

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in FIT Hon Teng Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



### 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)**

## DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO LAND DEVELOPMENT AND LEASE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**Alliance Capital Partners Limited**  
同人融資有限公司

---

A letter from the board of directors of FIT Hon Teng Limited is set out on pages 7 to 16 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 35 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 66-1, Chungshan Road, Tucheng District, New Taipei City 23680, Taiwan on Tuesday, August 16, 2022 at 9:00 a.m., is set out on pages 49 to 50 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting (i.e. not later than 9:00 a.m., August 14, 2022) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting in person should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the COVID-19 virus at the EGM, including:

- **compulsory temperature checks and wearing of surgical face masks**
- **requirement of a negative COVID-19 rapid test result**
- **filling in of health declaration forms**

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company reminds the Shareholders that they may appoint the Chairman of the EGM as their proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

July 31, 2022

---

## CONTENTS

---

	<i>Page</i>
<b>PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING</b> .....	1
<b>DEFINITIONS</b> .....	2
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	17
<b>LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED</b> .....	18
<b>APPENDIX I – PROPERTY VALUATION REPORT</b> .....	36
<b>APPENDIX II – GENERAL INFORMATION</b> .....	43
<b>NOTICE OF EGM</b> .....	49

---

## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

---

In view of the ongoing COVID-19 virus, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius or who is under quarantine and self-health management ordered by the Taiwan government for epidemic prevention may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) Every attendee is required to wear a surgical face mask inside the EGM venue at all times and provide proof of a negative rapid test result for COVID-19 taken on the date of the EGM.
- (iii) Every attendee is required to fill in a health declaration form with information including travelling record and health condition.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person.

The proxy form is attached to the EGM circular for the Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the "Investors" section of the Company's website at [www.fit-foxconn.com/Document/Material](http://www.fit-foxconn.com/Document/Material). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

Subject to the development of the COVID-19 pandemic, the Company may announce further updates on the EGM arrangement as and when appropriate. If the Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Share Registrar as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong  
Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Tel: 852 2862 8555  
Fax: 852 2865 0990

---

## DEFINITIONS

---

*In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:*

“associate(s)”	having the meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Buildings”	the buildings to be constructed on the Land pursuant to the Construction Agreements;
“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 (Stock Code: 6088.HK);
“connected person(s)”	having the meaning as defined in the Listing Rules;
“connected transaction(s)”	having the meaning as defined in the Listing Rules;
“Construction”	the transactions contemplated under the Construction Agreements;
“Construction Agreements”	the construction agreements to be entered into between Fu Ding and third party contractors;
“Construction Consideration”	the consideration for the Construction, as explained in the section headed “Major Terms of the Framework Agreements – Land Development and On-pay Arrangements” in the Letter from the Board of this circular;
“controlling shareholder”	having the meaning as defined in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“discloseable transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, August 16, 2022 at 9:00 a.m. to consider and, if thought fit, approve the Framework Agreements, or where the context so admits, any adjournment thereof;

---

## DEFINITIONS

---

“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);
“Foxconn Far East Cayman”	Foxconn (Far East) Limited, an exempted company incorporated in the Cayman Islands with limited liability which owns 100% issued shares of Foxconn Far East Hong Kong;
“Foxconn Far East Hong Kong”	Foxconn (Far East) Limited, a limited liability company incorporated in Hong Kong;
“Framework Agreements”	the Framework Cooperation Agreement, the Supplemental Agreement and the Lease Agreement;
“Framework Cooperation Agreement”	the framework cooperation agreement entered into between Fu Ding and Futaitong on June 17, 2022;
“Fu Ding”	Fu Ding Precision Component (Shenzhen) Co., Ltd. (富頂精密組件(深圳)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Futaitong”	Shenzhen Fertile Plan International Logistics Co., Ltd (深圳市富泰通國際物流有限公司), a limited liability company established in the PRC and a non-wholly-owned subsidiary of Hon Hai;
“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), the controlling shareholder of the Company;
“Hon Hai Group”	Hon Hai and its subsidiaries and (where relevant) 30%-controlled entities and, for the purpose of this circular, excluding the Group;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

---

## DEFINITIONS

---

“IFRS(s)”	International Financial Reporting Standards, or one or more of the standards thereunder as the context may require;
“Independent Board Committee”	the independent board committee established by the Board to consider the Framework Agreements and to advise the Independent Shareholders in respect thereof;
“Independent Financial Adviser” or “Alliance”	Alliance Capital Partners Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Framework Agreements;
“Independent Shareholders”	Shareholders other than Hon Hai and its associates;
“Land”	a parcel of industrial land located at Zone C, Baoyuan Science and Technology Park, Guanguang Road, Guanlan Dashuikeng, Longhua District, Shenzhen with a site area of approximately 76,230.91 square meters);
“Latest Practicable Date”	July 27, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Lease”	the lease of the Real Estate as contemplated under the Lease Agreement;
“Lease Agreement”	the lease agreement entered into between Fu Ding and Futaitong on June 17, 2022;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and/or supplemented from time to time;
“Loan Prime Rate”	the loan prime rate announced on the 20th day of every month by the National Interbank Funding Center under the authorization of the People’s Bank of China;

---

## DEFINITIONS

---

“On-pay Arrangement”	the on-pay arrangement from Futaitong to Fu Ding in respect of the Construction Consideration, as explained in the section headed “Major Terms of the Framework Agreements – Land Development and On-pay Arrangements” in the Letter from the Board of this circular;
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China, which for the purpose of this circular does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Real Estate”	the Land and the Buildings;
“Real Estate Rental Fee”	the consideration for the Lease, as explained in the section headed “Major Terms of the Framework Agreements – Lease Arrangements” in the Letter from the Board of this circular;
“Real Estate Transfer”	the transfer of Real Estate from Fu Ding to Futaitong, as explained in the section headed “Major Terms of the Framework Agreements – Possible Real Estate Transfer” in the Letter from the Board of this circular;
“Restricted Share Award Schemes”	the First Restricted Share Award Scheme and the Second Restricted Share Award Scheme;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Restricted Share Award Scheme”	the restricted share award scheme approved and adopted by the Company on February 11, 2019 (as restated, supplemented and amended from time to time);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and/or supplemented from time to time;
“Share(s)”	the ordinary share(s) with nominal value of US\$0.01953125 each of the Company;

---

## DEFINITIONS

---

“Share Grant”	a share grant awarded to a participant under the Share Grant Scheme;
“Share Grant Scheme”	the share grant scheme approved and adopted by the Company on January 5, 2015, and the rules and interpretations thereof further adopted by the Board on November 4, 2016;
“Share Option Scheme”	the share option scheme approved and adopted by the Company on December 19, 2017;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Supplemental Agreement”	the supplemental agreement entered into between Fu Ding and Futaitong on June 17, 2022;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Valuer”	PSA (HK) Surveyors Limited;
“VAT”	value-added tax; and
“%”	percent.



---

## LETTER FROM THE BOARD

---



### **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)**

*Executive Directors:*

LU Sung-Ching (*Chairman*)  
LU Pochin Christopher  
PIPKIN Chester John

*Non-executive Director:*

TRAINOR-DEGIROLAMO Sheldon

*Independent Non-executive Directors:*

CURWEN Peter D  
TANG, Kwai Chang  
CHAN, Wing Yuen Hubert

*Registered Office:*

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

*Headquarters in Taiwan:*

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

July 31, 2022

Dear Shareholders,

**DISCLOSEABLE TRANSACTION AND  
CONNECTED TRANSACTION  
IN RELATION TO LAND DEVELOPMENT AND LEASE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information regarding the Framework Agreements, and to seek approval of the Independent Shareholders in respect of the ordinary resolution set out in the notice of the EGM on pages 49 to 50 of this circular.

---

## LETTER FROM THE BOARD

---

In respect of the Framework Agreements, the recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 17 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice is set out on pages 18 to 35 of this circular.

### MAJOR TERMS OF THE FRAMEWORK AGREEMENTS

On June 17, 2022, Fu Ding entered into the Framework Agreements with Futaitong pursuant to which, among other things, (i) Fu Ding will, at the request and cost of Futaitong, enter into Construction Agreements with third party contractors for the Construction, with the Construction Consideration to be borne by Futaitong (which is the On-pay Arrangement); (ii) Futaitong will, after completion of the Construction, rent the Real Estate as lessee from Fu Ding as lessor at the Real Estate Rental Fee for 20 years and, subject to compliance with applicable PRC laws and the Listing Rules, renew the Lease for not less than 15 years (which is the Lease); and (iii) as an alternative to the Lease arrangement, where it is permissible under relevant laws and regulations, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong's written notice, transfer the Real Estate to Futaitong (which is the Real Estate Transfer).

The principal terms of the Framework Agreements are set out as follows:

#### Parties

- (i) Fu Ding, a wholly-owned subsidiary of the Company; and
- (ii) Futaitong.

#### Subject Matter

The Land is a parcel of industrial land located at Zone C, Baoyuan Science and Technology Park, Guanguang Road, Guanlan Dashuikeng, Longhua District, Shenzhen with a site area of approximately 76,230.91 square meters, with its land use rights expiring on June 29, 2057. The book value of the Land as of May 31, 2022 was RMB25,673,253. The Land is owned by Fu Ding as of the Latest Practicable Date.

#### Lease Arrangements

Upon completion of the Construction (as described below), Futaitong will rent the Real Estate as lessee from Fu Ding as lessor. The details of the Lease are set out below:

Term: 20 years. Subject to compliance with applicable PRC laws and the Listing Rules, Futaitong shall be entitled to renew the Lease for not less than 15 years.

---

## LETTER FROM THE BOARD

---

Real Estate Rental Fee: RMB238.68 million (inclusive of VAT) for the abovementioned 20 plus 15 years.

In the event that, for reason of Fu Ding, the overall term of the Lease (including its renewal) enjoyed by Futaitong is less than the abovementioned 20 plus 15 years, the Real Estate Rental Fee payable by Futaitong shall be decreased by RMB6.82 million per eliminated year, being the quotient of the Real Estate Rental Fee divided by the abovementioned 20 plus 15 years. The Real Estate Rental Fee payable by Futaitong will not be adjusted when the overall term of the Lease (including its renewal) is shortened due to the reasons of Futaitong.

