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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)

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PROPOSED REVISION OF ANNUAL CAPS

(I) PROPERTY LEASING TRANSACTION

The Group from time to time has been carrying out the Property Leasing Transaction with Hon Hai Group pursuant to the Framework Property Leasing Agreement for a term up to December 31, 2019. The Property Leasing Transaction constitutes non-exempt continuing connected transactions for the Company under the Listing Rules, and the Company has set the existing annual caps for the Property Leasing Transaction for each of the three years ending December 31, 2019 respectively. It is anticipated that the existing annual cap for the Property Leasing Transaction for the year ending December 31, 2018 may not be sufficient due to the upward adjustments of rental payment to Hon Hai Group based on increase in market price for rental of manufacturing and office facilities. The Company has therefore proposed the Proposed Property Leasing Annual Cap in place of such existing annual cap.

(II) GENERAL SERVICES AND COSTS SHARING TRANSACTION (AS EXPENSES)

The Group from time to time has been carrying out the General Services and Costs Sharing Transaction with Hon Hai Group pursuant to the General Services and Costs Sharing Agreement for a term up to December 31, 2019. The General Services and Costs Sharing Transaction constitutes non-exempt continuing connected transactions for the Company under the Listing Rules, and the Company has set the existing annual caps for the General Services and Costs Sharing Transaction for each of the three years ending December 31, 2019 respectively. It is anticipated that the existing annual cap for the General Services and Costs Sharing Transaction for the year ending December 31, 2018 may not be sufficient as our Group are expected to share with Hon Hai Group the costs of additional office spaces and services other than initially contemplated under the General Services and Costs Sharing Agreement. The Company has therefore proposed the Proposed General Services and Costs Sharing Annual Cap in place of such existing annual cap.

NEW FRAMEWORK AGREEMENTS

(III) EQUIPMENT PURCHASE TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Equipment Purchase Agreement for a term from January 1, 2018 to December 31, 2018 in relation to the purchase of certain equipment and facilities by the Group from Hon Hai Group, which will be primarily used in the Group's production activities in connection with serving the mobile and wireless devices, communications infrastructure, computer and consumer electronics end markets. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2017 to December 31, 2017.

(IV) EQUIPMENT SALES TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Equipment Sales Agreement for a term from January 1, 2018 to December 31, 2018 in relation to the sale of certain equipment and facilities by the Group to Hon Hai Group which will be used in connection with the production activities of Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2017 to December 31, 2017.

(V) LOGISTICS TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Logistics Agreement for a term from January 1, 2018 to December 31, 2018 in relation to the purchase of certain transportation, logistics, warehousing and customs clearance services by the Group from Hon Hai Group which will be used primarily in connection with the Group's sales of various interconnect solutions and products, as well as the purchase of raw materials, ancillary materials and semi-finished components and assembled products.

(VI) AUTOMOTIVE TECHNOLOGY DEVELOPMENT

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Automotive Technology Development Agreement for a term from January 1, 2018 to December 31, 2018 in relation to the commissioning and purchase of certain technology in relation to the development of automotive electrical systems and smart vehicle systems and their related products, including the establishment of in-vehicle infotainment systems, by the Group from Hon Hai Group which is in line with our Group's strategy to capture emerging opportunities in automotive electronics market.

(VII) PENSIONS PAYMENT

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Pensions Payment Agreement for a term from January 1, 2018 to December 31, 2018, pursuant to which the Group agreed to make pensions payment on behalf of Hon Hai to certain of our Group's employees who were formerly employed by Hon Hai Group in respect of the portion of pensions payment attributable to the relevant employee's employment with Hon Hai Group, and Hon Hai Group agreed to repay the advance pensions payment made by the Group on its behalf.

LISTING RULE IMPLICATIONS

As at the date of this announcement, the Company is indirectly owned as to 76.92% by Hon Hai, the controlling shareholder of the Company. Accordingly, Hon Hai is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions contemplated under each of the Framework Property Leasing Agreement, the General Services and Costs Sharing Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Logistics Agreement, the Framework Automotive Technology Development Agreement and the Framework Pensions Payment Agreement constitute connected transactions of the Company under the Listing Rules.

