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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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2022 amounted to US\$4,531 million, representing a YoY increase of 0.9 % as compared to US\$4,490 million for the year ended December 31, 2021.
- Profit for the year ended December 31, 2022 amounted to US\$170 million, representing a YoY increase of 24% as compared to US\$137 million for the year ended December 31, 2021.
- Basic earnings per share attributable to owners of the Company for the year ended December 31, 2022 amounted to US2.42 cents, representing a YoY increase of 19% as compared to US2.04 cents for the year ended December 31, 2021.
- The Board did not declare any final dividend for the year ended December 31, 2022.

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022 together with the comparative figures for the corresponding period in the previous period as follows:

CONSOLIDATED INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2022

	<i>Note</i>	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Revenue	4	4,530,603	4,490,215
Cost of sales	5	(3,762,768)	(3,817,209)
Gross profit		767,835	673,006
Distribution costs and selling expenses	5	(92,715)	(104,666)
Administrative expenses	5	(129,989)	(161,235)
Research and development expenses	5	(295,705)	(300,845)
Reversal of impairment losses on financial assets – net		237	147
Other income		22,669	24,729
Other gains – net		35,052	45,532
Operating profit		307,384	176,668
Finance income		16,900	10,978
Finance costs		(30,570)	(12,719)
Finance cost – net		(13,670)	(1,741)
Share of results of associates		(25,655)	(7,600)
Impairment loss on interest in an associate		(20,107)	–
Profit before income tax		247,952	167,327
Income tax expense	6	(77,610)	(30,544)
Profit for the year		170,342	136,783
Profit/(loss) attributable to:			
Owners of the Company		169,619	137,625
Non-controlling interests		723	(842)
		170,342	136,783
Earnings per share for profit attributable to owners of the Company during the year (expressed in US cents per share)			
Basic earnings per share	7	2.42	2.04
Diluted earnings per share	7	2.40	1.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Profit for the year	170,342	136,783
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference arising on the translation of foreign operations	(219,147)	27,120
Realization of currency translation difference upon disposals of subsidiaries	-	27
<i>Items that may not be reclassified subsequently to profit or loss</i>		
Fair value change in financial assets at fair value through other comprehensive income	(1,806)	5,566
Total other comprehensive (loss)/income for the year, net of tax	(220,953)	32,713
Total comprehensive (loss)/income for the year	(50,611)	169,496
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(51,190)	170,344
Non-controlling interests	579	(848)
	(50,611)	169,496

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2022

	<i>Note</i>	2022 <i>USD'000</i>	2021 <i>USD'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		752,835	823,250
Investment property		7,465	–
Right-of-use assets		63,431	90,551
Intangible assets		601,350	633,930
Financial assets at fair value through other comprehensive income		26,873	28,590
Financial assets at fair value through profit or loss		46,573	44,863
Interests in associates		123,321	171,657
Deposits and prepayments	<i>9</i>	10,431	10,952
Finance lease receivables		19,880	35,932
Deferred income tax assets		131,028	133,055
		<hr/>	<hr/>
Total non-current assets		1,783,187	1,972,780
Current assets			
Inventories		966,793	982,403
Trade receivables	<i>9</i>	720,004	1,032,829
Deposits, prepayments and other receivables	<i>9</i>	71,389	134,186
Finance lease receivables		15,438	15,882
Financial assets at fair value through profit or loss		562	1,124
Short-term bank deposits		65,829	98,013
Cash and cash equivalents		914,045	769,447
		<hr/>	<hr/>
		2,754,060	3,033,884
Asset classified as held for sale		9,936	–
		<hr/> <hr/>	<hr/> <hr/>
Total current assets		2,763,996	3,033,884
		<hr/> <hr/>	<hr/> <hr/>
Total assets		4,547,183	5,006,664
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CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT DECEMBER 31, 2022