The Real Estate Rental Fee was determined after arm's length negotiation primarily with reference to (i) the original acquisition cost of the Land of RMB36,590,837; (ii) the site area of the Land of approximately 76,230.91 square meters which is relevant to identification of comparable transactions; (iii) the price per square meter in four comparable transactions involving the land use rights of industrial land in Longhua District, Shenzhen in 2021 and 2022 ranging from RMB579 per square meter to RMB1,932 per square meter, details of which are more particularly set out in the comparison table in the next paragraph; and (iv) the remaining 35-year period of the relevant land use rights. The property valuation report as set out in Appendix I of this circular was prepared subsequent to the Real Estate Rental Fee being agreed. Moreover, the Real Estate Rental Fee, being RMB238.68 million, could not be directly compared with the valuation of the land use rights of the Land of RMB195 million as of April 30, 2022 without any adjustment. Having said that, after taking into consideration the likely interest cost to be incurred based on a discount rate of 4.75%, being the best lending rate offered by certain banks (including China Merchants Bank, Bank of China and China Construction Bank) in the PRC for 5-year loan, the estimated present value of the Real Estate Rental Fee, being RMB191 million, is generally in line with the property valuation.

Date of transaction	Location	Site area (square meter)	Consideration (RMB million)	Price per square meter (RMB)
May 18, 2022	Guanlan Sub-district, Longhua District	128,366.35	105.9	825
January 25, 2022	Guanlan Sub-district, Longhua District	14,494.19	28	1,932
October 18, 2021	Fucheng Sub-district, Longhua District	514,857.79	298	579
July 19, 2021	Guanlan Sub-district, Longhua District	17,476.28	32.7	1,871

---

## LETTER FROM THE BOARD

---

The selection criteria of the above four comparable transactions are that the land use rights are (a) located in Longhua District of Shenzhen; (b) for industrial uses; (c) are not less than 8,000 square meters; and (d) announced between January 1, 2021 and May 31, 2022.

Given that (a) the Real Estate Rental Fee is higher than the original acquisition cost of the Land and the estimated present value of the Real Estate Rental Fee is generally in line with the property valuation of RMB195 million; (b) the Real Estate Rental Fee per square meter, being RMB3,131 per square meter, is above the range of the price per square meter in recent comparable land transfer transactions; (c) as further elaborated under the section headed “Reasons for and benefits of entering into the Framework Agreements”, Fu Ding could suffer a bigger loss if it does not cooperate with Futaitong on the development of the Land as there is no meaningful alternative option; and (d) the Real Estate Rental Fee is determined with reference to the abovementioned factors (i) to (iv), the Board is of the view that the Real Estate Rental Fee is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Payment schedule: The Real Estate Rental Fee is payable in 5 equal instalments, on the 20th day of the month following the month in which Fu Ding obtains the real estate certificate, and the subsequent 4 anniversaries thereof.

### **Possible Real Estate Transfer**

As an alternative to the Lease arrangement, in the event that it is permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong’s written notice, complete the transfer of the Real Estate to Futaitong within 120 days thereafter. The consideration for the Real Estate Transfer shall be equal to the sum of the Real Estate Rental Fee and the Construction Consideration minus the total amount of invoices issued by Fu Ding to Futaitong under the Framework Agreements which will include invoices issued for the Real Estate Rental Fee and the Construction Consideration covered by the On-pay Arrangement (all the above amounts are inclusive of VAT). Accordingly, the Group is expected to record the same economic benefits in either case of the Lease or the Real Estate Transfer. The earlier the Real Estate Transfer takes place, the higher the net consideration for the Real Estate Transfer will be. However, since it is unclear when it will be permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong, it is not feasible to estimate the net consideration for the Real Estate Transfer to be paid by Futaitong. For illustrative purpose only, the maximum amount of the net consideration will be RMB868.68 million assuming that it becomes permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong before any payment of the Construction Consideration is made. The Real Estate Transfer constitutes an option granted by the Group to Futaitong where the Group does not have discretion to exercise the option.

---

## LETTER FROM THE BOARD

---

### Land Development and On-pay Arrangements

Prior to the commencement of the Lease term, Fu Ding will, at the request and cost of Futaitong, enter into Construction Agreements with third party contractors for the Construction in accordance with the design, specifications and other requirements of Futaitong. Futaitong shall prepay the construction fees charged by the contractors to Fu Ding for Fu Ding to on-pay the same to the contractors. Although Fu Ding, as the contracting party to the Construction Agreements, has the primary responsibility to bear any liabilities to any construction fees charged by the contractors under the Construction Agreements, Fu Ding is not expected to pay the contractors first, as Futaitong undertakes to prepay Fu Ding of such construction fees and reimburse Fu Ding of any costs or damages under the Construction Agreements. Therefore, Futaitong is ultimately responsible for such liabilities. Also, in the event that Fu Ding is required by relevant government authorities to pay any idle land fees arising from any delayed development of the Land, Futaitong shall reimburse Fu Ding for the same upon Fu Ding's provision of documentary proof. The aforesaid construction fees and idle land fees (if any) shall be treated as the Construction Consideration. It is expected that the Construction Consideration will not exceed RMB630 million (inclusive of VAT), which was determined after arm's length negotiation primarily with reference to the costs of materials, manpower and overheads required for undertaking and completing the works under the Construction Agreements. For the avoidance of doubt, in case that the Construction Consideration exceeds RMB630 million, such excess amount and related taxes shall still be borne by Futaitong.

The Construction shall be completed and the real estate certificate shall be obtained within 3 years after the issuance of the construction permit by the relevant government authority. It is expected that (i) the construction permit shall be issued by September 2022; (ii) the Construction shall be commenced by November 1, 2022 and be completed by November 1, 2024; and (iii) the real estate certificate shall be obtained by February 2025. If for reason of Fu Ding there is a delay in obtaining the real estate certificate, Fu Ding shall compensate Futaitong at a monthly amount of RMB3 million accruing from the second month after the expiry of the above 3-year period, which may be deducted from the Real Estate Rental Fee. The RMB3 million monthly compensation is determined based on the cost of fund of the Construction Consideration and the accrued interest thereon compounded monthly from the date of the issuance of the construction permit (the cost of fund of 5% is adopted with reference to the then prevailing Loan Prime Rate of 3.85% during the parties' negotiation of the Framework Agreements plus a risk premium of 1.15% after taking into account factors such as corporate loan with tenure over one year and credibility of lender business and financial conditions when making the bank loan) after 3 years from the issuance of the construction permit. The Board is of the view that such compensation mechanism is fair and reasonable and in the interests of the Company and the Shareholders as a whole because (i) the compensation amount takes into account the Construction Consideration and the accrued interest thereon, the then prevailing Loan Prime Rate during the parties' negotiation of the Framework Agreements plus a risk premium, which are reasonable and/or objective parameters, and the compensation amount only starts to accrue after 3 years from the issuance of the construction permit; (ii) the compensation amount is not significant compared to the total transaction amount under the Framework Agreements; and (iii) as further elaborated under the section headed "Reasons for and benefits of entering into the Framework Agreements", Fu Ding could suffer a bigger loss if it does not cooperate with Futaitong on the development of the Land as there is no meaningful alternative option.

---

## LETTER FROM THE BOARD

---

As explained above, Futaitong shall bear the Construction Consideration. In the event that the Buildings are unable to pass the construction acceptance due to land and construction planning, or in case of government expropriation of the Land or government request to demolish the Buildings, Fu Ding shall return all the Construction Consideration paid by Futaitong to Fu Ding under the Framework Agreements together with an interest calculated based on the benchmark interest rate for bank loans, being the Loan Prime Rate. In the event that, for reason of Fu Ding, the overall term of the Lease (including its renewal) enjoyed by Futaitong is less than the abovementioned 20 plus 15 years, Fu Ding shall return to Futaitong part of the Construction Consideration in proportion to the extent to which such overall Lease term falls short of the abovementioned 20 plus 15 years. In the event that, as a result of government expropriation of the Land, the overall term of the Lease (including its renewal) enjoyed by Futaitong is less than the abovementioned 20 plus 15 years, Fu Ding shall pay to Futaitong part of the government's compensation for expropriation in proportion to the extent to which such overall Lease term falls short of the abovementioned 20 plus 15 years.

### **Conditions Precedent**

Conditions precedent for Fu Ding and Futaitong to participate in the transactions contemplated under the Framework Agreements include: (i) completion of valuation and satisfactory due diligence; (ii) obtaining of all necessary corporate approvals by the relevant parties, including but not limited to the Independent Shareholders' approval; (iii) the parties' agreement on the detailed terms and conditions of the cooperation; and (iv) obtaining of all relevant government authorities' acknowledgement or approval for the development of the Land. None of the conditions precedent is waivable. As of the Latest Practicable Date, condition precedent (i) has been fulfilled; condition precedent (iii) has been fulfilled by virtue of the parties having agreed on and signed the Framework Agreements; and conditions precedent (ii) and (iv) are yet to be fulfilled.

### **Accounting Treatment and Financial Effects of the Transactions under the Framework Agreements**

It is expected that, under IFRS 16, the Lease will constitute a finance lease, and it will be treated as a disposal of assets by the Group to be recognized on a one-off basis when the Lease term commences, namely when Fu Ding obtains the real estate certificate. The Company will not recognize a disposal of property upon the Real Estate Transfer. The total consideration under the Framework Agreements is expected to be the aggregate of the Real Estate Rental Fee (being RMB238.68 million that will be classified as finance lease receivables when Fu Ding obtains the real estate certificate) and the Construction Consideration (expected to be not exceeding RMB630 million that will be prepaid by Futaitong to Fu Ding according to the On-pay Arrangement). Notwithstanding the aforesaid accounting treatment, the land use rights of the Real Estate will remain with the Group pursuant to the Lease.

The gain or loss on the aforesaid disposal of assets or the Real Estate Transfer and the amount of total net proceeds will depend on, among other things, the applicable tax rates at the relevant time, and can only be determined when the Lease term commences or the Real Estate Transfer materializes (where applicable). The Company currently intends to use the net proceeds (when determined) for general working capital of the Group, of which approximately 50% shall be used for payment of administrative expenses such as salaries and approximately 50% shall be used for procurement of raw materials.

---

## LETTER FROM THE BOARD

---

During the financial years ended December 31, 2020 and 2021, respectively, the Company has not recognized any revenue or receivables for the aforesaid assets or the Real Estate under the Framework Agreements.

A reconciliation of the land use rights of the Land and the valuation of such property interest as required under Rule 5.07 of the Listing Rules is set forth below:

	US\$'000	RMB
Net book value of the land use rights of the Land as of December 31, 2021 (audited)	4,086	25,978,161
<i>Movement from January 1, 2022 to April 30, 2022 (unaudited)</i>		
Depreciation	<u>(38)</u>	<u>(243,926)</u>
Net book value of the land use rights of the Land as of April 30, 2022 (unaudited)	4,048	25,734,235
Valuation surplus as of April 30, 2022	<u>26,626</u>	<u>169,265,765</u>
Valuation of the land use rights of the Land as of April 30, 2022	<u><u>30,674</u></u>	<u><u>195,000,000</u></u>

### GENERAL INFORMATION

The Group is a leading global interconnect solutions provider and one of a few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. It is also a global consumer electronics leader, connecting people with technologies at home, at work and on the go.