Based on the respective proposed annual cap(s) for the Property Leasing Transaction, the General Services and Costs Sharing Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive Technology Development Transaction and the Pensions Payment Transaction, one or more applicable percentage ratios exceed 0.1% but they are all less than 5%. In accordance with Rule 14A.76(2) of the Listing Rules, each of the Property Leasing Transaction, the General Services and Costs Sharing Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive Technology Development Transaction and the Pensions Payment Transaction together with their respective proposed annual cap(s) are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

PROPOSED REVISION OF ANNUAL CAPS

(I) PROPERTY LEASING TRANSACTION

References are made to the announcements of the Company dated October 17, 2017 and October 18, 2017, in relation to, among other things, the Property Leasing Transaction and the annual caps for the Property Leasing Transaction for the three years ending December 31, 2019.

Property Leasing Transaction

Pursuant to the Framework Property Leasing Agreement, the Group has agreed to lease properties from Hon Hai Group from time to time for a term up to December 31, 2019 and subject to the terms and conditions therein at a rent determined based on the actual area of the leased property and at a price not higher than the current market price, and settle the rental payment by bank transfer.

Historical Values and Annual Caps

With reference to the announcements of the Company dated October 17, 2017 and October 18, 2017, the Company has set the existing annual caps for the Property Leasing Transaction for each of the three years ending December 31, 2019.

Due to the upward adjustments of rental payment to Hon Hai Group based on increase in market price for rental of manufacturing and office facilities, the Company envisages that the existing annual cap for the Property Leasing Transaction, for the year ending December 31, 2018, may not be sufficient and has therefore proposed the Proposed Property Leasing Annual Cap in place of such existing annual cap.

The table below sets out (a) the historical actual amounts of the Property Leasing Transaction for the year ended December 31, 2017; (b) the existing annual cap for the Property Leasing Transaction for the year ending December 31, 2018; and (c) the Proposed Property Leasing Annual Cap for the year ending December 31, 2018.

	Actual transaction amounts Year ended December 31, 2017	Existing annual cap Year ending December 31, 2018	Proposed Property Leasing Annual Cap Year ending December 31, 2018
<i>(in US\$)</i>			
Property Leasing Transaction	2,771,978	3,539,000	5,200,000

The Proposed Property Leasing Annual Cap is determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors: (i) the historic amounts of rental payment in 2017, (ii) the latest available actual amounts of the rental payment under the Property Leasing Transaction during the period from January 1, 2018 to March 31, 2018 (both dates inclusive); and (iii) the expected transaction amount of the transactions under the leasing agreements proposed to be signed by the Company and its subsidiaries.

(II) GENERAL SERVICES AND COSTS SHARING TRANSACTION (AS EXPENSES)

Reference is made to the section headed “Connected Transaction — Non-exempt Continuing Connected Transactions” of the prospectus of the Company dated June 29, 2017 in relation to, among other things, the General Services and Costs Sharing Transaction and the existing annual caps for General Services and Costs Sharing Transaction for the three years ending December 31, 2019.

General Services and Costs Sharing Transaction

Pursuant to the General Services and Costs Sharing Agreement, the Group has agreed to share the costs of certain services (including telecommunication, general administrative and IT system support, utility and other services) and office spaces of subsidiaries of Hon Hai Group as expenses from time to time for a term up to December 31, 2019 and subject to the terms and conditions therein at a price determined based on various factors including usage or costs allocation in proportion of headcount, procurement volume and floor area, as the case may be.

Historical Values And Annual Caps

With reference to the section headed “Connected Transaction — Non-exempt Continuing Connected Transactions” of the prospectus of the Company dated June 29, 2017, the Company has set the existing annual caps for the General Services and Costs Sharing Transaction for each of the three years ending December 31, 2019.

In 2018, our Group are expected to share with Hon Hai Group the costs of additional office spaces and services other than initially contemplated under the General Services and Costs Sharing Agreement. Accordingly, the Company envisages that the existing annual cap for the General Services and Costs Sharing Transaction, for the year ending December 31, 2018, may not be sufficient and has therefore proposed the Proposed General Services and Costs Sharing Annual Cap in place of such existing annual cap.

