietnam corporate income tax is calculated at the rate of 10% on the chargeable income of the subsidiary in accordance with Vietnam income tax act (for the six months ended June 30, 2019: 10%).

11 Income tax expense (continued)

(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, 2020 and 2019.

	For the six months ended June 30,	
	2020	2019
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**22,173**	101,834
Weighted average number of ordinary shares in issue (in thousands)	**6,671,083**	6,583,772
Basic earnings per share in US cents	**0.33**	1.55

(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, 2020, the Group has one category (2019: two categories) of dilutive potential ordinary shares.

12 Earnings per share (continued)

(b) Diluted earnings per share (continued)

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

	For the six months ended June 30,	
	2020	2019
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**22,173**	101,834
Weighted average number of ordinary shares in issue (in thousand)	**6,671,083**	6,583,772
Adjustments for:		
– impact of the senior management and employees' share grant schemes (in thousand)	**184,148**	300,230
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**6,855,231**	6,884,002
Diluted earnings per share in US cents	**0.32**	1.48

13 Dividend

No interim dividend in respect of the six months ended June 30, 2020 has been declared as of the date of this report (for the six months ended June 30, 2019: nil).

14 Property, plant and equipment, right-of-use assets and intangible assets

	Property, plant and equipment US$'000 (unaudited)	Right-of-use assets US$'000 (unaudited)	Intangible assets Goodwill US$'000 (unaudited) (Note a)	Intangible assets Other intangible assets US$'000 (unaudited)	Intangible assets Total US$'000 (unaudited)
For the six months ended June 30, 2020					
Net book value					
At beginning of the period	566,090	62,772	443,355	301,186	744,541
Additions	132,958	8,881	–	668	668
Disposals	(3,493)	–	–	(32)	(32)
Depreciation/amortization	(72,526)	(9,839)	–	(21,174)	(21,174)
Exchange difference	(8,727)	(385)	–	(175)	(175)
At end of period	614,302	61,429	443,355	280,473	723,828

	Property, plant and equipment US$'000 (unaudited)	Right-of-use assets US$'000 (unaudited)	Intangible assets Goodwill US$'000 (unaudited) (Note a)	Intangible assets Other intangible assets US$'000 (unaudited)	Intangible assets Total US$'000 (unaudited)
For the six months ended June 30, 2019					
Net book value					
At beginning of the period	599,336	74,752	446,430	344,528	790,958
Additions	118,339	1,753	–	134	134
Disposals	(3,596)	–	–	(3)	(3)
Depreciation/amortization	(84,766)	(10,197)	–	(20,789)	(20,789)
Exchange difference	(163)	4	–	62	62
At end of period	629,150	66,312	446,430	323,932	770,362

14 Property, plant and equipment, right-of-use assets and intangible assets (continued)

Impairment assessment for Goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") that are expected to benefit from business combination and impairment testing is performed on goodwill allocated to its respective CGUs. The balance mainly includes the goodwill of approximately US$441,509,000 arising from the acquisition of Belkin during the year ended December 31, 2018.

An impairment test was performed due to changes in the business environment led by the outbreak of COVID-19, the recoverable amounts of the CGU in which goodwill has been allocated are higher than their carrying amounts as at June 30, 2020. As a result, no impairment loss was charged during the six months ended June 30, 2020 (for the six months ended June 30, 2019: nil).

The recoverable amount of a CGU is determined based on higher of its fair value less costs of disposal and value-in-use calculations. The recoverable amount of the CGU relating to the goodwill arising from acquisition of Belkin was determined based on value-in-use calculation. The calculation uses cash flow projection based on financial budgets of five year period which reflects the medium term plan of management in expanding the customer based and market share. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates. Judgment is required to determine key assumptions adopted in the cash flow forecast and changes to key assumptions could affect this cash flow forecast and therefore the results of the impairment review.

15 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income ("FVOCI") represent the Group's investments in private companies.

(i) Classification of financial assets at FVOCI

Financial assets at fair value through other comprehensive income 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.