Fu Ding is a limited liability company established in the PRC and is principally engaged in the production of interconnect solutions and related products in the PRC. Fu Ding is a wholly-owned subsidiary of the Company.

Futaitong is a limited liability company established in the PRC and is principally engaged in supply chain management, warehousing and logistics services. It is a non-wholly-owned subsidiary of Hon Hai.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Group has proactively planned and managed its land resources. Instead of leaving the Land idle, cooperation with Futaitong on the development of the Land would strengthen the Group's core business and reduce the Group's costs because (i) the Group may realize the synergy with Hon Hai Group's logistics networks in which Futaitong specializes in supply

---

## LETTER FROM THE BOARD

---

chain management, warehousing and logistics services, and such cooperation with Futaitong presents an opportunity for the Group to explore the potential supply chain and logistics collaboration with Futaitong in the future in order to enhance the Group's logistics efficiency and reduce associated costs; (ii) the development costs of the Land will be borne by Futaitong; and (iii) the Group may enjoy a long-term and stable rental income arising from the Lease. There are governmental restrictions prohibiting Fu Ding from disposing of the Land directly or cooperating with independent third parties outside of Hon Hai Group, in particular: (a) the land use right grant contract of the Land prohibits Fu Ding from transferring the land use right of the Land without governmental permission and as verbally confirmed by the Industry and Information Technology Bureau of Longhua District, it refused to grant the permission and hence Fu Ding is not allowed to dispose of the Land directly; and (b) the land use right grant contract of the Land requires Fu Ding to develop the Land by itself and upon verbal clarification by the Industry and Information Technology Bureau of Longhua District, Fu Ding may cooperate with Futaitong, being a member of Hon Hai Group, but is not otherwise allowed to cooperate with independent third parties outside of Hon Hai Group. If the Land remains idle, it is possible that the government may reclaim the Land without compensation to Fu Ding. Since there is no meaningful alternative option, Fu Ding is better off cooperating with Futaitong on the development of the Land.

Taking into account the above reasons and the terms of the Framework Agreements, all Directors (including the independent non-executive Directors whose view is set out in the Letter from the Independent Board Committee) are of the view that (i) the terms of the Framework Agreements are fair and reasonable; (ii) the transactions contemplated under the Framework Agreements are on normal commercial terms or better but not in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the Framework Agreements are in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in the Framework Agreements.

### LISTING RULES IMPLICATIONS

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Framework Agreements is more than 5% but less than 25%, the entering into of the Framework Agreements, together with the transactions contemplated thereunder (including the On-pay Arrangement, the Lease and the possible Real Estate Transfer), constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, as of the Latest Practicable Date, the Company is indirectly owned as to approximately 71.27% by Hon Hai, the controlling shareholder of the Company. Futaitong is a non-wholly-owned subsidiary of Hon Hai. Therefore, Futaitong is a connected person of the Company by virtue of it being an associate of Hon Hai. The entering into of the Framework Agreements, together with the transactions contemplated thereunder (including the On-pay Arrangement, the Lease and the possible Real Estate Transfer), constitutes a connected



---

## LETTER FROM THE BOARD

---

transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Real Estate Transfer constitutes an option granted by the Group to Futaitong where the Group does not have discretion to exercise the option. Pursuant to Rules 14.74 and 14A.61 of the Listing Rules, the grant of such option (the exercise of which is not at the discretion of the Group) to a party shall be treated as if the option had been exercised. The maximum amount of net consideration for the Real Estate Transfer and the value of and revenue attributable to the Land have been taken into account for the purpose of determining the applicable percentage ratios under Chapters 14 and 14A of the Listing Rules.

Hon Hai and its associates will abstain from voting on the resolution to be proposed at the EGM for approving the above matters.

The Board has established the Independent Board Committee to review, consider and recommend the Framework Agreements and the transactions contemplated under the Framework Agreements and to advise the Independent Shareholders in respect thereof, and has appointed Alliance Capital Partners Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### RECOMMENDATION

After taking into account the view of the Independent Board Committee as set out in this circular and the reasons for and benefits of the Framework Agreements, the Directors are of the view that (i) the terms of the Framework Agreements are fair and reasonable; (ii) the transactions contemplated under the Framework Agreements are on normal commercial terms or better but not in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the Framework Agreements are in the interests of the Company and the shareholders of the Company as a whole. Accordingly, the Directors recommend to the Independent Shareholders to vote in favor of the ordinary resolution to approve the Framework Agreements and the transactions contemplated under the Framework Agreements at the EGM.

### EGM

A notice convening the EGM to be held at 66-1, Chungshan Road, Tucheng District, New Taipei City 23680, Taiwan on Tuesday, August 16, 2022 at 9:00 a.m., is set out on pages 49 to 50 of this circular. At the EGM, ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Framework Agreements and the transactions contemplated under the Framework Agreements.

The ordinary resolution proposed at the EGM will be determined by way of poll by the Independent Shareholders relating to the Framework Agreements and the transactions contemplated under the Framework Agreements.

---

## LETTER FROM THE BOARD

---

Pursuant to Rule 14A.36 of the Listing Rules, any connected person and any Shareholder and their respective associates with a material interest (other than by virtue of being a Shareholder) in the transactions contemplated under the Framework Agreements are required to abstain from voting at the EGM. Hon Hai and its associates who in aggregate were interested in 5,179,557,888 Shares (representing approximately 71.27% the total number of Shares in issue) as of the Latest Practicable Date are required to and will abstain from voting at the EGM in respect of the ordinary resolution approving the Framework Agreements and the transactions contemplated under the Framework Agreements.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e. not later than 9:00 a.m., August 14, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, August 11, 2022 to Tuesday, August 16, 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, August 10, 2022.

### GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from Alliance Capital Partners Limited, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,  
For and on behalf of the Board  
**FIT Hon Teng Limited\***  
**LU Sung-Ching**  
*Chairman of the Board*

\* *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.*



**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)**

July 31, 2022

Dear Independent Shareholders,

**DISCLOSEABLE TRANSACTION AND  
CONNECTED TRANSACTION  
IN RELATION TO LAND DEVELOPMENT AND LEASE**

We refer to the circular dated July 31, 2022 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the Framework Agreements and the transactions contemplated under the Framework Agreements. Alliance Capital Partners Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having considered the Framework Agreements and the transactions contemplated under the Framework Agreements, and having taken into account the principal factors and reasons considered by, and the opinion of, Alliance Capital Partners Limited as stated in its letter dated July 31, 2022, we consider that (i) the terms of the Framework Agreements are fair and reasonable; (ii) the transactions contemplated under the Framework Agreements are on normal commercial terms or better but not in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the Framework Agreements are in the interests of the Company and the shareholders of the Company as a whole. Accordingly, we recommend to the Independent Shareholders to vote in favor of the ordinary resolution proposed at the EGM approving the Framework Agreements and the transactions contemplated under the Framework Agreements.

We draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from Alliance Capital Partners Limited; and (iii) the appendix to the Circular.

Yours faithfully,

Independent Board Committee

**CURWEN Peter D**

**TANG, Kwai Chang**

**CHAN, Wing Yuen Hubert**

*Independent Non-executive Directors*

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

*The following is the full text of letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders of the Company in connection with the proposed discloseable transaction and connected transaction in relation to Framework Agreements for the purpose of inclusion in this circular.*



**Alliance Capital Partners Limited**  
同人融資有限公司

Room 1502-03A, Wing On House  
71 Des Voeux Road Central, Central  
Hong Kong

31 July 2022

*To: The Independent Board Committee and the Independent Shareholders of FIT Hon Teng Limited*

Dear Sirs and Madams,

### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO LAND DEVELOPMENT AND LEASE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Framework Agreements are fair and reasonable, the transactions contemplated under the Framework Agreements are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) as set out in the circular dated 31 July 2022 issued by the Company to the shareholders (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On June 17, 2022, Fu Ding entered into the Framework Agreements with Futaitong pursuant to which, among other things, (i) Fu Ding will, at the request and cost of Futaitong, enter into Construction Agreements with third party contractors for the Construction, with the Construction Consideration to be borne by Futaitong (“**On-pay Arrangement**”); (ii) Futaitong will, after completion of the Construction, rent the Real Estate as lessee from Fu Ding as lessor at the Real Estate Rental Fee for 20 years and, subject to compliance with applicable PRC laws and the Listing Rules, renew the Lease for not less than 15 years; and (iii) as an alternative to the Lease arrangement, where it is permissible under relevant laws and regulations, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong’s written notice, transfer the Real Estate to Futaitong (“**Real Estate Transfer**”).

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Framework Agreement is more than 5% but less than 25%, the entering into of the Framework Agreements, together with the transactions contemplated thereunder (including the On-pay Arrangement, the Lease and the possible Real Estate Transfer), constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As of the Latest Practicable Date, the Company is indirectly owned as to approximately 71.27% by Hon Hai, the controlling shareholder of the Company. Futaitong is a non-wholly owned subsidiary of Hon Hai. Therefore, Futaitong is a connected person of the Company by virtue of it being an associate of Hon Hai. The entering into of the Framework Agreements, together with the transactions contemplated thereunder, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Hon Hai and its associates will abstain from voting on the resolution(s) to be proposed at the EGM for approving the above matters.

### INDEPENDENT BOARD COMMITTEE

As at the Latest Practicable Date, the Independent Board Committee, consisting of all independent non-executive Directors of the Company, namely Mr. CURWEN Peter D, Mr. TANG Kwai Chang and Mr. CHAN Wing Yuen Hubert, has been established by the Company to review, consider and recommend the Framework Agreements and the transactions contemplated under the Framework Agreements and to advise the Independent Shareholders in respect of whether (i) the terms of the Framework Agreements are fair and reasonable; (ii) the transactions contemplated under the Framework Agreements are on normal commercial terms or better; and (iii) the transactions contemplated under the Framework Agreements are in the interests of the Company and the shareholders of the Company as a whole.

### OUR INDEPENDENCE

During the past two years immediately preceding and up to the Latest Practicable Date, we are independent from, and not associated with the Company or any other party to the Framework Agreement, or their respective substantial shareholder(s) or other connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the duration of the Framework Agreement. There was no engagement between the Company and Alliance Capital Partners Limited in the past two years as financial advisor. Apart from this normal professional fee for our services to the Company in connection with the engagement as the Independent Financial Adviser, no other arrangements exist whereby we will receive any fees and/or benefits from the Company or any other party to the Framework Agreements or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and/or management of the Company (the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and will continue to be true, accurate and complete in all material respects up to the date of the dispatch of the Circular. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquires, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us.

We consider that we have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation in compliance with Rule 13.80 of the Listing Rules. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, Futaitong or subsidiaries or associates of any of them, nor have we carried out any independent verification of the information supplied. The Company will notify the Shareholders of any material changes as soon as practicable, if any.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **1. Information of the Group, Fu Ding, Futaitong and Hon Hai**

The Group is a leading global interconnect solutions provider and one of the few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. It is also a global consumer electronics leader, connecting people with technologies at home, at work and on the go.