The table below sets out (a) the historical actual amounts of the General Services and Costs Sharing Transaction for the three years ended December 31, 2017; (b) the existing annual cap for the General Services and Costs Sharing Transaction for the year ending December 31, 2018; and (c) the Proposed General Services and Costs Sharing Annual Cap for the year ending December 31, 2018.

	Actual transaction amounts Year ended December 31, 2017	Existing annual cap Year ending December 31, 2018	Proposed General Services and Costs Sharing Annual Cap Year ending December 31, 2018
<i>(in US\$)</i>			
General Services and Costs Sharing Transaction	3,239,085	4,800,000	5,300,000

The Proposed General Services and Costs Sharing Annual Cap is determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors: (i) the detailed breakdown of expenses incurred for sharing of general services with Hon Hai Group by types of services for the year ended December 31, 2017; (ii) the existing annual cap for the General Services and Costs Sharing Transaction; and (iii) the expected amount of expenses to be incurred in relation to new types of general services to be shared with Hon Hai Group under the General services and Costs Sharing Agreement in 2018.

NEW FRAMEWORK AGREEMENTS

(III)EQUIPMENT PURCHASE TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Equipment Purchase Agreement pursuant to which the Group has agreed to purchase equipment and facilities from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2017 to December 31, 2017. For details, please refer to the announcement published by the Company dated October 17, 2017.

The principal terms of the Framework Equipment Purchase Agreement are set out as follows:

Parties

- (i) The Company
- (ii) Hon Hai

Term

The Framework Equipment Purchase Agreement is effective during the period of January 1, 2018 to December 31, 2018. The parties may renew the Framework Equipment Purchase Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

Subject matter

Equipment and facilities purchased by the Group from Hon Hai Group will be primarily used in the Group's production activities in connection with serving the mobile and wireless devices, communications infrastructure, computer and consumer electronics end markets. Such equipment and facilities may include air-conditioning system, automatic assembly equipment, stamping machines, computer software and molding machines. Please also refer to the section headed "Reasons for and Benefits in relation to the Transactions" of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual equipment purchase agreement and/or other transaction documents ("**Procurement Documents**") in respect of each

actual transaction based on the terms of the Framework Equipment Purchase Agreement. The Procurement Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Equipment Purchase Agreement in all material respects.

Consideration for actual transactions under the Equipment Purchase Transaction will be settled by bank transfer.

Pricing policy

The purchase price for the equipment and facilities under the Framework Equipment Purchase Agreement shall be determined as follows:

- 1) with reference to the net book value of the relevant equipment as recorded in the accounts of the relevant member of Hon Hai Group; if inappropriate or inapplicable,
- 2) with reference to the market price (which is the price required by independent third parties selling the same or similar equipment or facilities).

Proposed Equipment Purchase Annual Cap

The Proposed Equipment Purchase Annual Cap for the year ending December 31, 2018 is US\$10,637,000, which was determined primarily by reference to expected increases in production capacity of the Group in serving the mobile and wireless devices, communications infrastructure, computer and consumer electronics end markets. As the type and amount of equipment and facilities purchased in previous years were based on the Group's particular business needs and strategic focus of that particular year, historical transaction amounts may not be a good indicator to estimate the future transaction amounts.

(IV) EQUIPMENT SALES TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Equipment Sales Agreement, pursuant to which, the Group has agreed to sell equipment and facilities to Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2017 to December 31, 2017. For details, please refer to the announcement published by the Company dated October 17, 2017.

The principal terms of the Framework Equipment Sales Agreement are set out as follows:

Parties

- (i) The Company
- (ii) Hon Hai

Term

The Framework Equipment Sales Agreement is effective during the period of January 1, 2018 to December 31, 2018. The parties may renew the Framework Equipment Sales Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

Subject matter

Equipment and facilities will be sold by the Group to Hon Hai Group, which will be primarily used in connection with the production activities of Hon Hai Group. Such equipment and facilities may include molding machines, stamping machines and computer hardware. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual equipment sales agreement and/or other transaction documents (“**Sales Documents**”) in respect of each actual transaction based on the terms of the Framework Equipment Sales Agreement. The Sales Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Equipment Sales Agreement in all material respects.

Consideration for actual transactions under the Equipment Sales Transaction will be settled by bank transfer.