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

(ii) Financial assets at FVOCI

The analysis of financial assets at fair value through other comprehensive income by geographical areas is as follows:

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Non-current assets		
Equity investments in other entities		
– United States of America	**19,750**	13,000
– France	**2,826**	2,826
– Taiwan	**1,624**	1,151
– The PRC	**707**	717
	24,907	17,694

(iii) Movements of financial assets at FVOCI are analyzed as follows:

	For the six months ended June 30 2020 US$'000 (unaudited)	2019 US$'000 (unaudited)
At beginning of period	**17,694**	17,102
Additions	**10,149**	4,155
Fair value change	**(2,925)**	(43)
Exchange difference	**(11)**	(3)
At end of period	**24,907**	21,211

16 Financial assets at fair value through profit or loss

	As at June 30, 2020 US$' 000 (unaudited)	As at December 31, 2019 US$' 000 (audited)
Non-current assets		
Unlisted convertible preferred shares	**55,668**	54,552
Unlisted debt instruments	**2,756**	2,405
	58,424	56,957
Current assets		
Currencies forward contracts	**3,117**	6,886

The maximum exposure to credit risk at the balance sheet date is the carrying value.

17 Interests in associates and a joint venture

	As at June 30, 2020 US$' 000 (unaudited)	As at December 31, 2019 US$' 000 (audited)
Associates (Note i)	**21,122**	21,710
A joint venture (Note ii)	**–**	–
	21,122	21,710

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

	For the six months ended June 30	
	2020 US$' 000 (unaudited)	2019 US$' 000 (unaudited)
At beginning of period	**21,710**	6,199
Share of results	**(588)**	–
At end of period	**21,122**	6,199

17 Interests in associates and a joint venture (continued)

(ii) Movements of interests in a joint venture is analyzed as follows:

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
At beginning of period	**–**	–
Additions	**3,000**	–
Share of results	**(3,000)**	–
At end of period	**–**	–

18 Trade and other receivables

	As at June 30, 2020	As at December 31, 2019
	US$'000	US$'000
	(unaudited)	(audited)
Trade receivables due from third parties	**627,347**	673,711
Trade receivables due from related parties (Note 25)	**158,928**	258,194
Less: loss allowances for impairment of trade receivables	**(2,053)**	(1,682)
Total trade receivables – net	**784,222**	930,223
Deposits and prepayments	**42,022**	48,945
Other receivables	**14,721**	11,805
Amounts due from related parties (Note 25)	**3,007**	5,690
Value added tax receivables and recoverable	**37,803**	27,979
	881,775	1,024,642
Less: non-current portion		
Deposits and prepayments	**(11,324)**	(17,973)
	870,451	1,006,669

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

18 Trade and other receivables (continued)

The aging analysis of trade receivables based on invoice date, before loss allowance, as at June 30, 2020 and December 31, 2019 is as follows:

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Within 3 months	**698,995**	823,827
3 months to 1 year	**85,760**	106,416
Over 1 year	**1,520**	1,662
	786,275	931,905

19 Finance lease receivables

The finance lease receivables are set out below:

	Minimum lease payments		**Present value of minimum lease payment**	
	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)	**As at June 30, 2020 US$'000 (unaudited)**	As at December 31, 2019 US$'000 (audited)
Finance lease receivables comprise:				
Within one year	**15,367**	16,564	**14,564**	15,645
In two to fifth years, inclusive	**61,112**	64,775	**59,237**	62,452
	76,479	81,339	**73,801**	78,097
Less: unearned finance income	**(2,678)**	(3,242)		
Total net finance lease receivables	**73,801**	78,097		
Analysis for reporting purpose as:				
Current assets	**14,564**	15,645		
Non-current assets	**59,237**	62,452		
	73,801	78,097		

20 Share capital

(Unaudited)	Number of shares (thousand)	US$'000
Ordinary shares, issued and fully paid:		
As at January 1, 2020 and June 30, 2020	**6,881,287**	**134,400**
As at January 1, 2019	6,743,436	131,708
Issuance of ordinary shares upon exercise of share option	28,621	559
As at June 30, 2019	6,772,057	132,267

During the six months ended June 30, 2020, there was no issuance of ordinary shares.

