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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)

**CONNECTED TRANSACTION IN RELATION TO
DISPOSAL OF EQUITY INTEREST IN JOINT VENTURE**

DISPOSAL OF EQUITY INTEREST IN JOINT VENTURE

The Board is pleased to announce that on December 6, 2022 (after trading hours of the Stock Exchange), FITS and FOTS (each a wholly-owned subsidiary of the Company) entered into the Share Transfer Agreement with Sharp pursuant to which FITS and FOTS conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares for the Consideration.

As of the date of this announcement, the JV Company is held by FITS, FOTS and the Purchaser as to approximately 50%, 1% and 49% respectively. Upon the Closing, the Company will cease to have any interest in the JV Company and therefore the JV Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Company is indirectly owned as to approximately 71.16% by Hon Hai, the controlling shareholder of the Company, which controls more than 30% interest in Sharp. The Purchaser is a wholly-owned subsidiary of Sharp. The Purchaser is therefore an associate of Hon Hai and a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

SHARE TRANSFER AGREEMENT

The Board is pleased to announce that on December 6, 2022 (after trading hours of the Stock Exchange), FITS and FOTS (each a wholly-owned subsidiary of the Company) entered into the Share Transfer Agreement with Sharp pursuant to which FITS and FOTS conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares for the Consideration. The principal terms of the Share Transfer Agreement are set out below:

Date

December 6, 2022 (after trading hours of the Stock Exchange)

Parties

- (i) FITS;
- (ii) FOTS; and
- (iii) the Purchaser.

Subject Matter

The Sale Shares, being 14,415,341 shares of the JV Company, representing approximately 51% of its entire issued share capital, of which 14,134,705 shares are held by FITS and 280,636 shares are held by FOTS.

FITS and FOTS conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares.

As of the date of this announcement, the JV Company is held by FITS, FOTS and the Purchaser as to approximately 50%, 1% and 49% respectively. Upon the Closing, the Company will cease to have any interest in the JV Company and therefore the JV Company will cease to be a subsidiary of the Company.

Consideration

The Consideration for the Transaction payable by the Purchaser to the Sellers (which is inclusive of any applicable tax, bank charges, filing and registration fees and any other expenses which will be imposed on the Sellers, the Purchaser and/or the JV Company for the transfer of the Sale Shares) is US\$14,415,341, among which, US\$14,134,705 shall be paid to FITS for the FITS Sale Shares and US\$280,636 shall be paid to FOTS for the FOTS Sale Shares.

The Consideration shall be paid by the Purchaser or the Purchaser's designated entity by the following installments to the Sellers:

- (a) The first installment of US\$310,964 in total shall be paid on the Closing Date, among which, US\$30,328 shall be paid to FITS and US\$280,636 shall be paid to FOTS.
- (b) The remaining Consideration of US\$14,104,377 shall be paid by installments in accordance with the below schedule:
 - (i) the second installment of US\$3,526,094.25 shall be paid to FITS on or before the date which is the last business day of the month being six (6) months following the Closing Date;
 - (ii) the third installment of US\$3,526,094.25 shall be paid to FITS on or before the date which is the last business day of the month being twelve (12) months following the Closing Date;
 - (iii) the fourth installment of US\$3,526,094.25 shall be paid to FITS on or before the date which is the last business day of the month being eighteen (18) months following the Closing Date; and
 - (iv) the fifth installment of US\$3,526,094.25 shall be paid to FITS on or before the date which is the last business day of the month being twenty four (24) months following the Closing Date.

The Consideration was determined after arm's length negotiations between the Sellers and the Purchaser on normal commercial terms with reference to (i) the appraised fair market value of the JV Company as of September 30, 2022, which amounted to approximately US\$28 million; (ii) the net asset value of the JV Company as of December 31, 2021, which amounted to approximately US\$3 million; and (iii) the losses incurred by the JV Company since its formation in 2018.