Pricing policy

The consideration for transactions contemplated under the Framework Equipment Sales Agreement shall be determined as follows:

- 1) with reference to the net book value of the relevant equipment as recorded in the accounts of the relevant member of the Group; if inappropriate or inapplicable,
- 2) with reference to the market price (which is the price offered by independent third parties for acquiring the same or similar equipment or facilities).

Proposed Equipment Sales Annual Cap

The Proposed Equipment Sales Annual Cap for the year ending December 31, 2018 is US\$7,994,000, which was determined primarily by reference to expected progress in relation to the Group’s outsourcing of certain production process. As the type and amount of equipment and facilities sold by the Group in previous years were based on the respective business needs and strategic focus of the Group and Hon Hai Group in that particular year, historical transaction amounts may not be a good indicator to estimate the future transaction amounts.

(V) LOGISTICS TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Logistics Agreement, pursuant to which, the Group has agreed to purchase certain transportation, logistics, warehousing and customs clearance services from Hon Hai Group from time to time upon and subject to the terms and conditions thereof.

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

Parties

(i) The Company

(ii) Hon Hai

Term

The Framework Logistics Agreement is effective during the period of January 1, 2018 to December 31, 2018. The parties may renew the Framework Logistics Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

Subject matter

Hon Hai Group will provide certain transportation, logistics, warehousing and customs clearance services to the Group which will be used primarily in connection with the Group's sales of various interconnect solutions and products, as well as the purchase of raw materials, ancillary materials and semi-finished components and assembled products. Please also refer to the section headed "Reasons for and Benefits in relation to the Transactions" of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual logistics agreement and/or other transaction documents ("**Logistics Documents**") in respect of each actual transaction based on the terms of the Framework Logistics Agreement. The Logistics Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Logistics Agreement in all material respects.

Consideration for actual transactions under the Logistics Transaction will be settled by bank transfer.

Pricing policy

The consideration for transactions contemplated under the Framework Logistics Agreement shall be determined with reference to the market price (which is the price offered by independent third parties for providing the same or similar services) and, in respect of warehousing services, service quality and warehouse locations.

Proposed Logistics Annual Cap

The Proposed Logistics Annual Cap for the year ending December 31, 2018 is US\$7,170,000, which was determined primarily by reference to the expected volume of the transportation, logistics, warehousing and customs clearance services required for the sales of various interconnect solutions and products, and the purchase of raw materials, ancillary materials and semi-finished components and assembled products in 2018.

(VI) AUTOMOTIVE TECHNOLOGY DEVELOPMENT TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Automotive Technology Development Agreement, pursuant to which the Group has agreed to commission and purchase certain technology in relation to the development of automotive electrical systems and smart vehicle systems and their related products, including the establishment of in-vehicle infotainment systems from Hon Hai Group from time to time upon and subject to the terms and conditions thereof.

The principal terms of the Framework Automotive Technology Development Agreement are set out as follows:

Parties

(iii) The Company

(iv) Hon Hai

Term

The Framework Automotive Technology Development Agreement is effective during the period of January 1, 2018 to December 31, 2018. The parties may renew the Framework Automotive Technology Development Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

Subject matter

Hon Hai Group will provide certain technology in relation to the development of automotive electrical systems and smart vehicle systems and their related products, including the establishment of in-vehicle infotainment systems to the Group which is in line with our Group's strategy to capture emerging opportunities in automotive electronics market. Please also refer to the section headed "Reasons for and Benefits in relation to the Transactions" of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual automotive technology development agreement and/or other transaction documents ("**Automotive Technology Development Documents**") in respect of each actual transaction based on the terms of the Framework Automotive Technology Development Agreement. The Automotive Technology Development Documents shall contain the specific details of the terms of the

transaction and must comply with the agreed terms of the Framework Automotive Technology Development Agreement in all material respects.

Consideration for actual transactions under the Automotive Technology Development Transaction will be settled by bank transfer.

Pricing policy

The consideration for transactions contemplated under the Framework Automotive Technology Development Agreement shall be determined with reference to the historical costs of research and development, including the time, technology, staff, materials, tools and equipment, incurred for similar projects undertaken by the relevant members of Hon Hai Group in the past.

