FIT Hon Teng Limited
鴻騰六零八八精密科技股份有限公司

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

(Stock Code: 6088)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2024 amounted to US$2,067 million, representing a YoY increase of 15.9% as compared to US$1,784 million for the six months ended June 30, 2023.
- Profit for the six months ended June 30, 2024 amounted to US$33 million as compared to loss of US$9 million for the six months ended June 30, 2023.
- Basic earnings per share attributable to owners of the Company for the six months ended June 30, 2024 amounted to US0.46 cents as compared to basic loss per share of US0.13 cents for the six months ended June 30, 2023.
- The Board did not declare any interim dividend for the six months ended June 30, 2024.

The Board is pleased to announce the unaudited condensed consolidated interim results of our Group for the six months ended June 30, 2024 together with the comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	For the six months ended June 30, 2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Revenue	4	**2,066,760**	1,784,080
Cost of sales	5	**(1,645,567)**	(1,500,926)
Gross profit		**421,193**	283,154
Distribution costs and selling expenses	5	**(61,980)**	(46,596)
Administrative expenses	5	**(118,492)**	(70,776)
Research and development expenses	5	**(171,606)**	(139,262)
Impairment loss on financial assets		**(102)**	(1,143)
Other income		**9,909**	10,293
Other gains – net		**14,253**	11,500
Operating profit		**93,175**	47,170
Finance income		**14,585**	14,907
Finance costs		**(40,022)**	(26,776)
Finance costs – net		**(25,437)**	(11,869)
Share of results of associates		**(6,343)**	(11,981)
Impairment loss on interest in an associate		**–**	(15,795)
Profit before income tax		**61,395**	7,525
Income tax expense	6	**(28,723)**	(16,204)
Profit/(loss) for the period		**32,672**	(8,679)
Profit/(loss) attributable to:			
Owners of the Company		**32,524**	(8,952)
Non-controlling interests		**148**	273
		32,672	(8,679)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in US cents per share)			
Basic earnings/(loss) per share	7	**0.46**	(0.13)
Diluted earnings/(loss) per share	7	**0.46**	(0.13)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2024	2023
	USD'000	*USD'000*
	(unaudited)	*(unaudited)*
Profit/(loss) for the period	**32,672**	(8,679)
Other comprehensive (loss)/income:		
Item that may be reclassified subsequently to profit or loss		
Currency translation differences	**(84,546)**	(65,973)
Item that will not be reclassified subsequently to profit or loss		
Fair value change in financial assets at fair value through other comprehensive income	**94**	22
Total other comprehensive loss for the period, net of tax	**(84,452)**	(65,951)
Total comprehensive loss for the period	**(51,780)**	(74,630)
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(51,855)**	(74,862)
Non-controlling interests	**75**	232
	(51,780)	(74,630)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**As at June 30, 2024** ***USD'000*** ***(unaudited)***	As at December 31, 2023 *USD'000* *(audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**905,245**	899,787
Investment property		**6,454**	6,738
Right-of-use assets		**102,991**	105,636
Intangible assets		**680,818**	700,291
Financial assets at fair value through other comprehensive income		**19,694**	19,630
Financial assets at fair value through profit or loss		**49,228**	38,709
Interests in associates		**66,850**	73,193
Deposits and prepayments	*9*	**10,729**	6,685
Finance lease receivables		**–**	4,727
Deferred income tax assets		**123,679**	126,349
		1,965,688	1,981,745
Current assets			
Inventories		**813,982**	801,800
Trade receivables	*9*	**814,233**	807,282
Deposits, prepayments and other receivables	*9*	**195,004**	148,268
Finance lease receivables		**6,115**	16,206
Financial assets at fair value through profit or loss		**–**	3,131
Short-term bank deposits		**142,599**	3,940
Cash and cash equivalents		**1,025,652**	1,316,364
		2,997,585	3,096,991
Asset classified as held for sale		**–**	15,000
Total current assets		**2,997,585**	3,111,991
Total assets		**4,963,273**	5,093,736