Fu Ding is a limited liability company established in the PRC and is principally engaged in production of interconnect solutions and related products in the PRC. Fu Ding is a wholly-owned subsidiary of the Company.

Futaitong is a limited liability company established in the PRC and is principally engaged in supply chain management, warehousing and logistics service. It is a non-wholly owned subsidiary of Hon Hai.

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

Hon Hai is a limited liability company established in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 2317), and is the controlling shareholder of the Company.

### **2. Information of the Land and its development**

The Land is a parcel of industrial land located at Zone C, Baoyuan Science and Technology Park, Guanguang Road, Guanlan Dashuikeng, Longhua District, Shenzhen with a site area of approximately 76,230.91 square meters, with its land use rights expiring on June 29, 2057. The book value of the Land as of May 31, 2022 was RMB25,673,253. The Land is owned by Fu Ding as of the Latest Practicable Date.

The Land is planned for an industrial development with proposed gross floor area of approximately 179,943 square meters.

### **3. Reasons for and benefits of entering into the Framework Agreements**

As set out in the Letter from the Board, the Group has proactively planned and managed its land resources. Instead of leaving the Land idle, cooperation with Futaitong on the development of the Land would strengthen the Group's core business and reduce the Group's costs because (i) the Group may realise the synergy with Hon Hai Group's logistics networks in which Futaitong specialises in supply chain management, warehousing and logistics services, and such cooperation with Futaitong presents an opportunity for the Group to explore the potential supply chain and logistics collaboration with Futaitong in the future in order to enhance the Group's logistics efficiency and reduce associated costs; (ii) the development costs of the Land will be borne by Futaitong; and (iii) the Group may enjoy a long-term and stable rental income arising from the Lease. There are governmental restrictions prohibiting Fu Ding from disposing of the Land directly or cooperating with independent third parties outside of Hon Hai Group, in particular: (a) the land use right grant contract of the Land prohibits Fu Ding from transferring the land use right of the Land without governmental permission and as verbally confirmed by the Industry and Information Technology Bureau of Longhua District, it refused to grant the permission and hence Fu Ding is not allowed to dispose of the Land directly; and (b) the land use right grant contract of the Land requires Fu Ding to develop the Land by itself and upon verbal clarification by the Industry and Information Technology Bureau of Longhua District, Fu Ding may cooperate with Futaitong, being a member of Hon Hai Group, but is not otherwise allowed to cooperate with independent third parties outside of Hon Hai Group. If the Land remains idle, it is possible that the government may reclaim the Land without compensation to Fu Ding. Since there is no meaningful alternative option, Fu Ding is better off cooperating with Futaitong on the development of the Land.

As set out in the Annual Report, the Group entered into (i) a framework general services and costs sharing agreement; and (ii) a framework logistics agreement with Hon Hai, pursuant to which (i) Hon Hai Group shares the costs of certain services and office spaces of the Group including telecommunication, general administrative and IT system support, utility, logistics and other services; and (ii) the Group may purchase certain transportation, logistics, warehousing and customs clearance services from Hon Hai Group, suggesting that the existing cooperation between the Group and Hon Hai Group could further be intensified which in return could potentially realise the synergy.

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

Having considered (i) the Land was left idle without generating return to the Group since 2007; (ii) the potential synergy could be realised with Hon Hai Group's logistics work by further intensifying the cooperation, enhancing the Group's logistics efficiency and reducing associated costs as the Company has production plant located in the Longhua District, Shenzhen; (iii) no additional development costs will be borne by the Group; (iv) all Real Estate Rental Fee for the Lease term of 20 years plus renewal of 15 years (subject to compliance with applicable PRC laws and the Listing Rules) will be received in 4 years after Fu Ding obtaining the real estate certificates; and (v) the Group could recognise rental income during the Lease term, though entering into the Framework Agreements is not in the ordinary and usual course of business of the Group, we are of the view that it is in the interests of the Company and its shareholders as a whole.

#### 4. Major terms of the Framework Agreements

Summarised below are the major terms and conditions of the Framework Agreements, details of which are set out under the section headed "MAJOR TERMS OF THE FRAMEWORK AGREEMENTS" of the Letter from the Board.

##### Parties

- (i) Fu Ding, a wholly-owned subsidiary of the Company; and
- (ii) Futaitong.

##### Lease Arrangements

Term:	20 years. Subject to compliance with applicable PRC laws and the Listing Rules, Futaitong shall be entitled to renew the Lease for not less than 15 years.
Real Estate Rental Fee:	RMB238.68 million (inclusive of VAT) for the abovementioned 20 plus 15 years.

In the event that, for reason of Fu Ding, the overall term of the Lease (including its renewal) enjoyed by Futaitong is less than the abovementioned 20 plus 15 years, the Real Estate Rental Fee payable by Futaitong shall be decreased by RMB6.82 million per eliminated year, being the quotient of the Real Estate Rental Fee divided by the abovementioned 20 plus 15 years.



---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

The Real Estate Rental Fee was determined after arm's length negotiation primarily with reference to (i) the original acquisition cost of the Land of approximately RMB36.59 million; (ii) the site area of the Land of approximately 76,230.91 square meters which is relevant to identification of comparable transactions; (iii) the price per square meter in four comparable transactions involving the grant of land use rights of industrial land in Longhua District, Shenzhen in 2021 and 2022 by the relevant government authorities ranging from RMB579 per square meter to RMB1,932 per square meter; and (iv) the remaining 35-year period of the relevant land use rights. The property valuation report as set out in Appendix I of the circular was prepared subsequent to the Real Estate Rental Fee being agreed. Moreover, after taking into consideration the likely interest cost to be incurred, the estimated present value of the Real Estate Rental Fee, being RMB191 million, is generally in line with the property valuation.

Payment schedule: The Real Estate Rental Fee is payable in 5 equal instalments, on the 20th day of the month following the month in which Fu Ding obtains the real estate certificate, and the subsequent 4 anniversaries thereof.

### **Possible Real Estate Transfer**

As an alternative to the Lease arrangement, in the event that it is permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong's written notice, complete the transfer of the Real Estate to Futaitong within 120 days thereafter. The consideration for the Real Estate Transfer shall be equal to the sum of the Real Estate Rental Fee and the Construction Consideration minus the total amount of invoices issued by Fu Ding to Futaitong under the Framework Agreements which will include invoices issued for the Real Estate Rental Fee and the Construction Consideration covered by the On-pay Arrangement (all the above amounts are inclusive of VAT). Accordingly, the Group is expected to record the same economic benefits in either case of the Lease or the Real Estate Transfer. The earlier the Real Estate Transfer takes place, the higher the net consideration for the Real Estate Transfer will be. However, since it is unclear when it will be permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong, it is not feasible to estimate the net consideration for the Real Estate Transfer to be paid by Futaitong. For illustrative purpose only, the maximum amount of the net consideration will be RMB868.68 million assuming that it becomes permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong before any payment of the Construction Consideration is made. The Real Estate Transfer constitutes an option granted by the Group to Futaitong where the Group does not have discretion to exercise the option.

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

### Land Development and On-pay Arrangements

Prior to the commencement of the Lease term, Fu Ding will, at the request and cost of Futaitong, enter into Construction Agreements with third party contractors for the Construction in accordance with the design, specifications and other requirements of Futaitong. Futaitong shall prepay the construction fees charged by the contractors to Fu Ding for Fu Ding to on-pay the same to the contractors. Although Fu Ding, as the contracting party to the Construction Agreements, has the primary responsibility to bear any liabilities to any construction fees charged by the contractors under the Construction Agreements, Fu Ding is not expected to pay the contractors first, as Futaitong undertakes to prepay Fu Ding of such construction fees and reimburse Fu Ding of any costs or damages under the Construction Agreements. Therefore, Futaitong is ultimately responsible for such liabilities. Also, in the event that Fu Ding is required by relevant government authorities to pay any idle land fees arising from any delayed development of the Land, Futaitong shall reimburse Fu Ding for the same upon Fu Ding's provision of documentary proof. The aforesaid construction fees and idle land fees (if any) shall be treated as the Construction Consideration. It is expected that the Construction Consideration will not exceed RMB630 million (inclusive of VAT), which was determined after arm's length negotiation primarily with reference to the costs of materials, manpower and overheads required for undertaking and completing the works under the Construction Agreements. For the avoidance of doubt, in case that the Construction Consideration exceeds RMB630 million, such excess amount and related taxes shall still be borne by Futaitong.

As mentioned in the Letter from the Board, the Construction shall be completed and the real estate certificate shall be obtained within 3 years after the issuance of the construction permit by the relevant government authority. It is expected that (i) the construction permit shall be issued by September 2022; (ii) the Construction shall be commenced by November 1, 2022 and be completed by November 1, 2024; and (iii) the real estate certificate shall be obtained by February 2025. If for reason of Fu Ding there is a delay in obtaining the real estate certificate, Fu Ding shall compensate Futaitong at a monthly amount of RMB3 million accruing from the second month after the expiry of the above 3-year period, which may be deducted from the Real Estate Rental Fee. The RMB3 million monthly compensation is determined based on the cost of fund of the Construction Consideration and the accrued interest thereon (with reference to the then prevailing Loan Prime Rate during the parties' negotiation of the Framework Agreements plus a risk premium) after 3 years from the issuance of the construction permit.

### 5. Assessment on the terms of the Framework Agreements

#### *5.1 Assessment on Lease Arrangements – Lease term*

As mentioned above, the Lease term is 20 years. Subject to compliance with applicable PRC laws and the Listing Rules, Futaitong shall be entitled to renew the Lease for not less than 15 years. The total Lease term would be 35 years, when taking the renewal period into account, which represents the remaining period of the relevant land use rights.

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

According to the Article 705 of the PRC Civil Code, “the lease term shall not exceed twenty (20) years. In case that the lease term exceeds twenty (20) years, the portion of the lease term beyond the said limit shall be null and void. Furthermore, at the expiration of the lease term, the parties may renew such lease contract, provided that the agreed and renewed term shall not exceed twenty (20) years commencing on the date of such renewal”. As advised by the PRC legal advisor of the Company, under current PRC laws, there is no prohibition against the renewal of a lease contract after the expiration of the maximum lease term. As such, it is legitimate to have the Lease term of 20 years, and includes the renewal right of 15 years.