Proposed Automotive Technology Development Annual Cap

The Proposed Automotive Technology Development Annual Cap for the year ending December 31, 2018 is US\$5,500,000, which was determined primarily by reference to the expected increase in production capacity of the Group in servicing the product development for automotive electrical systems and smart vehicle systems and their related products in 2018.

(VII) PENSIONS PAYMENT TRANSACTION

On May 21, 2018, the Company and Hon Hai agreed the terms of the Framework Pensions Payment Agreement, pursuant to which the Group agreed to make pensions payment on behalf of Hon Hai to certain of our Group's employees who were formerly employed by Hon Hai Group, and Hon Hai Group agreed to repay the advance pensions payment made by the Group on its behalf from time to time upon and subject to the terms and conditions thereof.

The principal terms of the Framework Automotive Technology Development Agreement are set out as follows:

Parties

(i) The Company

(ii) Hon Hai

Term

The Framework Pensions Payment Agreement is effective during the period of January 1, 2018 to December 31, 2018. The parties may renew the Framework Pensions Payment Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

Subject matter

Hon Hai Group will make pensions payment on behalf of Hon Hai to certain of our Group's employees who were formerly employed by Hon Hai Group in respect of the portion of pensions payment attributable to the relevant employee's employment with Hon Hai Group, and Hon Hai Group agreed to repay the advance pensions payment made by the Group on its behalf. Please also refer to the section headed "Reasons for and Benefits in relation to the Transactions" of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual pensions payment agreement and/or other transaction documents ("**Pensions Payment Documents**") in respect of each actual transaction based on the terms of the Framework Pensions Payment Agreement. The Pensions Payment Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Pensions Payment Agreement in all material respects.

Consideration for actual transactions under the Pensions Payment Transaction will be settled by bank transfer.

Pricing policy

The consideration for transactions contemplated under the Framework Pensions Payment Agreement shall be determined with reference to the actual amount of advance pensions payment made by the Group on behalf of Hon Hai Group.

Proposed Pensions Payment Annual Cap

The Proposed Pensions Payment Annual Cap for the year ending December 31, 2018 is US\$4,100,000, which was determined primarily by reference to the number of staff of the Group expected to retire and the expected growth in average salary of our staff in 2018.

REASONS FOR AND BENEFITS IN RELATION TO THE TRANSACTIONS

In respect of the Property Leasing Transaction, the Company considers it in its interests to expand its manufacturing facilities and office by utilizing the idle properties of Hon Hai Group without incurring significant cost of investment, provided that the rent is considered to be fair and reasonable to the Company.

In respect of the General Services and Costs Sharing Transaction, the sharing of general services and office spaces with Hon Hai Group significantly reduces our administrative costs (including telecommunication, general administrative and IT system support, utility and other services) and the Company considers it in its best interests to continue the said arrangements with Hon Hai Group.

In respect of the Equipment Purchase Transaction, the Company has considered the following major factors: (i) the Group is expanding its business and the Group requires additional production equipment and facilities in serving the mobile and wireless devices, communications infrastructure,

computer and consumer electronics end markets; and (ii) Hon Hai Group has certain production equipment and facilities which are available for sale.

In respect of the Equipment Sales Transaction, the Group is in the process of further outsourcing certain non-core labor-intensive assembly process (related to the production of certain cables and earphone products) to certain production facilities of Hon Hai Group located in Vietnam. Additional facilities and equipment are required by Hon Hai Group in connection with its production activities. Accordingly, the Company considers that certain production facilities and equipment of the Group can be sold to Hon Hai Group, provided that the price is considered to be fair and reasonable to the Company. The proceeds from the sales will be allocated for other productive uses in the Group.

In respect of the Logistics Transaction, the Company has considered the following major factors: (i) Hon Hai Group has a strong and flexible logistics team which is able to meet our Group's huge logistics demands and overcome the impact of fluctuations in logistics volume as a result of rapid changes in customer orders; (ii) Hon Hai Group is familiar with our Group's business and product attributes, and can thus provide more convenient and superior services compared to other service providers; and (iii) Hon Hai Group offers competitive pricing for full-train transportation, logistics, warehousing and customs clearance services.