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	**As at June 30, 2024** ***USD'000*** ***(unaudited)***	As at December 31, 2023 *USD'000* *(audited)*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**142,382**	142,382
Treasury shares		**(91,859)**	(91,859)
Reserves		**2,332,447**	2,384,302
		2,382,970	2,434,825
Non-controlling interests		**2,628**	2,553
Total equity		**2,385,598**	2,437,378
LIABILITIES			
Non-current liabilities			
Bank borrowings		**598,933**	–
Lease liabilities		**38,611**	41,308
Deferred income tax liabilities		**35,509**	40,781
Deposits received and other payables	*10*	**11,008**	10,783
		684,061	92,872
Current liabilities			
Trade and other payables	*10*	**936,759**	1,094,651
Contract liabilities		**3,866**	5,297
Lease liabilities		**13,524**	11,442
Bank borrowings		**901,837**	1,382,519
Current income tax liabilities		**37,303**	69,577
Financial liabilities at fair value through profit or loss		**325**	–
		1,893,614	2,563,486
Total liabilities		**2,577,675**	2,656,358
Total equity and liabilities		**4,963,273**	5,093,736

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

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

The Group is principally engaged in the manufacturing and sales of mobile and wireless devices, connectors applied in the communication, computer and automotive markets, and trading and distribution of mobile device related products.

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

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

The condensed consolidated interim financial information is presented in United States Dollar ("**USD**") unless otherwise stated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 is prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the year ended December 31, 2023 (the "**Annual Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the Annual Financial Statements, except for the adoption of the amended standards as set out in note 3(i).

(i) Amendments to standards adopted by the Group

The Group has applied the following new standards and amendments which are mandatory for the financial year beginning on January 1, 2024 and are relevant to its operations:

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements
Amendments to IAS 16	Lease liability in sale and leaseback

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

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

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

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the new standards and amendments to standards when they become effective. The Group are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards, none of which is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

4 SEGMENT INFORMATION

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

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

Accordingly, the Group presents the revenue and corresponding assets and liabilities for the segments, and does not allocate expenses or the other assets to the respective segments.

Segment revenue and results

For the six months ended June 30, 2024, the Group's revenue by operating segment is as follows:

	Intermediate products *USD'000* *(unaudited)*	**Consumer products** *USD'000* *(unaudited)*	**Total** *USD'000* *(unaudited)*
Revenue	**1,838,626**	**300,845**	**2,139,471**
Inter-segment revenue eliminations	**(72,711)**	**–**	**(72,711)**
Revenue from external customers	**1,765,915**	**300,845**	**2,066,760**
Gross profit			**421,193**
Unallocated:			
Operating expenses			**(352,180)**
Other income			**9,909**
Other gains – net			**14,253**
Finance costs – net			**(25,437)**
Share of results of associates			**(6,343)**
Profit before income tax			**61,395**

For the six months ended June 30, 2023, the Group's revenue by operating segment is as follows:

	Intermediate products *USD'000* *(unaudited)*	Consumer products *USD'000* *(unaudited)*	Total *USD'000* *(unaudited)*
Revenue	1,526,610	318,146	1,844,756
Inter-segment revenue eliminations	(60,676)	–	(60,676)
Revenue from external customers	1,465,934	318,146	1,784,080
Gross profit			283,154
Unallocated:			
Operating expenses			(257,777)
Other income			10,293
Other gains – net			11,500
Finance costs – net			(11,869)
Share of results of associates			(11,981)
Impairment loss on interest in an associate			(15,795)
Profit before income tax			7,525

For the six months ended June 30, 2024 and 2023, revenue by product lines is as follows:

	For the six months ended June 30,	
	2024 ***USD'000*** ***(unaudited)***	2023 *USD'000* *(unaudited)*
Smartphones	**415,228**	436,284
Networking	**260,729**	218,646
Computing	**378,226**	377,583
System products	**671,576**	588,169
EV mobility	**227,270**	71,696
Others	**113,731**	91,702
	2,066,760	1,784,080

The comparative figures in the above analysis have been restated to conform with current period's presentation in revenue by product lines.

For the six months ended June 30, 2024 and 2023, revenue by geographical areas is as follows:

	For the six months ended June 30,	
	2024 ***USD'000*** ***(unaudited)***	2023 *USD'000* *(unaudited)*
United States	**906,525**	860,773
The PRC	**347,731**	301,140
Taiwan	**185,138**	176,818
Hong Kong	**114,257**	73,212
Singapore	**72,077**	51,123
United Kingdom	**44,032**	40,072
Germany	**37,071**	27,552
Others	**359,929**	253,390
	2,066,760	1,784,080

The comparative figures in the above analysis have been restated to conform with current period's presentation in revenue by geographical areas.