In assessing the Lease term of above mentioned 20 plus 15 years, we have carried out independent research. As the lease term of property interest in the PRC shall not exceed 20 years as mentioned above, in view of the long Lease term, i.e. 20 plus 15 years, we have searched for companies with transactions related to the leasing of properties in the PRC, the lease term of which is more than 20 years (including renewal term), to ascertain whether it is reasonable to have the total lease term exceed 20 years. We have identified and reviewed a list of 17 comparable transactions (the “**Comparable Transactions**”) involving the leasing of properties which we consider to be exhaustive on our best effort basis. The Comparable Transactions were selected based on the criteria that (i) at least one of the transaction parties involved is listed on the Stock Exchange of Hong Kong or Shanghai Stock Exchange or Shenzhen Stock Exchange; (ii) the relevant announcement was published from 1 January 2021 to the Latest Practicable Date; (iii) the total period of lease is 20 years or more; and (iv) the transactions are related to the leasing of properties in the PRC. We consider that the review period, from 1 January 2021 to the Latest Practicable Date, which is more than one year is appropriate as it would cover a period that is long enough to reflect recent market practice and is fair and representative for our analysis.

	Company	Stock Exchange	Stock code	Date of announcement	Lease term
1	Century Ginwa Retail Holdings Limited	Stock Exchange of Hong Kong	162	17 June 2022	20 years and possible to extend
2	Baoshan Iron & Steel Co., Ltd.* (寶山鋼鐵股份有限公司)	Shanghai Stock Exchange	600019	28 April 2022	20 years, extend 20 years and further extend 10 years
3	Beijing Aerospace Changfeng Co., Ltd.* (北京航天長峰股份有限公司)	Shanghai Stock Exchange	600855	28 April 2022	20 years and possible to extend
4	Qingdao Huijintong Power Equipment Co., Ltd.* (青島匯金通電力設備股份有限公司)	Shanghai Stock Exchange	603577	24 February 2022	20 years and possible to extend

---

**LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED**

---

	<b>Company</b>	<b>Stock Exchange</b>	<b>Stock code</b>	<b>Date of announcement</b>	<b>Lease term</b>
5	Inzone Group Co., Ltd.* (銀座集團股份有限公司)	Shanghai Stock Exchange	600858	31 December 2021	5 years and extend 20 years
6	Nuode Investment Co., Ltd.* (諾德投資股份有限公司)	Shanghai Stock Exchange	600110	29 December 2021	20 years and extend 8 years
7	Xiamen Meiya Pico Information Co., Ltd.* (廈門市美亞柏科信息股份有限公司)	Shenzhen Stock Exchange	300188	16 December 2021	20 years and possible to extend
8	Elion Clean Energy Company Limited* (億利潔能股份有限公司)	Shanghai Stock Exchange	600277	27 November 2021	20 years and extend 7 years
9	DEA General Aviation Holding Co., Ltd.* (德奧通用航空股份有限公司)	Shenzhen Stock Exchange	002260	2 November 2021	21 years
10	Shenzhen New Nanshan Holding (Group) Co., Ltd.* (深圳市新南山控股(集團)股份有限公司)	Shenzhen Stock Exchange	002314	30 October 2021	25 years
11	Yincheng International Holding Co., Ltd.	Stock Exchange of Hong Kong	1902	30 September 2021	20 years and possible to extend
12	Qingdao Huijintong Power Equipment Co., Ltd.* (青島匯金通電力設備股份有限公司)	Shanghai Stock Exchange	603577	31 August 2021	20 years and possible to extend
13	Hangzhou Jiebai Group Co., Limited.* (杭州解百集團股份有限公司)	Shanghai Stock Exchange	600814	30 August 2021	20 years and extend 15.5 years
14	Kimou Environmental Holding Limited	Stock Exchange of Hong Kong	6805	20 August 2021	20 years and possible to extend
15	Parkson Retail Group Limited	Stock Exchange of Hong Kong	3368	12 July 2021	20 years and possible to extend
16	SinoMab BioScience Limited	Stock Exchange of Hong Kong	3681	22 March 2021	20 years and possible to extend
17	Topchoice Medical Co., Inc.* (通策醫療股份有限公司)	Shanghai Stock Exchange	600763	4 March 2021	20 years and extend 10 years

\* For identification purposes only

As shown in the above table, there are certain recent lease transactions that have long lease term and are possible to extend. Having considered the above and that the remaining period of the relevant land use rights is around 35 years, we concur with the Management that the Lease term is reasonable.

### ***5.2 Assessment on Lease Arrangements – Real Estate Rental Fee***

As mentioned above, the Real Estate Rental Fee was determined after arm’s length negotiation primarily with reference to (i) the original acquisition cost of the Land of approximately RMB36.59 million; (ii) the site area of the Land of approximately 76,230.91 square meters; (iii) the price per square meter in four comparable transactions involving the grant of land use rights of industrial land in Longhua District, Shenzhen in 2021 and 2022 by relevant government authorities ranging from RMB579 per square meter to RMB1,932 per square meter; and (iv) the remaining 35-year period of the relevant land use rights.

In assessing the above factors, we have reviewed the relevant land use rights (lot number A922-0461), having site area of about 148,708.16 square meters. As the site area of the Land under the proposed transaction is approximately 76,230.91 square meters, we have re-calculated the cost of relevant land use rights which is approximately RMB36.59 million. In addition, we have independently conducted research in Shenzhen Public Resource Exchange Center\* (深圳公共資源交易中心)<sup>1</sup> with the selection criteria that the land use rights are (i) located in Longhua District of Shenzhen; (ii) for industrial uses; (iii) are not less than 8,000 square meters; and (iv) announced from 1 January 2021 to 31 May 2022. We consider the above selection criteria appropriate, fair and reasonable as (i) the comparable land transfer transactions are all located in the same district with the same land use purpose as the Land; (ii) the size of not less than 8,000 square meters would eliminate land plots which are too small compared to the site area of the Land; and (iii) the review period, from 1 January 2021 to 31 May 2022, is more than one year and would cover a period that is long enough to reflect recent market practice. Based on above selection criteria, we have identified four recent comparable land transfer transactions (“**Comparable Land Transactions**”).

---

<sup>1</sup> <https://www.szggzy.com/jyxx>

---

**LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED**

---

Date of transaction	Location	Site area (Square meter)	Consideration (RMB million)	Price per	Lease term (years)	Price per
				square meter (RMB [A])		(adjusted lease term to 35 years) (RMB [A]/[B]x35)
May 18, 2022	Guanlan Sub-district, Longhua District	128,366.35	105.9	825	30	962
January 25, 2022	Guanlan Sub-district, Longhua District	14,494.19	28	1,932	30	2,254
October 18, 2021	Fucheng Sub-district, Longhua District	514,857.79	298	579	30	676
July 19, 2021	Guanlan Sub-district, Longhua District	17,476.28	32.7	1,871	30	2,183

As shown in the above table, the prices per square meter are ranging from RMB579 per square meter to RMB1,932 per square meter, which is consistent with the findings of the Company. We further noted that the lease term of the Comparable Land Transactions are all 30 years which is shorter than the remaining lease term of the Land. The range of price per square meter of Comparable Land Transactions would be RMB676 per square meter to RMB2,254 per square meter, assuming that the terms are amended to 35 years, and the price of the land will be increased on pro rata basis. Such price range is still lower than the Real Estate Rental Fee per square meter, being RMB3,131 per square meter. Having considered that (i) no recent comparable land transfer transactions with lease term over 30 years were identified; (ii) the identified lease term of 30-year is not materially far from the remaining lease term of the Land of 35 years; and (iii) the pro rata analysis of the prices per square meter of the Comparable Land Transactions with the adjustment of the lease term from 30-year to 35-year as mentioned above (which shows the price range is still lower than the Real Estate Rental Fee per square meter), we are of the view that the Comparable Land Transactions are fair and reasonable.

We understand that the Company has estimated the present value of the Real Estate Rental Fee of approximately RMB191 million based on (i) the payment schedule of the Real Estate Rental Fee; and (ii) a discount rate of 4.75%. We understand that the discount rate of 4.75% represents the best lending rate offered by certain banks (including China Merchants Bank, Bank of China and China Construction Bank) in the PRC for 5-year loan<sup>2</sup>.

<sup>2</sup> <http://www.cmbchina.com/cmbwebpubinfo/cdrate.aspx?chnl=cdrate>  
[https://www.bankofchina.com/fimarkets/lilv/fd32/201510/t20151023\\_5824975.html](https://www.bankofchina.com/fimarkets/lilv/fd32/201510/t20151023_5824975.html)  
<http://www3.ccb.com/cn/personal/interest/rmbcredit.html>

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

In addition, we noted that the estimated present value of the Real Estate Rental Fee of RMB191 million is close to the property valuation of RMB195 million as at 30 April 2022 (the “**Valuation**”) issued by the Valuer, as set out in the Appendix I to the Circular (the “**Valuation Report**”).

We have reviewed the Valuation Report and the relevant valuation workings of the Valuer and interviewed the relevant staff of the Valuer with particular attention to (i) Valuer’s terms of engagement with the Company; (ii) Valuer’s qualification and experience in relation to the preparation of the Valuation; and (iii) the steps and due diligence measures taken by Valuer in performing the Valuation.

### *5.2.1 Experience of the Valuer and its engagement*

We have conducted an interview with the Valuer regarding its experience in valuing properties, and its independence. We understand that the Valuer is an established valuation firm certified with the relevant professional qualifications with a number of completed assignments acting for listed companies for assessing properties’ value. In addition, the person-in-charge of the Valuation has over 25 years’ experience in conducting valuation services to clients in the property industry and we have reviewed the list of recent engagements of the Valuer. Such recent engagements involving property interests in the PRC and listed companies in Hong Kong include (i) valuation in relation to a land and buildings in Shenzhen as at 31 December 2020, as set out in the circular dated 9 March 2021 of China Resources Beer (Holdings) Company Limited (stock code: 291.HK), and (ii) valuation in respect of rental value of property interests in Guangdong Province as at 11 January 2019, as set out in the circular dated 22 February 2019 of China Investment Holdings Limited (stock code: 132.HK). Based on the above, we are satisfied that the Valuer for the Valuation Report has relevant qualification as well as sufficient experience in performing the valuation.

We have also reviewed the terms of engagement letter of the Valuer and noted that the purpose of which is to prepare a valuation report and provide the Company with the opinion on value of the Land. The engagement letter contains standard valuation scopes that are typical of valuation of properties carried out by independent valuers. The Valuer advised that it did not have any material connection or involvement giving rise to a conflict of interest. We are not aware of limitation of the scope of work which might have an adverse impact on the degree of assurance given by the Valuer in the Valuation Report.

We also noted that the Valuer has carried out its due diligence through discussion with the representative of the Group, performed on-site property inspections, obtained copies of relevant contractual documents relating to the property interest, conducted its own proprietary research and has relied on publicly available information obtained through its own research and relied on legal opinion provided by the Company’s PRC legal advisor, without performing inspection of the

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

original documents to ascertain any amendment which may not appear on the copies provided, nor performing searches for ascertaining the title of the property in the PRC. We were advised by the Valuer that it has assumed data obtained in the course of the valuation, along with the opinions and representations provided by the Group have been prepared with reasonable care, and is accurate and complete.