21 Bank borrowings

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Non-current		
Bank borrowings, unsecured (Note)	**574,367**	574,176
Current		
Bank borrowings, unsecured	**517,914**	493,546
	1,092,281	1,067,722

Note: The Group has to comply with certain restrictive financial covenants for these long term bank borrowings which are repayable in February 2022.

As at June 30, 2020, the Group's unsecured bank borrowings bear interest at floating rates effectively of 2.3% per annum (as at December 31, 2019: 2.97%).

As at June 30, 2020 and December 31, 2019, the carrying amounts of the bank borrowings approximated their fair values as the impact of the discounting was not significant.

22 Trade and other payables

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Trade payables due to third parties	**469,882**	527,394
Trade payables due to related parties (Note 25)	**122,375**	164,104
Total trade payables	**592,257**	691,498
Amounts due to related parties (Note 25)	**59,901**	78,590
Staff salaries, bonuses and welfare payables	**88,581**	110,999
Deposits received, other payables and accruals	**186,803**	215,127
	927,542	1,096,214
Less: non-current portion	**(9,070)**	(9,751)
	918,472	1,086,463

As at June 30, 2020 and December 31, 2019, 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, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Within 3 months	**575,413**	579,691
3 months to 1 year	**16,318**	111,652
Over 1 year	**526**	605
	592,257	691,948

23 Share-based payments

During the six months ended June 30, 2020, the Company had four share-based compensation schemes.

	For the six months ended June 30	
	2020	2019
	US$'000	US$'000
	(unaudited)	(unaudited)
Senior management share grant scheme (Note (a))	**2,450**	3,323
Employees' share restricted share scheme (Note (b))	**–**	(669)
Share option scheme (Note (c))	**672**	1,868
Total	**3,122**	4,522

(a) Senior management share grant plan

In January 2015, 21,840,000 restricted shares (the shares were spilt to 349,440,000 in 2016) were issued to senior management by the Company. Such equity instruments were measured at fair value at the grant date and recognized as compensation cost over the vesting period. The grantees do not need to pay to acquire those shares. Issuance of shares is based on grantees' service periods. Shares will be vested from 31 March 2018 in accordance with the number of the grantees' shares on every March 31, June 30, September 30 and December 31 at 9% in each quarter of 2018, 3% in each quarter of 2019 and 3.25% in each quarter from 2019 to 2022. Such vesting schedule was subsequently revised by the Company in May 2017, under which the shares will be vested from March 31, 2018 in accordance with the number of the grantees' shares on every March 31, June 30, September 30 and December 31 at 12% in each quarter of 2019 and 3.25% in each quarter from 2019 to 2022.

The weighted average fair value of shares granted under this plan determined using the H-model was US$3.95 per share. The significant inputs into the model were weighted average cost of capital of 13.4%, perpetuity growth rate of 3%, discount for lack of marketability of 20% and control premium of 20%. The volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expense incurred for this plan for the six months ended June 30, 2020 was US$2,450,000 (for the six months ended June 30, 2019: US$3,323,000).

23 Share-based payments (continued)

(b) Employees' share restricted share scheme

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

The weighted average fair value of shares granted under this plan determined using the market approach was US$6 per share before split of each of the existing ordinary share of the Company into 16 shares pursuant to a shareholder resolution passed on November 3, 2016. The significant input applied in this approach was price/earnings ratio of 13.5.

During the six months ended June 30, 2020, no employees left and forfeited their shares, and so no reversal of the share-based payment expense incurred for this plan. (Certain employees left and forfeited the share. The reversal of the share-based payment expense incurred for this plan for the six months ended June 30, 2019 was US$669,000).