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

For the six months ended June 30, 2024, there were two customers (2023: two customers), which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from these customers are as follows:

	For the six months ended June 30,	
	2024	2023
	USD'000	*USD'000*
	(unaudited)	*(unaudited)*
Customer A	**812,794**	744,002
Customer B	**244,853**	230,528

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

Segment assets and liabilities

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

As at June 30, 2024

	Intermediate products	**Consumer products**	**Total**
	USD'000	***USD'000***	***USD'000***
	(unaudited)	***(unaudited)***	***(unaudited)***
Assets			
Segment assets	**1,804,114**	**830,018**	**2,634,132**
Unallocated:			
Property, plant and equipment			**905,245**
Investment property			**6,454**
Right-of-use assets			**102,991**
Intangible assets			**4,313**
Financial assets at fair value through other comprehensive income			**19,694**
Financial assets at fair value through profit or loss			**49,228**
Interests in associates			**66,850**
Finance lease receivables			**6,115**
Short-term bank deposits			**142,599**
Cash and cash equivalents			**1,025,652**
Total assets			**4,963,273**

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Liabilities			
Segment liabilities	**877,261**	**147,184**	**1,024,445**
Unallocated:			
Bank borrowings			**1,500,770**
Lease liabilities			**52,135**
Financial assets at fair value through profit or loss			**325**
Total liabilities			**2,577,675**

As at December 31, 2023

	Intermediate products USD'000 (audited)	Consumer products USD'000 (audited)	Total USD'000 (audited)
Assets			
Segment assets	1,714,334	871,473	2,585,807
Unallocated:			
Property, plant and equipment			899,787
Investment property			6,738
Right-of-use assets			105,636
Intangible assets			4,868
Financial assets at fair value through other comprehensive income			19,630
Financial assets at fair value through profit or loss			41,840
Interests in associates			73,193
Finance lease receivables			20,933
Short-term bank deposits			3,940
Cash and cash equivalents			1,316,364
Asset classified as held for sale			15,000
Total assets			5,093,736

	Intermediate products USD'000 (audited)	Consumer products USD'000 (audited)	Total USD'000 (audited)
Liabilities			
Segment liabilities	1,054,599	166,490	1,221,089
Unallocated:			
Bank borrowings			1,382,519
Lease liabilities			52,750
Total liabilities			2,656,358

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

	As at June 30, 2024 *USD'000* *(unaudited)*	As at December 31, 2023 *USD'000* *(audited)*
The PRC	**527,471**	561,731
Vietnam	**285,705**	310,861
India	**117,633**	51,380
United States	**52,467**	46,781
Germany	**13,780**	15,368
Taiwan	**10,805**	13,231
Others	**17,558**	19,494
	1,025,419	1,018,846

5 EXPENSES BY NATURE

	For the six months ended June 30, 2024 *USD'000* *(unaudited)*	2023 *USD'000* *(unaudited)*
Cost of inventories	**1,097,956**	1,052,310
Subcontracting expenses	**37,954**	9,918
Utilities	**27,109**	28,450
Employee benefit expenses	**461,441**	358,325
Amortization of intangible assets	**15,439**	17,602
Depreciation of property, plant and equipment	**114,346**	84,829
Depreciation of investment property	**99**	108
Depreciation of right-of-use assets	**7,274**	7,845
Mouldings and consumables	**72,826**	61,060
Legal and professional expenses	**47,425**	33,788
Delivery expenses	**40,596**	31,285
Other tax and related surcharges	**6,352**	9,577
Others	**68,828**	62,463
	1,997,645	1,757,560

6 INCOME TAX EXPENSE

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

	For the six months ended June 30, 2024 *USD'000* *(unaudited)*	2023 *USD'000* *(unaudited)*
Current income tax	**31,325**	13,558
Deferred income tax	**(2,602)**	2,646
Income tax expense	**28,723**	16,204

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue, excluding treasury shares, during the six months ended June 30, 2024 and 2023.

	For the six months ended June 30,	
	2024	2023
	(unaudited)	*(unaudited)*
Net profit/(loss) attributable to the owners of the Company *(USD'000)*	**32,524**	(8,952)
Weighted average number of ordinary shares in issue *(in thousands)*	**7,085,255**	7,084,811
Basic earnings/(loss) per share in US cents	**0.46**	(0.13)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2024, there were two (for the six months ended June 30, 2023: two) outstanding share-based compensation schemes and no share-based compensation scheme has dilutive effect to the earnings/(loss) per share (for the six months ended June 30, 2023: same).