In this connection, we are satisfied that the engagement is under normal commercial terms and the scope of the Valuer's work is appropriate in conducting the valuation.

### *5.2.2 Valuation methodologies*

We have discussed with the Valuer in relation to the Valuation methodology adopted and we understood that the Valuer has considered three generally accepted approaches, namely the cost approach, income capitalization approach and direct comparison approach. As advised by the Valuer, cost approach, a commonly used valuation method, is not adopted, as the value is based on the land costs and construction costs, which is not able to reflect the market conditions and should only be applicable when there is no market parameter available. In addition, as the cost approach is a valuation method involving the estimation of the reproduction costs of a piece of property, it is not able to derive a rental value. For direct comparison approach, as the subject valuation involves a land lease agreement with a lease term of 20 years with an option of renewal for another term, there are not sufficient rental comparables of similar nature and lease structure available to yield an objective opinion in assessing the value of Lease.

As disclosed in the Valuation Report, we noted that the Valuer has adopted income capitalization approach in which expected rental income is capitalised by an appropriate yield to arrive at a capital value of the Land. Direct comparison approach was adopted to assess the market rent of the Land. To assess the appropriate yield implied in the market, it is estimated with reference to the yields achieved in the sales of similar properties in the market. The income capitalization approach is considered as appropriate methodology for the Valuation, on the basis that (i) it is commonly accepted for assessment of rental value; (ii) there are sufficient comparables for conducting market comparison in assessing the market monthly rent; and (iii) a fair opinion can be provided on the economic benefit of expected rental income taking into account the lease structure and the term of the subject lease agreement.



## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

### 5.2.3 Evaluation of the Valuation

We have obtained and reviewed the list of five comparable properties identified by the Valuer (the “**Comparables**”) for the determination of the market rent. We understand from the Valuer that the selection criteria of the Comparables includes location, land use, size, site condition and other relevant factors. We noted that the Comparables (i) are all located in Longhua District of Shenzhen; (ii) are for industrial uses; (iii) are not less than 8,000 square meters; and (iv) are being idle without plant or premises built on the relevant lands. Based on the discussions with the Valuer, it is noted that the information of completed transactions are not publicly available and the Comparables are identified from recently listed lease transactions on the property rental websites in the PRC, such as 58同城房產<sup>3</sup> and 安居客<sup>4</sup>, the posting dates of which were during the period from 18 March 2022 to 31 May 2022, which is close to the date of Valuation. The Valuer has first identified comparables that are all located in Longhua District, which we have obtained and reviewed such list, and we understand from the Valuer that it has further eliminated certain comparables which are less than 8,000 square meters and/or with no detailed information available such as the exact location of those lands. We have further conducted research based on the selection criteria to independently verify the information adopted by the Valuer. We are not able to identify additional comparables on the abovementioned property rental websites which fulfill the abovementioned selection criteria and the posting date of which were during the period from 18 March 2022 to 31 May 2022. Hence, we concur with the Valuer that the five comparable properties selected is fair and representative. The Valuer has made relevant adjustments, where necessary, including (i) market conditions; (ii) location and accessibility; and (iii) shape and site area.

Comparables	Location	Size	Unit rent		Market	Location and	Site size	Adjusted
			(RMB/square meter/month)	[A] [B] (Note 1)	conditions	accessibility		unit rent
								(RMB/square meter/month)
								[A] x (1-[B]) x (1-[C]) x (1-[D])
1	Guanlan Sub-district, Longhua District	10,000	12.0	5%	-	7%	10.6	
2	Guanlan Sub-district, Longhua District	8,000	15.0	5%	-	7%	13.3	
3	Guanlan Sub-district, Longhua District	40,000	12.9	5%	5%	4%	11.2	
						(Note 4)		

<sup>3</sup> <https://sz.58.com/fangchan/>

<sup>4</sup> <https://shenzhen.anjuke.com/>

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

Comparables	Location	Size	Unit rent (RMB/square meter/month)	Market conditions		Location and accessibility		Site size (square meter)	Adjusted unit rent (RMB/square meter/month) [A] x (1-[B]) x (1-[C]) x (1-[D])
				[A]	[B] (Note 1)	[C] (Note 2)	[D] (Note 3)		
4	Dalang Sub-district, Longhua District	10,000	18.0	5%		7%		7%	14.8
5	Guanlan Sub-district, Longhua District	30,000	13.5	5%		-		5%	12.2

*Notes:*

- (1) Downward adjustment is allowed to reflect market conditions and the room for negotiation on rental price.
- (2) Location adjustments were made taking into consideration the surrounding environment and nearby transportation facilities of the comparable properties, for example whether the comparable properties are close to highways and major transportation facilities such as airport or railway station.
- (3) Properties with smaller land size usually have a higher per unit rental than large land size due to quantum effect. Therefore, downward adjustment is applied to Comparables.
- (4) A downward adjustment of 5% is applied as Comparable 3 is relatively closer to highway.
- (5) A downward adjustment of 7% is applied as Comparable 4 is relatively closer to highway and airport.

We have interviewed with the Valuer on the reasons for applying the adjustments and the relevant adjustment level as disclosed above. The Valuer has advised that all of the adjustments applied conform to the market practice and their experience. In this connection, we have reviewed the HKIS Valuation Standards 2020 and understand that adjustment made to market conditions, location and accessibility and shape and site area should be considered in valuation using market comparables. We have further checked the location of the Comparables and noted that Comparable 3 is closer to Shenzhen Outer Ring Expressway while Comparable 4 is closer to Shenyang-Haikou Expressway and Shenzhen Baoan International Airport. In addition, we have cross-checked the relevant computations of the Valuer and noted that the adjustments applied were generally in line with the aforesaid bases and rationale, which we consider fair and reasonable. In light of the above, we are of the view that the relevant adjustments applied are fair and reasonable.

A yield (rate of return or capitalization rate) of 5% was applied to market rent by the Valuer in order to derive the capital value of the Land, assuming the Land can be transferred in the open market. As discussed with the Valuer, we noted that the yield was arrived with reference to the yields achieved for similar properties in Shenzhen, according to the 2022 China Real Estate Market Outlook Report by CBRE, a market research and

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

consulting company in real estate industry (the “**CBRE Report**”)<sup>5</sup> and the land price assessment notice published by the Shenzhen government (the “**Assessment Notice**”)<sup>6</sup>. We have reviewed (i) the CBRE Report and noted that the cap rate for logistics sector in Shenzhen for 2021 was 5% and (ii) the Assessment Notice and noted that the rate of return adopted for industrial property sector in Shenzhen was 5%. As such, we concur with the Valuer that applying 5% as the yield is fair and reasonable.

Having considered aforementioned factors, including (i) the original acquisition cost of the Land of approximately RMB36.59 million is lower than the Real Estate Rental Fee; (ii) the range of price per square meter of Comparable Land Transactions is lower the Real Estate Rental Fee per square meter; and (iii) the capital value of the Land from the Valuation Report of approximately RMB195 million, which is lower than the Real Estate Rental Fee of RMB238.68 million and close to the estimated present value of Real Estate Rental Fee of RMB191 million, we are of the view that the Real Estate Rental Fee is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

### *5.3 Assessment on possible Real Estate Transfer*

As an alternative to the Lease arrangement, in the event that it is permissible under relevant laws and regulations for Fu Ding to transfer the Real Estate to Futaitong, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong’s written notice, complete the transfer of the Real Estate to Futaitong within 120 days thereafter. Currently, according to the relevant land use right contract, the Land is not allowed to transfer to another party.

The total consideration for the possible Real Estate Transfer is the sum of the Real Estate Rental Fee and the Construction Consideration, minus the total amount of invoices issued by Fu Ding to Futaitong under the Framework Agreements, which is in substance equal to the remaining amount under the Lease arrangement. Accordingly, the Group is expected to record the same economic benefits in either case of the Lease or the Real Estate Transfer. The Real Estate Transfer constitutes an option granted by the Group to Futaitong where the Group does not have discretion to exercise the option.

Having considered (i) the Lease terms represents the remaining period of the relevant land use rights; and (ii) the consideration of the Real Estate Transfer is the same as that the remaining amount under the Lease arrangement, we are of the view that the Real Estate Transfer is an alternative to the Lease arrangement and is in the interests of the Company and the shareholders of the Company as a whole.

---

5 <https://www.cbre.com/insights/reports/2022-china-real-estatemarket-outlook>

6 [http://www.sz.gov.cn/cn/xxgk/zfxxgj/tzgg/content/post\\_8388669.html](http://www.sz.gov.cn/cn/xxgk/zfxxgj/tzgg/content/post_8388669.html)

***5.4 Assessment on Land development and On-pay Arrangements – Construction Consideration***

In assessing the fairness and reasonableness of the Land development and On-pay Arrangements, we have discussed with the Management and note that all the construction fees charged by the contractors shall be borne by Futaitong. Fu Ding will only pay the contractors after Futaitong has prepaid the construction fees to Fu Ding. Furthermore, any possible idle land fees arising from any delayed development of the Land shall also be borne by Futaitong. In case that the Construction Consideration exceeds RMB630 million, such excess amount and related taxes shall still be borne by Futaitong. Therefore, the Construction Consideration is in substance the budget of the Construction and Futaitong shall bear the cost of the Construction. In this connection, we are of the view that the Construction Consideration is fair and reasonable.

***5.5 Assessment on Land development and On-pay Arrangements – compensation***

As mentioned above, if for reason of Fu Ding there is a delay in obtaining the real estate certificate, Fu Ding shall compensate Futaitong at a monthly amount of RMB3 million accruing from the second month after the expiry of the above 3-year period, which may be deducted from the Real Estate Rental Fee. The RMB3 million monthly compensation is determined based on the cost of fund of the Construction Consideration and the accrued interest thereon (which is compounded monthly from the issuance of the construction permit) after 3 years from the issuance of the construction permit.

In assessing the fairness and reasonableness of the monthly compensation in case of delay in obtaining the real estate certificate, we have discussed with the Management and reviewed the relevant calculation schedule. We noted that the Construction Consideration is estimated to be paid within 2 years. In addition, the cost of fund adopted is 5%. We have conducted research on several banks in the PRC<sup>7</sup> and noted that the prevailing best lending rate charged for 3-year loan (“**3-Year BLR**”) is 4.75%. Since banks may add further interest spread or risk premium after considering a number of factors, such as credibility of the lender, business and financial conditions when lending bank loan, and the cost of fund used in calculating the monthly compensation is only slightly above the 3-Year BLR, we concur with the Directors’ view that the cost of fund of 5% is justifiable.