(c) Share option scheme

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

At the initial date of grant, the fair value of the Options determined using the Black-Scholes model was US$3,860,000. The significant inputs into the model were dividend paid out ratio of 0.89% and the expected volatility. The expected volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

23 Share-based payments (continued)

(c) Share option scheme (continued)

(i) (continued)

The increment of fair value related to the modification under New Options determined using the Black-Scholes model was US$1,500,000. The significant inputs into the model were dividend paid out ratio of 0.89% and the expected volatility. The expected volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expense was fully vested in the year of 2018. No share-based payment incurred under this share option scheme for the six months ended June 30, 2020 and 2019.

(ii) On December 28, 2018, the Company granted certain eligible employees an aggregated 41,763,000 share options at an exercise price of HK$3.422 per share.

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

The fair value of the options determined using the Black-Scholes model was US$6,139,000. The significant inputs into the model were dividend paid out ratio of 1.64% and the expected volatility. The expected volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expense incurred under this transaction for the six months ended June 30, 2020 was US$672,000 (for the six months ended June 30, 2019: US$1,868,000).

(d) Share award scheme (Treasury shares)

On May 21, 2018, the Company adopted the restricted share award scheme to provide incentive to encourage the participating employees to provide their contribution to the Group. Subject to the terms of the share award scheme and the Listing Rules, the Company may, at its discretion, award eligible employees the Company's shares. Existing shares of the Company will be purchased by an independent trustee of the share award scheme from the market out of cash contributed by the Group and be held in trust until such shares are awarded and vested in accordance with the provisions of the share award scheme. The shares of the Company held by the trustee are referred to as treasury shares and each treasury share represents one ordinary share of the Company.

23 Share-based payments (continued)

(d) Share award scheme (Treasury shares) (continued)

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

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 10 years commencing on December 19, 2017.

During the six months ended June 30, 2020, no treasury shares were purchased on the market under the share award scheme (for the six months ended June 30, 2019: 15,975,000 treasury shares were purchased on the market under the share award scheme at consideration of approximately US$6,994,000). The Group did not award treasury shares to eligible employees and no share-based payments expense was recognized accordingly for the six months ended June 30, 2020 and 2019.

On March 26, 2019, the Company adopted the second restricted share award scheme to provide incentive to encourage the participating employees to provide their contribution to the Group. The Second Scheme shall be subject to the supervision 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 the 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 from the date of the adoption of the Second Scheme, and can be terminated and extended by a resolution of the Board.

During the six months ended June 30, 2020, no treasury shares were purchased on the market under the second restricted share award scheme (during the six months ended June 30, 2019: 9,483,000 treasury shares were purchased on the market under the second restricted share award scheme at consideration of approximately US$3,766,000). The Group did not award any treasury shares to eligible employees and no share-based payments expense was recognized for the six months ended June 30, 2020 and 2019.

24 Commitments

(a) Capital commitments

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

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
Investments	**17,581**	21,596
Property, plant and equipment	**13,616**	39,287
Right-of-use assets	**1,166**	731
	32,363	61,614

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

As at June 30, 2020, minimum lease payments receivable under non-cancellable operating lease of properties not recognized are as follows:

	As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
No later than 1 year	**209**	94
Later than 1 year but no later than 2 years	**98**	59
Later than 2 years but no later than 5 years	**60**	23
	367	176

25 Related-party transactions

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

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

		For the six months ended June 30	
		2020	2019
		US$'000	US$'000
		(unaudited)	(unaudited)
(i)	Sales of goods		
	– Subsidiaries of Hon Hai	**211,224**	267,403
	– Associates of Hon Hai	**72,955**	137,309
	– Hon Hai	**6,026**	4,076
		290,205	408,788
(ii)	Sales of services		
	– Subsidiaries of Hon Hai	**1,074**	771
	– Associates of Hon Hai	**365**	652
		1,439	1,423
(iii)	Purchase of goods		
	– Subsidiaries of Hon Hai	**186,634**	192,586
	– Associates of Hon Hai	**57,354**	51,496
	– Hon Hai	**4,131**	5,582
		248,119	249,664
(iv)	Purchase of property, plant and equipment and right-of-use assets		
	– Subsidiaries of Hon Hai	**3,265**	27
	– Associates of Hon Hai	**4,404**	15,090
		7,669	15,117
(v)	Subcontracting expenses		
	– Subsidiaries of Hon Hai	**2,436**	48,474
	– Associates of Hon Hai	**8**	275
	– Hon Hai	**–**	1
		2,444	48,750