	For the six months ended June 30,	
	2024	2023
	(unaudited)	*(unaudited)*
Net profit/(loss) attributable to the owners of the Company *(USD'000)*	**32,524**	(8,952)
Weighted average number of ordinary shares for diluted earnings/(loss) per share *(in thousands)*	**7,085,255**	7,084,811
Diluted earnings/(loss) per share in US cents	**0.46**	(0.13)

Dilutive potential ordinary shares include share award and share option schemes.

The employees' share option scheme and share award schemes (treasury shares) are not included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive for the six months ended June 30, 2024 (for the six months ended June 30, 2023: same). These two schemes could potentially dilute basic earnings/(loss) per share in the future (for the six months ended June 30, 2023: same).

8 DIVIDEND

No interim dividend in respect of the six months ended June 30, 2024 has been declared as of the date of this announcement (for the six months ended June 30, 2023: nil).

9 TRADE AND OTHER RECEIVABLES

	As at June 30, 2024 ***USD'000*** ***(unaudited)***	As at December 31, 2023 *USD'000* *(audited)*
Trade receivables due from third parties	**695,185**	670,654
Trade receivables due from related parties	**123,549**	141,063
Total trade receivables – gross	**818,734**	811,717
Less: loss allowances for impairment of trade receivables	**(4,501)**	(4,435)
Total trade receivables – net	**814,233**	807,282
Deposits and prepayments	**55,134**	57,430
Other receivables	**91,434**	33,532
Amounts due from related parties		
– Hon Hai related parties	**7,146**	8,438
– Associate	**21,741**	21,379
Value added tax recoverable	**30,278**	34,174
	205,733	154,953
Less: non-current portion		
Deposits and prepayments	**(10,729)**	(6,685)
	195,004	148,268
Current portion	**1,009,237**	955,550

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

As at June 30, 2024 and December 31, 2023, the aging analysis of trade receivables based on invoice date, before loss allowance for impairment of trade receivables is as follows:

	As at June 30, 2024 ***USD'000*** ***(unaudited)***	As at December 31, 2023 *USD'000* *(audited)*
Within 3 months	**723,039**	735,531
3 months to 1 year	**87,467**	69,448
Over 1 year	**8,228**	6,738
	818,734	811,717

10 TRADE AND OTHER PAYABLES

	As at June 30, 2024 *USD'000* *(unaudited)*	As at December 31, 2023 *USD'000* *(audited)*
Trade payables due to third parties	**474,349**	558,009
Trade payables due to related parties	**95,800**	105,130
Total trade payables	**570,149**	663,139
Amounts due to related parties	**13,358**	15,199
Staff salaries, bonuses and welfare payables	**130,818**	115,482
Deposits received, other payables and accruals	**233,442**	311,614
	947,767	1,105,434
Less: non-current portion	**(11,008)**	(10,783)
	936,759	1,094,651

As at June 30, 2024 and December 31, 2023, the aging analysis of the trade payables to third parties and related parties of trading in nature based on invoice date is as follows:

	As at June 30, 2024 *USD'000* *(unaudited)*	As at December 31, 2023 *USD'000* *(audited)*
Within 3 months	**541,371**	618,373
3 months to 1 year	**26,220**	43,908
Over 1 year	**2,558**	858
	570,149	663,139

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

For the six months ended June 30, 2024, we continued to implement business strategies to solidify our position as a global leader in the development and production of interconnect solutions and related products. As a result of these efforts, we have achieved significant growth in our business. In addition, as a result of our successful execution of our product mix improvement strategy, our gross profit margin increased to 20.4%. As discussed in more detail below in the section headed "Results of Operations", our revenue amounted to US$2,067 million for the six months ended June 30, 2024, representing an increase of 15.9% as compared to the corresponding period in 2023. We recorded a net profit of US$33 million for the six months ended June 30, 2024, as compared to the net loss of US$9 million recorded for the same period in 2023.

Smartphone component products continued to be our main source of revenue by end market. Due to the change in the product structure of smartphones of branded companies, revenue generated from the smartphone end market for the six months ended June 30, 2024 decreased by 4.8% as compared to the same period in 2023.

For the networking end market, the shipments of copper-based components rebounded in 2024 benefiting from the increased demand in the server market driven by artificial intelligence ("**AI**"). As a result, revenue generated from the networking end market increased by 19.2% for the six months ended June 30, 2024 as compared to the same period in 2023.

For the computing end market, overall revenue remains affected by a decline in the computing market. As a result, for the six months ended June 30, 2024, the revenue generated from the computing end market increased by 0.2% as compared to the same period in 2023.