Conditions Precedent

The Sellers and the Purchaser agreed that, unless being waived by all Parties, the Transaction shall be completed and the Closing shall only happen upon the fulfillment or waiver of the following conditions precedent:

- (a) The Purchaser shall procure Sharp, and Sharp shall obtain the consent of its lenders and/or security interest holders as required under any loan or security agreements between Sharp and the financial institutions for the Closing and the consummation of the Transaction.
- (b) The current two (2) directors of the JV Company appointed by the Sellers shall resign or be removed on or before the Closing Date. The Sellers shall provide the relevant removal or resignation letters to the Purchaser on the Closing Date.
- (c) The share transfer form in respect of the transfer of the Sale Shares from the Sellers to the Purchaser shall be duly executed by the Parties.
- (d) The Purchaser shall perform the following actions and provide the relevant supporting documents to the Sellers:
 - (i) to procure the secretary company of the JV Company to update the electronic register of members of the JV Company maintained with Accounting and Corporate Regulatory Authority of Singapore reflecting the Purchaser as the holder of the Sale Shares;
 - (ii) to provide a copy of the updated electronic register of members of the JV Company;
and
 - (iii) to cancel the old share certificates and to issue the new share certificates reflecting the Purchaser as the holder of the Sale Shares.

The Parties shall use their respective best efforts to ensure that the conditions precedent are satisfied as soon as practicable. The conditions precedent may only be waived by all Parties in writing on or prior to the Closing Date.

The Parties shall use their respective best efforts to make the Closing Date no later than December 31, 2022 or any other potential extended date as otherwise agreed by the Parties (where applicable) (the “**Long Stop Date**”).

Termination

The Share Transfer Agreement may only be terminated prior to the Closing under any of the following circumstances:

- (a) by mutual written agreement of the Sellers and the Purchaser;
- (b) by the Purchaser via a unilateral written termination notice if the Closing has not occurred on or before the Long Stop Date; or
- (c) by any Party via a unilateral written termination notice if there is (i) a material breach by the other Party of any of its representations, warranties, covenants or obligations under the Share Transfer Agreement due to its own fault, or (ii) the abovementioned material breach has a material adverse effect to the Transaction, where such material breach or material adverse effect has not been rectified by the defaulting Party within ten (10) business days upon the receipt of a written notice from the non-defaulting Party.

No Party shall be entitled to terminate the Share Transfer Agreement after the Closing.

GENERAL INFORMATION

The Group

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.

FITS

FITS is a limited liability company established in Singapore, and a wholly-owned subsidiary of the Company. It is principally engaged in the sale of interconnect solutions and related products.

FOTS

FOTS is a limited liability company established in Singapore, and a wholly-owned subsidiary of the Company. It is principally engaged in the sale of interconnect solutions and related products.

Purchaser

The Purchaser is a limited liability company registered in Japan, and a wholly-owned subsidiary of Sharp. It is principally engaged in planning, development, design, manufacturing and sales of display devices and display technology appliances.

JV Company

The JV Company is a limited liability company established in Singapore and is held by FITS, FOTS and the Purchaser as to approximately 50%, 1% and 49% respectively. It is principally engaged in the development, design, manufacturing, distribution and marketing for automotive cameras and electronic mirrors.

Financial information of the JV Company

Set out below is the financial information of the JV Company as extracted from the financial statements of the JV Company for the two years ended December 31, 2020 and 2021:

	For the year ended December 31, 2020	For the year ended December 31, 2021
Net loss before taxation and extraordinary items	(US\$3,676,200)	(US\$10,767,375)
Net loss after taxation and extraordinary items	(US\$3,676,200)	(US\$10,802,643)

Based on the financial statements of the JV Company for the year ended December 31, 2021, the audited net asset value of the JV Company is US\$2,921,520.

The appraised fair market value of the JV Company was US\$28 million as of September 30, 2022.

FINANCIAL EFFECTS OF THE TRANSACTION AND USE OF PROCEEDS

Upon the Closing, the Company will cease to have any interest in the JV Company and therefore the JV Company will cease to be a subsidiary of the Company.