25 Related-party transactions (continued)

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

		For the six months ended June 30	
		2020	2019
		US$' 000	US$' 000
		(unaudited)	(unaudited)
(vi)	Molding costs		
	– Subsidiaries of Hon Hai	**28,272**	33,542
	– Associates of Hon Hai	**12**	111
	– Hon Hai	**–**	2
		28,284	33,655
(vii)	Rental income		
	– Subsidiaries of Hon Hai	**208**	240
	– Associates of Hon Hai	**698**	741
		906	981
(viii)	Rental expenses		
	– Subsidiaries of Hon Hai	**2,040**	2,002
	– Hon Hai	**258**	436
	– Associates of Hon Hai	**89**	21
		2,387	2,459
(ix)	Key management compensation		
	Salaries, wages and bonuses	**4,715**	5,981
	Pension, housing fund, medical insurance and other social insurance	**9**	97
	Share-based payment expenses	**2,450**	3,323
		7,174	9,401

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.

25 Related-party transactions (continued)

(b) Balances with related parties:

Amounts due from related parties:

		As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
(i)	Trade receivables:		
	– Subsidiaries of Hon Hai	**106,214**	188,138
	– Associates of Hon Hai	**49,635**	67,309
	– Hon Hai	**3,079**	2,747
		158,928	258,194
(ii)	Other receivables:		
	– Subsidiaries of Hon Hai	**2,739**	5,523
	– Associates of Hon Hai	**268**	167
		3,007	5,690
(iii)	Prepayment:		
	– Subsidiaries of Hon Hai	**8,418**	4,092
	– Associates of Hon Hai	**5,676**	12,553
		14,094	16,645
(iv)	Trade payables:		
	– Subsidiaries of Hon Hai	**84,557**	123,681
	– Associates of Hon Hai	**36,975**	38,944
	– Hon Hai	**843**	1,479
		122,375	164,104

25 Related-party transactions (continued)

(b) Balances with related parties: (continued)

Amounts due from related parties: (continued)

		As at June 30, 2020 US$'000 (unaudited)	As at December 31, 2019 US$'000 (audited)
(v)	Other payables:		
	– Subsidiaries of Hon Hai	**52,979**	65,349
	– Associates of Hon Hai	**6,505**	13,107
	– Hon Hai	**417**	134
		59,901	78,590
(vi)	Payable for acquisition of license:		
	– Hon Hai	**4,528**	5,190

26 Pledge of assets

As of June 30, 2020, bank deposits of US$1,946,000 were pledged as customs guarantee (December 31, 2019: US$2,121,000).

27 The COVID-19 Pandemic's impact

The outbreak of COVID-19 has been expanded globally and the prevention and control measures to combat the disease have been continued to be implemented by different countries. The Group's manufacturing plants were closed temporarily from February to March 2020 and have resumed operation as of the date of this report. However, there are still certain impact on export and sales of intermediate products and consumer products.

The Directors will continue to closely monitor the development of the COVID-19 and assess its impact on the financial position, and operational results of the Group. At present, the Group does not foresee any material change in its exposures to credit risk and liquidity risk. The Group has remained to be financially stable as at June 30, 2020 as the Group has low gearing ratio and experienced no material collectability problem.