For the EV mobility end market, on July 3, 2023, we successfully completed the acquisition of Prettl SWH Group (renamed FIT Voltaira Group GmbH after acquisition), a German automotive component designer and manufacturer. Please refer to the Company's announcements dated January 2, 2023 and July 3, 2023 for further details. The addition of the German automotive business team will contribute to the Company's expansion strategy for EV and accelerate the development of the Company's EV products in the future. For the six months ended June 30, 2024, revenue generated from the EV mobility end market increased by 217.0% as compared to the same period in 2023.

For the system products end market, despite the overall weakness in the consumer electronics market, we still maintained the competitiveness of our existing acoustic products and branded products and secured new business of high-end wireless Bluetooth earphones from mainstream brand customers, and the demand for wired earphones increased. For the six months ended June 30, 2024, revenue generated from the system products end market increased by 14.2% as compared to the same period in 2023.

Industry Outlook and Business Prospects

Industry Outlook

With the popularization of AI applications, the global connector industry is undergoing rapid technical development which requires higher product bandwidth, power and compatibility, and which enables connector products and cable products to be applied in more applications and scenarios. In the future, for products across various application fields, we believe connectors and cables that have better compatibilities will be more popular in the market. In such an environment, we have seized emerging market opportunities and built brand awareness globally, thereby rapidly expanding our market share.

Smartphones. Although the global demand for smartphone is affected by inflation, with a decline in willingness to consume and potential downward trend in phone shipments, we remain positive on the high-end smartphone market and will continue to seize business opportunities for related components.

Networking. Demand for AI and cloud services created the need for greater data centers' capacity. Data centers require a variety of physical connectors, routers, electricity, signals and networks, which generate heavy demand for connectors. We will grasp the three major trends of data centers: more power saving, higher power conversion efficiency, and a more open standard platform to meet customers' demand for innovative connectors and create market potential.

Computing. The steady need for various connectors in the computing end market has laid a solid foundation for the demand for connectors. We have also observed that the AI trend helps promote the upgrade of electronic products. However, due to the impact of the overall economic uncertainty and inflation, corporate and consumer spending tends to be conservative, and market demand is expected to stabilize in the second half of 2024.

EV Mobility. Despite the growth for EV mobility being revised downward due to market impact, we remain optimistic on the robust demand for electrification and autonomous driving trends, which will boost the market demand for the Company's existing "power management, vehicle-to – everything and human-to-machine interface" products. At the same time, the three main business divisions of FIT Voltaira Group GmbH – Sense, Connect and Electrify, will also expand the scope of our overall automotive products.

System Products. The continuous pursuit of entertainment experience has driven the demand for acoustic and wireless fast charging products in the electronic consumer market, and the growth in the technology field in the coming year will lead to a potential growth trend for entertainment related system products.

Business Prospects

Driven by the overall industry prospects, we anticipate the connector industry to ride the AI wave and drive the recovery of the consumer electronics industry, despite still being affected by uncertainties in the general business environment in the second half of 2024. We will execute our plan to continuously focus on 5GAIoT, acoustics and EV mobility end markets.

- *Smartphones.* Due to ongoing macroeconomic uncertainties, we will monitor closely if the shipments of smartphones of brand companies will be affected. However, we anticipate that this end market will continue to be our main revenue contributor.

- *Networking.* As demand for AI server and satellite communications explodes, the demand for high-speed transfer of large volume of information will become the driving force of our growth in the medium and long term. With our focus on high-speed connectors and cable modules, we expect our estimated revenue to increase as well.

- *Computing.* Industrial growth is expected to continue to slow down, so we will focus more on profitability rather than revenue growth.

- *EV mobility.* We will integrate the resources of the newly added German automotive business team to deepen our customer relationship with first-tier automotive suppliers as well as to expand our customer access, technological development and manufacturing base. We believe that, with our leading position in the development and production of interconnect solutions, we will be able to tap into the emerging demand for electric vehicles. We also plan to increase our investments in developing in-vehicle electronic systems and key autonomous driving components. Simultaneously, our strategic partnership with Hon Hai Group places us in a good position to capture the emerging opportunities in the automotive electronics market in the future.

- *System products.* We will seize the long-term cooperation relationship with key customers and new order opportunities, and will expand our acoustic product lines in Vietnam and India, which will see significant growth in results in the future.