It is expected that the Company would record a gain of approximately US\$5 million upon the Closing, being the difference between the Consideration and the book value of the JV Company on the Closing Date attributable to the Group. The actual gain or loss in connection with the Transaction will be assessed after the Closing and is subject to audit.

The sale proceeds from the Transaction are intended to be used by the Sellers as general working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Reference is made to the announcement of the Company dated February 7, 2018 in relation to the formation of the JV Company. In 2018, the Group and Sharp established the JV Company to develop the automotive cameras business. The Group's electric vehicles ("EV") strategy has recently been adjusted to focus on the development of EV connector and integrated solution products. Therefore, the Group decided to withdraw its investment from the JV Company by selling the Sale Shares to the Purchaser at the Consideration which is equal to the total capital contribution made by the Sellers to the JV Company. In the future, the Group will deploy its resources to develop EV connector and component products with a focus on power management, automotive networking and human-machine interface.

Taking into account the above reasons and the terms of the Share Transfer Agreement, all Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Share Transfer Agreement are fair and reasonable; (ii) the Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Transaction is in the interests of the Company and the Shareholders as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in the Share Transfer Agreement, and none of the Directors has abstained from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Company is indirectly owned as to approximately 71.16% by Hon Hai, the controlling shareholder of the Company, which controls more than 30% interest in Sharp. The Purchaser is a wholly-owned subsidiary of Sharp. The Purchaser is therefore an associate of Hon Hai and a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“associate”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors of the Company;
“Closing”	the closing of the Transaction;
“Closing Date”	the date of the Closing, being the day when the last of the conditions precedent is satisfied or waived, or any such other date as the Parties may agree in writing;
“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”	has the meaning ascribed thereto in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the consideration of US\$14,415,341 for the Transaction;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	directors of the Company;
“FITS”	Foxconn Interconnect Technology Singapore Pte. Ltd., a limited liability company established in Singapore, and a wholly-owned subsidiary of the Company;

“FITS Sale Shares”	14,134,705 shares of the JV Company, representing approximately 50% of its entire issued share capital;
“FOTS”	Foxconn OE Technologies Singapore Pte. Ltd. (formerly known as Foxconn Optical Interconnect Technologies Singapore Pte. Ltd.), a limited liability company established in Singapore, and a wholly-owned subsidiary of the Company;
“FOTS Sale Shares”	280,636 shares of the JV Company, representing approximately 1% of its entire issued share capital;
“Group”	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.TW), the controlling shareholder of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“JV Company”	FIT Electronics Device Pte. Ltd., a limited liability company established in Singapore;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Party(ies)”	the parties to the Share Transfer Agreement, each a “Party” thereof;
“Purchaser”	Sharp Display Technology Corporation, a limited liability company registered in Japan, and a wholly-owned subsidiary of Sharp;
“Sale Shares”	the FITS Sale Shares and the FOTS Sale Shares, representing approximately 51% of the entire issued share capital of the JV Company;
“Sellers”	FITS and FOTS;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;

“Shareholder(s)”	the holder(s) of the Share(s);
“Share Transfer Agreement”	the share transfer agreement entered into between the Sellers and the Purchaser on December 6, 2022;
“Sharp”	Sharp Corporation (シャープ株式会社), a limited liability company registered in Japan, the shares of which are listed on the First Section of the Tokyo Stock Exchange, Inc. (Stock Code: 6753.T);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Transaction”	the transaction contemplated under the Share Transfer Agreement;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	percent.

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

Hong Kong, December 6, 2022

As of the date of this announcement, the Board comprises Mr. LU Sung-Ching, Mr. LU Pochin Christopher and Mr. PIPKIN Chester John as executive Directors, Mr. TRAINOR-DEGIROLAMO Sheldon as non-executive Director, and Mr. CURWEN Peter D, Mr. TANG Kwai Chang and Mr. CHAN Wing Yuen Hubert as independent non-executive Directors.

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