In respect of the Automotive Technology Development Transaction, the Company considers it in its interests to leverage on the advanced technology, outstanding research and development teams and extensive experience of Hon Hai Group in developing automotive electrical systems and smart vehicle systems, with a special strategic focus on the establishment of in-vehicle infotainment systems.

In respect of the Pensions Payment Transaction, the Company considers that individual employees of the Group who are former employees of Hon Hai Group are entitled to claim pensions payment from Hon Hai in respect of the portion attributable to their employment with Hon Hai Group if they are so qualified under the relevant employment terms. As they are currently employed by our Group, for administrative simplicity, the Company shall make the advance payment on behalf of Hon Hai to the relevant employees in the first instance, to be later reimbursed by Hon Hai.

Taking into account the above reasons and the respective terms and the pricing policy under each of the Framework Property Leasing Agreement, the General Service and Costs Sharing Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Logistics Agreement, the Framework Automotive Technology Development Agreement and the Framework Pensions Payment Agreement, all Directors (including the independent non-executive Directors) are of the view that each of the Proposed Property Leasing Annual Cap, the Proposed General Service and Costs Sharing Annual Cap, the Proposed Equipment Purchase Annual Cap, the Proposed Equipment Sales Annual Cap and the Proposed Logistics Annual Cap are fair and reasonable, the entering into of each of the Framework Property Leasing Agreement, the General Service and Costs Sharing Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Logistics Agreement, the Framework Automotive Technology Development Agreement and the Framework Pensions Payment Agreement (and the conducting of transactions contemplated under each of the Property Leasing Transaction, the General Service and Costs Sharing Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive

Technology Development Transaction and the Pensions Payment Transaction) are fair and reasonable, on normal commercial terms or better and in the Group's ordinary and usual course of business and 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 any of the Property Leasing Transaction, the General Service and Costs Sharing Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive Technology Development Transaction and the Pensions Payment Transaction, and none of the Directors has abstained from voting on the relevant board resolutions.

INTERNAL CONTROL

The Group has adopted the following internal control procedures over the continuing connected transactions of the Company including the Equipment Purchase Transaction, the Equipment Sales Transaction, and/or the Property Leasing Transaction (where relevant).

- Before entering into a transaction under the continuing connected transactions of the Company, the purchase, operation and/or other functional departments (as the case may be) of the Group will review and check whether the pricing is fair and reasonable adhering to the pricing terms and details. In addition to reviewing the pricing before entering into a transaction under the continuing connected transactions of the Company where the pricing terms under the relevant agreements are applied for the first time or the pricing terms are different from those used previously, the business management department of the Group will review the aforesaid works carried out by the purchase departments and/or the operation departments (as the case may be) on a quarterly basis.
- The business management department of the Company is primarily responsible for reviewing and monitoring the continuing connected transactions ensuring that the annual caps of the relevant continuing connected transactions are not exceeded and the continuing connected transactions have been conducted in accordance with the pricing policies or mechanisms under the framework agreements relating to such continuing connected transactions. The business management department of the Company will consult with the Group's internal audit function, external lawyers and the compliance adviser in respect of continuing connected transaction compliance issues and annually report to the head of the business management department of the Company, who (in his own capacity and on behalf of the Group's management designated for the purposes of the Group's enterprise risk management and internal controls) will report to the audit committee of the Company and also provide a confirmation to the audit committee that the continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under the Listing Rules have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and that the Group's internal control procedures applicable to continuing connected transactions are adequate and effective to ensure that such transactions were so conducted. The audit committee will consider this accordingly.

- The Company's external auditors will review the continuing connected transactions (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded.
- The independent non-executive Directors will review the continuing connected transactions of the Company (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm whether such continuing connected transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions were conducted in accordance with the pricing policies set out in such relevant agreements.

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.

Hon Hai Group

Hon Hai Group is primarily engaged in the manufacture, sales and service of connectors, case, thermal module, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the IT, communications, automotive equipment, precision molding, automobile, and consumer electronics industries.

LISTING RULE IMPLICATIONS

As at the date of this announcement, the Company is indirectly owned as to 76.92% by Hon Hai, the controlling shareholder of the Company. Accordingly, Hon Hai is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions contemplated under each of the Framework Property Leasing Agreement, the General Services and Costs Sharing Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Logistics Agreement, the Framework Automotive Technology Development Agreement and the Framework Pensions Payment Agreement constitute connected transactions of the Company under the Listing Rules.