RESULTS OF OPERATIONS

Revenue

We derive our revenue mainly from the sale of our connector product solutions and other products and also a small portion from the sale of mold parts and sample products and other products for, amongst others, industrial and medical use. For the six months ended June 30, 2024, our revenue amounted to US$2,067 million, representing a 15.9% increase from US$1,784 million for the same period in 2023. Among the five main end markets, our revenue from (1) the smartphones end market decreased by 4.8%, (2) the networking end market increased by 19.2%, (3) the computing end market increased by 0.2%, (4) the EV mobility end market increased by 217.0%, and (5) the system products end market increased by 14.2%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated:

	For the Six Months Ended June 30,			
	2024		2023	
	US$	*%*	*US$*	*%*
	(in thousands, except for percentages)			
Smartphones	**415,228**	**20.1**	436,284	24.4
Networking	**260,729**	**12.6**	218,646	12.3
Computing	**378,226**	**18.3**	377,583	21.2
EV mobility	**227,270**	**11.0**	71,696	4.0
System products	**671,576**	**32.5**	588,169	33.0
Others	**113,731**	**5.5**	91,702	5.1
Total	**2,066,760**	**100.0**	1,784,080	100.0

Smartphones. The 4.8% decrease in revenue from the smartphones end market was primarily due to the change in the product structure of smartphones of branded companies.

Networking. The 19.2% increase in revenue from the networking end market was primarily due to the rebounded shipments of copper-based components.

Computing. The revenue from the computing end market increased by 0.2% only, which was primarily due to the decline in the computing market.

EV Mobility. The revenue from the EV mobility end market increased by 217.0%, which was primarily due to the completion of the acquisition of FIT Voltaira Group GmbH (formerly known as Prettl SWH Group), a German automotive component designer and manufacturer, on July 3, 2023.

System products. The revenue from the system products end market increased by 14.2%, which was primarily attributable to the new business of high-end wireless Bluetooth earphones we secured from mainstream brand customers, and the increase in the demand for wired earphones.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 9.7% from US$1,501 million for the six months ended June 30, 2023 to US$1,646 million for the same period in 2024. Our cost of sales primarily includes (1) raw materials and consumables used, (2) consumption of inventories of finished goods and work in progress, (3) employee benefit expenses in connection with our production personnel, (4) depreciation of property, plant and equipment, (5) subcontracting expenses, (6) utilities, molding and consumable expenses, and (7) other costs associated with the production and shipments of our interconnect solutions and other products. For the six months ended June 30, 2024, the increase was primarily driven by recovery in revenue.

As a result of the foregoing, our gross profit increased by 48.8% from US$283 million for the six months ended June 30, 2023 to US$421 million for the same period in 2024, primarily due to recovery in revenue. Our gross profit margin increased from 15.9% for the six months ended June 30, 2023 to 20.4% for the same period in 2024, primarily due to the increase in the sale of products with high gross profit and the decrease in delivery expenses as a result of changes in product portfolio.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses increased by 31.9% from US$47 million for the six months ended June 30, 2023 to US$62 million for the same period in 2024, primarily due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the sales unit and the expenses incurred for the expansion of our online e-commerce channels for the end products.

Administrative Expenses

Our administrative expenses increased by 66.2% from US$71 million for the six months ended June 30, 2023 to US$118 million for the same period in 2024, primarily due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the administrative unit.

Research and Development Expenses

Our research and development expenses primarily consist of (1) employee benefit expenses paid to our research and development personnel, (2) molding and consumables expenses relating to the moldings used in research and development, (3) depreciation of molds and molding equipment and (4) other costs and expenses in connection with our research and development activities. Our research and development expenses increased by 23.7% from US$139 million for the six months ended June 30, 2023 to US$172 million for the same period in 2024, mainly due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the research and development unit and our investment in new product development.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 97.9% from US$47 million for the six months ended June 30, 2023 to US$93 million for the same period in 2024, primarily due to the increased demand from brand customers and the diversified product portfolios. Our operating profit margin increased from 2.6% for the six months ended June 30, 2023 to 4.5% for the same period in 2024.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan, United States, and Vietnam. Our income tax expenses increased by 81.3% from US$16 million for the six months ended June 30, 2023 to US$29 million for the same period in 2024, which were primarily due to the increase in operating profit in certain countries.

Profit/Loss for the Period

As a result of the increase in operating profit, we recorded a net profit of US$33 million for the six months ended June 30, 2024, as compared to a net loss of US$9 million recorded for the same period in 2023. Our profit margin increased from -0.5% for the six months ended June 30, 2023 to 1.6% for the same period in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through cash generated from our operating activities and bank borrowings. As of June 30, 2024, we had cash and cash equivalents of US$1,026 million, compared to US$1,316 million as of December 31, 2023. In addition, as of June 30, 2024, we had short-term bank deposits of US$143 million, compared to US$4 million as of December 31, 2023.