Having considered that (i) the monthly compensation is determined after considering the monthly cost of fund of the Construction Consideration and the accrued interest thereon; and (ii) the cost of fund of 5% adopted is just slightly above the 3-Year BLR offered by banks in the PRC, we concur with the Directors’ view that the basis of determining monthly compensation is fair and reasonable.

---

<sup>7</sup> <http://www.cmbchina.com/cmbwebpubinfo/cdrate.aspx?chnl=cdrate>  
[https://www.bankofchina.com/fimarkets/lilv/fd32/201510/t20151023\\_5824975.html](https://www.bankofchina.com/fimarkets/lilv/fd32/201510/t20151023_5824975.html)  
<http://www3.ccb.com/cn/personal/interest/rmbcredit.html>

---

## LETTER FROM ALLIANCE CAPITAL PARTNERS LIMITED

---

### 6. Financial effects on the Group

As disclosed in the Letter from the Board, it is expected that, under IFRS 16, the Lease will constitute a finance lease, and it will be treated as a disposal of assets by the Group to be recognised on a one-off basis when the Lease term commences, namely when Fu Ding obtains the real estate certificate. The Company will not recognise a disposal of property upon the Real Estate Transfer. The total consideration under the Framework Agreements is expected to be the aggregate of the Real Estate Rental Fee (being RMB238.68 million that will be classified as finance lease receivables when Fu Ding obtains the real estate certificate)) and the Construction Consideration (expected to be not exceeding RMB630 million that will be prepaid by Futaitong to Fu Ding according to the On-pay Arrangement). The gain or loss on the aforesaid disposal of assets or the Real Estate Transfer and the amount of total net proceeds will depend on, among other things, the applicable tax rates at the relevant time, and can only be determined when the Lease term commences or the Real Estate Transfer materializes (where applicable).

During the financial years ended December 31, 2020 and 2021, respectively, the Company has not recognised any revenue or receivables for the aforesaid assets or the Real Estate under the Framework Agreements. The Company currently intends to use the net proceeds (when determined) for general working capital of the Group.

### OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the terms of the Framework Agreements are fair and reasonable; (ii) the transactions contemplated under the Framework Agreements are on normal commercial terms or better but not in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the Framework Agreements are in the interests of the Company and the shareholders of the Company as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Framework Agreements and the transactions contemplated under the Framework Agreements.

Yours faithfully,  
For and on behalf of  
**Alliance Capital Partners Limited**  
**Alyssa Ng**  
*Managing Director*

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from PSA (HK) Surveyors Limited, an independent valuer, in connection with its valuation as of April 30, 2022 of Zone C, Bao Yuan Science and Technology Park, Guanlan Sub-district Office, Longhua District, Shenzhen, Guangdong Province, The People's Republic of China by the Group.*



Our Reference No.: V22013/HCH/RCH

July 31, 2022

The Board of Directors  
FIT Hon Teng Limited  
31/F, Tower 2, Time Square  
No. 1 Matheson Street  
Causeway Bay  
Hong Kong

Dear Sirs

**Re: Rental Valuation of a Development Site at Zone C, Baoyuan Science and Technology Park, Guangang Road, Guanlan Dashuikeng, Longhua District, Shenzhen, Guangdong Province, The People's Republic of China (the "Property")**

We refer to the instruction from FIT Hon Teng Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for us to carry out rental valuation of the property interests rented by 深圳市富泰通國際物流有限公司 (hereinafter referred to as "Tenant") located in the People's Republic of China, details of which are set out in the attached valuation certificate. We confirm that we have made relevant investigation and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the rental value of the property interests as at 30 April 2022 ("Valuation Date").

#### VALUATION STANDARDS AND BASIS

In valuing the property interest, we have complied with relevant requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the "HKIS Valuation Standards (2020 Edition)" published by the Hong Kong Institute of Surveyors.

Our valuation is conducted on market rent basis. Market rent is defined as “*the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

### VALUATION ASSUMPTIONS

No allowance has been made in our valuation for any charges or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting lease. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its rental value.

### VALUATION METHODOLOGY

In valuing the property which is held for investment, we have adopted the income capitalization approach. The subject valuation involves a land lease agreement with a lease term of 20 years with an option of renewal for another term. There are not sufficient rental comparables of similar nature and lease structure available for the direct comparison method to yield an objective opinion. Since the cost method is a valuation method involving the estimation of the reproduction costs of a piece of property, it is not able to derive a rental value. The income capitalization method is therefore adopted instead of the above mentioned two valuation methods because it can provide a fair opinion on the economic benefit of expected rental income taking into account the lease structure and the term of the subject lease agreement.

In the income capitalization approach, expected rental income is capitalized by an appropriate yield to arrive at a capital value. We have adopted direct comparison approach to assess the market rent of the property. We have carried out market research including searching for various public domains and real estate websites such as 58同城房產<sup>1</sup> and 安居客<sup>2</sup> etc. Since the subject property is an industrial land with site area of 76,230.91 square metre and located in Longhua District of Shenzhen, we have collected relevant land rental comparables in Longhua district of Shenzhen, among which we selected five most relevant land rental comparables based on the selection criteria. We considered that these five land rental comparables are exhaustive on our best effort basis. For selection criteria and particulars of the selected comparables, please refer to Note 7 of Valuation Certificate annexed herewith.

To assess the appropriate yield implied in the market, we have made reference to the research paper “2022 China Real Estate Market Outlook Report” published by CBRE<sup>3</sup> and Assessment of Land Price Notice published by Shenzhen Government<sup>4</sup>. It is estimated with reference to the yields achieved in the sales of similar properties in the market.

---

1 <https://sz.58.com/fangchan>

2 <https://shenzhen.anjoke.com>

3 <https://www.cbre.com/insights/reports/2022-china-real-estate-market-outlook>

4 [http://www.sz.gov.cn/zfgb/2019/gb1124/content/post\\_6851540.html](http://www.sz.gov.cn/zfgb/2019/gb1124/content/post_6851540.html)

**SOURCE OF INFORMATION**

In the course of our analysis, we have obtained copies of relevant contractual documents relating to the property interest. However, we have not scrutinized all the original documents to verify leasing right or any subsequent amendments, if any, which may not appear on the copies handed to us. We have relied on a considerable extent on the information provided by the Company and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site area, development scheme and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us or collected from relevant government departments and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us, which are material to the valuation. We also made enquiries to the Company and it was confirmed to us that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to form an informed opinion and have no reason to doubt any material information hidden.

In forming our opinion of rental value of the property, we have also relied on the legal opinion provided by the Company's PRC legal advisor, Beijing Dentons (Shanghai) Law Firm (the "PRC Legal Opinion").

**PROPERTY INSPECTION**

The Property was inspected by our Valuer, Mr. Zhang Jingcheng, registered real estate appraiser on 23 March 2022. The Property was inspected to such extent as for the purpose of this valuation. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is on the basis that these aspects are satisfactory.

We have not carried out site measurements to verify the correctness of the site area of the Property and have assumed that the site area shown on the documents and official site plan handed to us is correct. All documents and contracts are for reference only, while all dimensions, measurements and areas are approximations.

Moreover, we have not carried out any site investigations to determine the suitability of the ground conditions and services for any future development, nor do we undertake environmental surveys or investigate historical records, to establish whether the land is, or has been contaminated. Unless we are otherwise informed, our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

Unless stated otherwise, all currencies are in Renminbi ("RMB").



We enclose herewith our Valuation Certificate.

Yours Faithfully  
For and on behalf of  
**PSA (HK) Surveyors Limited**

Harry C W Chan *FHKIS, MRICS, MCIREA, RPS (GP)*  
*Managing Director*  
Valuation & Advisory Services

*Note:*

Mr. Harry Chan is a Registered Professional Surveyor (General Practice) with over 25 years' experience in assets valuation in Hong Kong and Mainland China. Mr. Chan is a fellow member of The Hong Kong Institute of Surveyors, a corporate member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents.

Encl.

## Group I – Property held by the Group for Investment

## VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Capital Value in Existing State as at 30 April 2022
Development site at Zone C, Baoyuan Science and Technology Park, Guanguang Road, Guanlan Dashuikeng, Longhua District, Shenzhen, Guangdong Province, the People's Republic of China	<p>The Property is a parcel of land located within Zone C of Baoyuan Science and Technology Park in Longhua District in Shenzhen. The surrounding area along Guanguang Road comprises mainly industrial enterprises and facilities. The Property can be reached from Pearl River Delta Ring Expressway in about 12-minutes' drive.</p> <p>The Property has a site area of approximately 76,230.91 square metres.</p> <p>The Property is planned for an industrial development with proposed gross floor area of approximately 179,943 square metres.</p> <p>There is no ground rent or government rent for the Property.</p> <p>The land use right of the Property is held under a Land Use Right Grant Contract for a term of 50 years expiring on 29 June 2057 for industrial use. Annual land use tax is RMB2 per square meter.</p>	The Property was vacant as at the Valuation Date.	RMB195,000,000 (Renminbi One Hundred and Ninety Five Million)

*Notes:*

1. According to the Land Use Right Grant Contract No. Shen Di He Zi (2007) No. 4131 dated 30 June 2007, a plot of land Lot No. A922-0461 having site area of about 148,708.16 square metres, which the subject land is part of, has been granted to Fu Ding Precision Component (Shenzhen) Co., Ltd (富頂精密組件(深圳)有限公司) by Shenzhen State-owned Land and Resources and Real Estate Management Bureau. The salient terms and conditions of the said contract are summarized below:

- |       |                           |  |
|-------|---------------------------|--|
| (i)   | Land Use:                 | Industrial                                       |
| (ii)  | Site Coverage:            | Not exceeding 45%                                |
| (iii) | Plot Ratio:               | Not exceeding 3.22                               |
| (iv)  | Maximum Gross Floor Area: | 478,790 square metres                            |
| (v)   | Maximum Building Height:  | 5 storeys for workshop, 15 storeys for dormitory |
| (vi)  | Special Conditions:       | the land is not allowed to transfer              |

2. According to Land Use Right Grant Supplementary Agreement Shen Di He Zi (2007) No 4131 Supplement dated 1st November 2021, the land Lot No. A922-0461 has been idled and is subject to the following salient terms:

- |       |  |
|-------|--|
| (i)   | A land idle fee of RMB14,275,983 is payable to the local government.                                 |
| (ii)  | Construction works shall be commenced on or before 1 November 2022 based on approved building plans. |
| (iii) | The construction works shall be completed by 1 November 2024.  |

3. According to the Construction Land Use Planning Permit No. Shen Gui Xu No. BA-2007-0147 dated 15 June 2007, the land with site area of 148,708.16 square metres has been approved for a proposed industrial development namely Zone C Baoyuan Science and Technology Park with the following conditions:

- |       |                           |  |
|-------|---------------------------|--|
| (i)   | Plot Ratio:               | Not exceeding 3.22                               |
| (ii)  | Site Coverage:            | Not exceeding 45%                                |
| (iii) | Maximum Building Height:  | 5 storeys for workshop, 15 storeys for dormitory |
| (iv)  | Maximum Gross Floor Area: | 478,790 square metres                            |

4. According to the Land Use Right Lease Agreement dated 17 June 2022 (“LUR Lease Agreement”), the subject land will be leased for a term of 20 years upon delivery of the Property with a right to renewal for a further term of about 15 years. The aggregated rental of RMB238,680,000 will be payable by annual installments in five years with the first installment within 20 days upon obtaining Realty Title Certificate of the Property.