Based on the respective proposed annual cap(s) for the Property Leasing Transaction, the General Services and Costs Sharing Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive Technology Development Transaction and the Pensions Payment Transaction, one or more applicable percentage ratios exceed 0.1% but they are all less than 5%. In accordance with Rule 14A.76(2) of the Listing Rules, each of the Property Leasing Transaction, the General Services and Costs Sharing Transaction, the Equipment

Purchase Transaction, the Equipment Sales Transaction, the Logistics Transaction, the Automotive Technology Development Transaction and the Pensions Payment Transaction together with their respective proposed annual cap(s) are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Automotive Technology Development Transaction”	the purchase of certain automotive development technology by the Group from Hon Hai Group as contemplated under the Framework Automotive Technology Development Agreement;
“Board”	the board of Directors of the Company;
“Company”	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Equipment Purchase Transaction”	purchase of equipment and facilities by the Group from Hon Hai Group as contemplated under the Framework Equipment Purchase Agreement;
“Equipment Sales Transaction”	sale of equipment and facilities by the Group to Hon Hai Group as contemplated under the Framework Equipment Sales Agreement;
“Framework Automotive Technology Development Agreement”	The framework automotive technology development agreement between the Company and Hon Hai in relation to the Automotive Technology Development Transaction;
“Framework Equipment Purchase Agreement”	the framework equipment purchase agreement between the Company and Hon Hai in relation to the Equipment Purchase Transaction;
“Framework Equipment Sales Agreement”	the framework equipment sales agreement between the Company and Hon Hai in relation to the Equipment Sales Transaction;
“Framework Logistics Agreement”	the framework logistics agreement between the Company and Hon Hai in relation to the Logistics Transaction;
“Framework Property Leasing Agreement”	the framework property leasing agreement between the Company and Hon Hai in relation to the Property Leasing Transaction;
“Framework Pensions Payment Agreement”	the framework pensions payment agreement between the Company and Hon Hai in relation to the Pensions Payment Transaction;

“General Services and Costs Sharing Agreement”	the general services and costs sharing agreement between the Company and Hon Hai in relation to the General Services and Costs Sharing Transaction;
“General Services and Costs Sharing Transaction”	sharing of costs of certain services and offices spaces of subsidiaries of Hon Hai Group (as expenses) as contemplated under the General Services and Costs Sharing Agreement;
“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 announcement, excluding the Group;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and/or supplemented from time to time;
“Logistics Transaction”	the purchase of certain transportation, logistics, warehousing and customs clearance services by the Group from Hon Hai Group as contemplated under the Framework Logistics Agreement;
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules;
“Pensions Payment Transaction”	the advance pensions payment by the Group on behalf of Hon Hai Group as contemplated under the Framework Pensions Payment Agreement;
“Property Leasing Transaction”	leasing of various properties by the Group from Hon Hai Group as contemplated under the Framework Property Leasing Agreement;
“Proposed Automotive Technology Development Annual Cap”	the proposed annual cap for the Automotive Technology Development Transaction for the year ending December 31, 2018;
“Proposed Pensions Payment Annual Cap”	the proposed annual cap for the Pensions Payment Transaction for the year ending December 31, 2018;
“Proposed Equipment Purchase Annual Cap”	the proposed annual cap for the Equipment Purchase Transaction for the year ending December 31, 2018;
“Proposed Equipment Sales Annual Cap”	the proposed annual cap for the Equipment Sales Transaction for the year ending December 31, 2018;
“Proposed General Services and Costs Sharing Annual Cap”	the proposed annual cap for the General Services and Costs Sharing Transaction for the year ending December 31, 2018;

“Proposed Logistics Annual Cap”	the proposed annual cap for the Logistics Transaction for the year ending December 31, 2018;
“Proposed Property Leasing Annual Cap”	the proposed annual cap for the Property Leasing Transaction for the year ending December 31, 2018;
“Shareholders”	the holders of the Shares;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	the United States of America;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	percent.

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

Hong Kong, May 21, 2018

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

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