As of June 30, 2024, we had total bank borrowings of US$1,501 million, including short-term borrowings of US$902 million and long-term borrowings of US$599 million, as compared to US$1,383 million as of December 31, 2023, which were entirely comprised of short-term borrowings. We obtained bank borrowings mainly for our working capital purpose and to supplement our capital needs for investment and acquisition activities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.6 times as of June 30, 2024, compared to 1.2 times as of December 31, 2023. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.2 times as of June 30, 2024, compared to 0.9 times as of December 31, 2023. The increases in our current ratio and quick ratio were primarily due to the completion of the renewal of syndicated loan and its recognition as non-current liabilities.

Cash Flow

For the six months ended June 30, 2024, our net cash used in operating activities was US$42 million, net cash used in investing activities was US$302 million, and net cash generated from financing activities was US$98 million.

Capital Expenditures

Our capital expenditures primarily relate to the purchases of land use rights, property, plant and equipment and intangible assets (exclusive of goodwill). We finance our capital expenditures primarily through cash generated from our operating activities and bank borrowings.

For the six months ended June 30, 2024, our capital expenditures amounted to US$211 million, as compared to US$95 million for the same period in 2023. The capital expenditures for the six months ended June 30, 2024 were primarily incurred from upgrading, maintaining, and converting production facilities, including new plant and equipment expansion and converting production facilities for optical products.

Significant Investments, Acquisitions and Disposals

We did not have any significant investment, material acquisitions or material disposals during the six months ended June 30, 2024.

Inventories

Our inventories consist primarily of raw materials, work in progress and finished goods. We review our inventory levels on a regular basis to manage the risk of excessive inventories. Our average inventory turnover days for the six months ended June 30, 2024 was 90 days as compared to 105 days in 2023. The lower inventory turnover days for the six months ended June 30, 2024 was primarily due to our continued strict stock control.

Our inventories increased from US$802 million as of December 31, 2023 to US$814 million as of June 30, 2024.

Provision for inventory impairment decreased from US$64 million as of December 31, 2023 to US$57 million as of June 30, 2024.

Trade Receivables

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

We typically grant to our third party and related party customers a credit period ranging from 45 days to 90 days. Our average trade receivables turnover days increased from 67 days in 2023 to 72 days for the six months ended June 30, 2024, mainly due to the increase in trade receivables at the end of the quarter ended June 30, 2024 as a result of revenue recovery. Our average trade receivables turnover days for related parties for the six months ended June 30, 2024 was 99 days as compared to 106 days in 2023.

Our trade receivables remained stable at US$807 million as of December 31, 2023 and US$814 million as of June 30, 2024.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials. Our average trade payables turnover days for the six months ended June 30, 2024 were 68 days, which were lower as compared to 73 days for 2023, primarily due to our strict control over the procurement operations.

Our trade payables decreased from US$663 million as of December 31, 2023 to US$570 million as of June 30, 2024, primarily due to seasonal fluctuations.

Major Capital Commitments

As of June 30, 2024, we had capital commitments of US$27 million, which were primarily connected with the purchase of property, plant and equipment related to our production facilities and investments.

Contingent Liabilities

As of June 30, 2024, save as disclosed in the section headed "Pledge of Assets" below, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

Gearing Ratio

As of June 30, 2024, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash and cash equivalents and short term bank deposits) divided by total capital, was 13.9% as compared to 2.6% as of December 31, 2023.

PLEDGE OF ASSETS

As of June 30, 2024, (i) certain bank deposits totaling RMB7.7 million (approximately US$1.1 million) of Chongqing Hon Teng Technology Co., Ltd. (重慶市鴻騰科技有限公司) and Huaian Fu Li Tong Trading Co., Ltd. (淮安市富利通貿易有限公司) have been pledged as customs guarantee; (ii) certain bank deposits totaling VND11,282 million (approximately US$0.4 million) of New Wing Interconnect Technology (Bac Giang) Co., Ltd have been pledged as power purchase guarantee; and (iii) certain bank deposits totaling US$0.8 million of Belkin International Inc. have been pledged as Travel and Entertainment (T&E) corporate card guarantee.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2024, we had approximately 58,514 employees, as compared to 66,148 employees as of December 31, 2023. Total employee benefit expenses including Directors' remuneration were US$461 million, as compared to US$358 million for the same period in 2023. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

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

FOREIGN EXCHANGE RISK

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

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

To further mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of June 30, 2024, the nominal principal amount of our forward foreign exchange contracts was US$100 million.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. TANG Kwai Chang, CURWEN Peter D and CHAN Wing Yuen Hubert. The unaudited condensed consolidated interim financial information of our Group for the six months ended June 30, 2024 has been reviewed by the Audit Committee.