Other Information

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

As at June 30, 2020, 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	229,220,000	3.33%
LU Pochin Christopher (盧伯卿)[2]	Beneficial owner	17,012,000	0.25%
PIPKIN Chester John[3]	Beneficial owner	1,790,000	0.03%

Notes:

1. LU Sung-Ching is also interested in 221,440,000 Shares under the Share Grant Scheme.
2. LU Pochin Christopher is also interested in 13,500,000 Shares under the Second Restricted Share Award Scheme.
3. 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
PIPKIN Chester John	FIT CHB Holdco, Inc.	Beneficial owner	450,000	9.57%

Save as disclosed above, as at June 30, 2020, 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 under the sub-sections headed "Share Grant Scheme", "Share Option Scheme", and "Restricted Share Award Schemes" of this section, at no time during the six months ended June 30, 2020 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 at June 30, 2020, 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	Interest in controlled corporation[1]	5,179,557,888	75.27%
Foxconn (Far East) Limited ("Foxconn Far East Cayman")*	Interest in controlled corporation[2]	5,179,557,888	75.27%
Foxconn (Far East) Limited ("Foxconn Far East Hong Kong")**	Beneficial owner	5,179,557,888	75.27%

* 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:

1. 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.
2. Foxconn Far East Cayman holds the entire issued share capital of Foxconn Far East Hong Kong, which in turn holds 5,179,557,888 Shares.

Save as disclosed above, as at June 30, 2020, 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 the Latest Practicable Date, details of the interests of the Directors in the Share Grant Scheme are set out below:

Name of Director	Date of grant	Number of Shares granted
LU Sung-Ching (盧松青)	January 5, 2015	221,440,000

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.

The maximum number of Shares which may be issued upon the exercise of all 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 Options beyond the Option Limit provided that the 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 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 Options) in respect of which 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.

	Number of share options										
Name or category of participant	As of January 1, 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As of June 30, 2020	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$	Weighted average closing price of the Shares immediately before the date(s) on which options were exercised 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	20,484,800	–	–	1,381,000	–	19,103,800	May 25, 2018	June 11, 2018 to June 10, 2021	3.800	3.690	–
	8,410,000	–	–	250,000	–	8,160,000	December 28, 2018	December 28, 2019 to December 28, 2022	3.380	3.422	–
	183,000	–	–	–	120,000	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	–
	23,860,000	–	–	–	–	23,860,000	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	–
	53,137,800[1]	–	–	1,631,000	120,000	51,386,800					

Note:

1. The total number of Shares available for issue under the Share Option Scheme is 51,386,800 Shares, representing approximately 0.75% of the issued Shares as of the Latest Practicable Date.

Save as disclosed above, the Company does not have 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, 2020, 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 5,091,000 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, 2020, the trustee of the Second Restricted Share Award Scheme had purchased 12,483,000 Shares on the Stock Exchange for a total consideration of HK$40,395,824.00 and 10,830,000 Shares had been granted to the selected participants.

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

During the six months ended June 30, 2020, 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, 2020, the Company had applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company, and had complied with all applicable code provisions as set out in the CG Code, except the code provision as mentioned below.

Code provision A.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LU Sung-Ching is both 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. 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 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, 2020.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' biographical details from the publication of the Company's 2019 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
CHAN Wing Yuen Hubert	Resigned as independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd (上海拉夏貝爾服飾股份有限公司) with effect from May 8, 2020.

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 2019 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 condensed consolidated interim financial information of our Group for the six months ended June 30, 2020 and this interim report have been reviewed by the Audit Committee.

PricewaterhouseCoopers, the external auditor of the Company, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with 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 2019 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, 2020.

Definitions

"Audit Committee"	the audit committee of the Board;
"Belkin International"	Belkin International, Inc., a company formed and incorporated under the laws of the State of Delaware, the United States;
"Board"	the board of Directors of the Company;
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"China" or "PRC"	the People's Republic of China; for the purpose of this report only, references to "China" or the "PRC" do not include Taiwan, the Macau Special Administrative Region, and Hong Kong;
"Company"	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange;
"Director(s)"	director(s) of the Company;
"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 Group on the Stock Exchange on July 13, 2017;
"Latest Practicable Date"	August 11, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this report;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
"New Taiwan dollars"	New Taiwan dollars, the lawful currency of Taiwan;
"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" or "Renminbi"	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 approved and adopted by our Shareholders on December 19, 2017 and 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; and
"%"	percent.