5. According to the LUR Lease Agreement, construction period for the subject land is within 36 months from the date of its delivery and the estimated construction budget is about RMB630 million.

6. The opinion of the legal adviser on the PRC laws states that:

- |       |   |
|-------|---|
| (i)   | The Land Use Right Grant Contract and Construction Land Use Planning Permit are legal and valid.  |
| (ii)  | The Group has fully settled the land idle fee.  |
| (iii) | There is no legal impediment to register the realty title and obtain Realty Title Certificate if the Group starts construction works according to the Land Use Right Grant Supplementary Agreement. |
| (iv)  | The property is not subject to court order, restriction and mortgage.   |

7. Key parameters and assumptions adopted in the Income Capitalization Approach are as follows:

<b>Market Monthly Rent</b>	<b>Capitalization Rate</b>
RMB12.4 per square metre (exclusive of property management fee)	5%

In undertaking our valuation, we have selected most relevant rental comparables which are industrial land of similar size and in the same district. Among land comparables collected, we have selected five comparables for the determination of the market rent. The selection criteria of the comparables includes location, land use, size, site condition and other relevant factors. The comparables are (i) all located in Longhua District of

Shenzhen; (ii) for industrial uses; (iii) not less than 8,000 square meters; (iv) vacant sites without plants or premises on the relevant lands; and (v) most recently listed in the market for the period from 18 March 2022 to 31 May 2022 which are very closed to the valuation date. Property particulars of the selected comparables are summarized below:

No.	Address	Land Area ( <i>sqm</i> )	Land Use	Monthly Rent ( <i>RMB</i> )	Unit Rent ( <i>RMB/sqm/month</i> )
1	Guihua, Guanlan, Longhua, Shenzhen	10,000	Industrial	120,000	12.0
2	Tangtou Village, Fucheng Street Area, Guanlan, Longhua, Shenzhen	8,000	Industrial	120,000	15.0
3	Guanlan (near Baoneng Automobile Research and Development Centre), Longhua, Shenzhen	40,000	Industrial	516,000	12.9
4	Dalang Street Area, Longhua, Shenzhen	10,000	Industrial	180,000	18.0
5	Guixiang Road, Guanlan, Longhua, Shenzhen	30,000	Industrial	405,000	13.5

The monthly rental levels of the comparables range from RMB12.0/sqm to RMB18.0/sqm. The rental comparables are analyzed and adjusted on the factors including location/accessibility, land size and market condition/asking price. Adjustments made range from 0% to -7%. Having analysed the nature and characteristics of the comparables, the adjusted unit rate is ranging from RMB10.6/sqm to RMB 14.8/sqm. After analysis and due adjustments, the weighted average unit rent is RMB12.4/sqm. The market rent for the subject property is calculated as weighted average unit rent times land area and 12 months. The market rent of the Property is RMB11,340,000 per annum as at the valuation date.

We have analyzed the rates of return of industrial property sector which indicates yields of approximately 4.75% to 5% based on market research published by CBRE<sup>5</sup> and 5% according to the land price assessment notice published by the Shenzhen government<sup>6</sup>. The capitalization rate of 5% is applied in our valuation to arrive at a capital value taking into consideration the lease term and structure of the LUR Lease Agreement.

8. The aggregated rentals of RMB238.68 million charged by the lesser of the Property is fair and within reasonable range of the market rental having regard to the lease structures and terms of the LUR Lease Agreement.
9. The current use of the Property complies with the town planning use.

5 <https://www.cbre.com/insights/reports/2022-china-real-estate-market-outlook>

6 [http://www.sz.gov.cn/zfgb/2019/gb1124/content/post\\_6851540.html](http://www.sz.gov.cn/zfgb/2019/gb1124/content/post_6851540.html)

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive of the Company

As of the Latest Practicable Date, 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 for Securities Transactions by Directors of Listed Issuers (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 <sup>1</sup>	Beneficial owner	417,946,400	5.75%
LU Pochin Christopher <sup>2</sup>	Beneficial owner	26,012,000	0.36%
PIPKIN Chester John <sup>3</sup>	Beneficial owner	1,790,000	0.02%

*Notes:*

- Mr. LU Sung-Ching is also interested in 22,713,600 Shares under the Share Grant Scheme.
- Mr. LU Pochin Christopher is also interested in 4,500,000 Shares under the Second Restricted Share Award Scheme.
- Mr. PIPKIN Chester John is also interested in 200,000 share options granted by the Company under the Share Option Scheme.

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

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

Note:

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

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

The Share Option Scheme was conditionally approved and adopted by the Shareholders on December 19, 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Group to offer valuable incentive to attract and retain quality personnel to work towards enhancing the value and attaining the long-term objectives of the Group. As of the Latest Practicable Date, the long position of the Directors in the share options granted by the Company was as follows:

Name of Director	As of January 1, 2022	Granted during the year 2022 and up to the Latest practicable Date	Exercised during the year 2022 and up to the Latest practicable Date	Lapsed during the year 2022 and up to the Latest practicable Date	Cancelled during the year 2022 and up to the Latest practicable Date	As of the Latest Practicable Date	Date of grant of share options	Exercise period of share options (both days inclusive)	Closing price of the Shares immediately before the date on which the share options were granted	Exercise price of share options
									HK\$	HK\$
PIPKIN Chester John	200,000	-	-	-	-	200,000	December 28, 2018	December 28, 2019 to December 28, 2022	3.380	3.422

Save as disclosed above, as of the Latest Practicable Date, 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 pursuant to Section 352 of the SFO or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Interests of substantial Shareholders**

As of the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executives of the Company, the persons or entities, other than a Director or chief executives of the Company, who had an interest or a short position in the Shares or the underlying Shares 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 the Shares as of the Latest Practicable Date*

<b>Name of Shareholders</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholding</b>
Hon Hai	Interest in controlled corporation <sup>1</sup>	5,179,557,888	71.27%
Foxconn Far East Cayman	Interest in controlled corporation <sup>2</sup>	5,179,557,888	71.27%
Foxconn Far East Hong Kong	Beneficial owner	5,179,557,888	71.27%

*Notes:*

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

Save as disclosed above, as of the Latest Practicable Date, 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.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors is a director or employee in Hon Hai, Foxconn Far East Cayman or Foxconn Far East Hong Kong which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(c) Directors' or chief executive's rights to acquire interests or short positions in Shares and debentures**

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.

Details of the interests of the Directors in the Share Grant are set out below.

<b>Name of Director</b>	<b>Date of grant</b>	<b>Number of Share Grant</b>
LU Sung-Ching	January 5, 2015	22,713,600

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective spouse or minor children were granted any rights to acquire benefits by means of acquisition of the Shares in or debentures of the Company or any other body corporate; nor was the Company, its subsidiaries or holding company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company to acquire such rights in the Company or any other body corporate.

**3. DISCLOSURE OF OTHER INTERESTS**

**(a) Interests in contract or arrangement**

As of the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is significant to the business of the Group.

**(b) Interests in assets**

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Group were made up.



**(c) Interests in competing business**

As of the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

**4. QUALIFICATION OF EXPERT**

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

<b>Name</b>	<b>Qualification</b>
Alliance Capital Partners Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PSA (HK) Surveyors Limited	a registered professional surveyor (general practice), a fellow member of The Hong Kong Institute of Surveyors, a corporate member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents

**5. CONSENT**

Each of Alliance Capital Partners Limited and PSA (HK) Surveyors Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

**6. MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, save as disclosed in the annual results announcement of the Company for the year ended December 31, 2021 published on March 17, 2022, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2021, being the date to which the latest published audited financial statements of the Group were made up.

**7. MISCELLANEOUS**

- (a) None of the Directors has entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.
- (b) As of the Latest Practicable Date, each of Alliance Capital Partners Limited and PSA (HK) Surveyors Limited was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As of the Latest Practicable Date, none of the Directors, Alliance Capital Partners Limited or PSA (HK) Surveyors Limited had any interest, either directly or indirectly, in any assets which have been, since December 31, 2021 being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

**8. DOCUMENTS ON DISPLAY**

Copies of the Framework Agreements will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.fit-foxconn.com/>) for 14 days from the date of this circular.

---

## NOTICE OF EGM

---



### **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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the shareholders of FIT Hon Teng Limited (the “**Company**”) will be held at 66-1, Chungshan Road, Tucheng District, New Taipei City 23680, Taiwan on Tuesday, August 16, 2022 at 9:00 a.m., for the following purposes:

To consider and, if thought fit, passing (with or without modifications) the following ordinary resolution:

1. “THAT the terms of the framework cooperation agreement, the supplemental agreement and the lease agreement entered into between Fu Ding Precision Component (Shenzhen) Co., Ltd. and Shenzhen Fertile Plan International Logistics Co., Ltd on June 17, 2022 (the “**Framework Agreements**”) and the transactions contemplated under the Framework Agreements as described in the circular of the Company dated July 31, 2022 be and are hereby approved, confirmed and ratified in all respects; and

any one director of the Company, or any two directors of the Company if affixation of the Company’s common seal is necessary, and such other persons as are authorized by him/them be and is/are hereby authorized for and on behalf of the Company to execute and deliver (and affix the Company’s common seal to, if necessary) all such documents, instruments or agreements and to do all such other acts or things which he/they may in his/their absolute discretion consider necessary or desirable in connection with or incidental to any of the matters contemplated under the Framework Agreements and the transactions contemplated under the Framework Agreements.”

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

Hong Kong, July 31, 2022

---

## NOTICE OF EGM

---

*Registered Office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Headquarters in Taiwan:*  
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

*Notes:*

- (a) As set out in the circular of the Company dated July 31, 2022, the register of members of the Company will be closed from Thursday, August 11, 2022 to Tuesday, August 16, 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the extraordinary general meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, August 10, 2022.
- (b) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
- (c) Form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding of the extraordinary general meeting (i.e. not later than 9:00 a.m., August 14, 2022) or any adjourned meeting.
- (d) In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Hon Hai Precision Industry Co., Ltd., the controlling shareholder of the Company, and its associates (as defined in the Listing Rules) are required to abstain from voting on the ordinary resolution numbered.
- (e) The ordinary resolution set out above will be determined by way of poll.

\* *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.*