PricewaterhouseCoopers, the external auditor of the Company, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

SUBSEQUENT EVENTS

On July 11, 2024, Foxconn Interconnect Technology GmbH ("**FIT GmbH**") (as guarantor) and FIT Voltaira Autokabel Gruppe GmbH ("**German SPV**") (as purchaser), each an indirect wholly-owned subsidiary of the Company, entered into sale and purchase agreements with each of Mr. Martin Mucha, Mrs. Ursula Griesenbach and Auto-Kabel Hausen GmbH (together, the "**Sellers**"), pursuant to which the Sellers conditionally agreed to sell certain assets of and shares in the Auto-Kabel group of companies for a consideration of EUR72.5 million subject to various adjustments (the "**AK Acquisition**"). Upon completion of the AK Acquisition, the Company (through FIT GmbH and the German SPV) will own such assets and shares in the Auto-Kabel group of companies. For more details, please refer to the announcement of the Company dated July 11, 2024.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the six months ended June 30, 2024, the Company has applied the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules which are applicable to the Company, and has complied with all applicable code provisions as set out in the CG Code, except the code provision as mentioned below.

Code provision C.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LU Sung-Ching is both the Company's chairman and chief executive officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. Also, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board shall nevertheless review the structure from time to time in light of the prevailing circumstances. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer in due course after taking into account the then overall circumstances of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended June 30, 2024.

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

Save for the Shares as may be purchased by the trustee from time to time pursuant to the Restricted Share Award Schemes, during the six months ended June 30, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of HKEx at www.hkexnews.hk and on the Company's website at http://www.fit-foxconn.com. The interim report of the Company for the six months ended June 30, 2024 will be published on the aforesaid websites and dispatched to Shareholders in due course.

DEFINITION

"Audit Committee"	the audit committee of the Board;
"Board" or "Board of Directors"	the board of Directors of the Company;
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
"China" or "PRC"	The People's Republic of China; for the purpose of this announcement only, references to "China" or the "PRC" do not include Taiwan, the Macau Special Administrative Region, and Hong Kong;
"Company"	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange;
"Directors"	directors of the Company;
"EUR"	Euro, the lawful currency of the member states of the European Union;
"First Restricted Share Award Scheme"	the restricted share award scheme approved and adopted by the Company on January 31, 2018 and amended on May 15, 2018 (as restated, supplemented and amended from time to time);
"Group", "our Group", "we" or "us"	the Company and its subsidiaries;
"HKEx"	Hong Kong Exchanges and Clearing Limited;

"Hon Hai"	Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), a limited liability company established in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 2317), and the controlling Shareholder;
"Hon Hai Group"	Hon Hai and its subsidiaries and (where relevant) 30%-controlled entities and, for the purpose of this announcement, excluding the Group;
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"IFRS"	International Financial Reporting Standards;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules;
"New Taiwan dollars"	New Taiwan dollars, the lawful currency of Taiwan;
"Remuneration Committee"	the remuneration committee of the Board;
"Restricted Share Award Schemes"	the First Restricted Share Award Scheme and the Second Restricted Share Award Scheme;
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC;
"Second Restricted Share Award Scheme"	the restricted share award scheme approved and adopted by the Company on February 11, 2019 (as restated, supplemented and amended from time to time);
"Share(s)"	ordinary share(s) of US$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Share Option Scheme"	the share option scheme of the Company, approved and adopted by our Shareholders on December 19, 2017 and which expired on December 31, 2018;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"U.S." or "United States"	the United States of America;
"US$", "USD" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States; references to "US cent(s)" mean cents in U.S. dollars;

"Vietnam"	the Socialist Republic of Vietnam;
"VND"	Vietnamese dongs, the lawful currency of Vietnam;
"YoY"	year-on-year; and
"%"	percent.

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

Hong Kong, August 12, 2024

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. CHANG Chuan-Wang and Ms. HUANG Pi-Chun as non-executive Directors, 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*