	<i>Note</i>	2022 <i>USD'000</i>	2021 <i>USD'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		142,160	139,326
Treasury shares		(91,759)	(92,512)
Reserves		<u>2,294,946</u>	<u>2,347,756</u>
		2,345,347	2,394,570
Non-controlling interests		<u>1,592</u>	<u>1,013</u>
Total equity		<u>2,346,939</u>	<u>2,395,583</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings		574,732	575,632
Lease liabilities		43,450	46,412
Deferred income tax liabilities		34,678	42,356
Deposits received and other payables	<i>10</i>	<u>8,024</u>	<u>9,504</u>
Total non-current liabilities		<u>660,884</u>	<u>673,904</u>
Current liabilities			
Trade and other payables	<i>10</i>	971,006	1,138,205
Contract liabilities		10,173	6,294
Lease liabilities		7,699	8,949
Bank borrowings		452,655	689,891
Current income tax liabilities		<u>97,827</u>	<u>93,838</u>
Total current liabilities		<u>1,539,360</u>	<u>1,937,177</u>
Total liabilities		<u>2,200,244</u>	<u>2,611,081</u>
Total equity and liabilities		<u><u>4,547,183</u></u>	<u><u>5,006,664</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Group is principally engaged in manufacturing and sales of mobile and wireless devices, connectors applied in the communication, computer and automotive markets, and trading and distribution of 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 consolidated financial statements are presented in United States Dollar (“**USD**”) unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial information, contained in this announcement, has been extracted based on the audited consolidated financial statements of the Group for the year ended December 31, 2022 which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”) and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group adopted the following accounting policy in relation to investment property during the current year:

Investment property

Investment properties, principally comprising land and buildings that are being constructed or developed, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group.

Investment properties are stated at historical cost less accumulated depreciation and impairment losses, if any. They are depreciated using the straight-line method over their estimated useful life of 35 years. Subsequent improvement costs are capitalized to the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

(a) Amended standards and accounting guideline adopted by the Group

The Group has applied the following amendments and revised guideline for the financial year beginning January 1, 2022 and are relevant to its operations.

Amendments to IAS 16	Property, plant and equipment: proceeds before intended use
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IFRS 16	Covid-19-related rent concessions beyond 2021
Amendments to annual improvements project	Annual improvements 2018-2020 cycle
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations

The 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.

(b) New standard, amendments and interpretation which are not yet effective for this financial period and have not been early adopted by the Group

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023
IFRS 17	Initial application of IFRS 17 and IFRS 9 – comparative information	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
HK-Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of financial statements-Classification by the borrower of a term loan that contains a repayment on demand clause (HK Int 5 (Revised))	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4 SEGMENT INFORMATION

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 makes 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 Republic of China (the “PRC”) and Vietnam. Consumer products refers to 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 of the other assets to the respective segments.

Segment revenue and results

The following is an analysis of the Group’s revenue by operating segment:

For the year ended December 31, 2022

	Intermediate products USD’000	Consumer products USD’000	Total USD’000
Revenue	4,041,146	672,041	4,713,187
Inter-segment revenue eliminations	<u>(182,584)</u>	<u>–</u>	<u>(182,584)</u>
Revenue from external customers	<u>3,858,562</u>	<u>672,041</u>	<u>4,530,603</u>
Gross profit			767,835
Unallocated:			
Operating expenses			(518,172)
Other income			22,669
Other gains – net			35,052
Finance cost – net			(13,670)
Share of results of associates			(25,655)
Impairment loss on interest in an associate			<u>(20,107)</u>
Profit before income tax			<u><u>247,952</u></u>

For the year ended December 31, 2021

	Intermediate products USD'000	Consumer products USD'000	Total USD'000
Revenue	3,969,542	721,613	4,691,155
Inter-segment revenue eliminations	<u>(200,940)</u>	<u>–</u>	<u>(200,940)</u>
Revenue from external customers	<u>3,768,602</u>	<u>721,613</u>	<u>4,490,215</u>
Gross profit			673,006
Unallocated:			
Operating expenses			(566,599)
Other income			24,729
Other gains – net			45,532
Finance cost – net			(1,741)
Share of results of associates			<u>(7,600)</u>
Profit before income tax			<u><u>167,327</u></u>

The following is an analysis of the Group's revenue by product lines:

	2022 USD'000	2021 USD'000
Smartphones	1,261,047	1,306,718
Networking	753,854	879,468
Computing	819,708	803,167
EV mobility	152,814	138,894
System products	1,335,580	1,113,045
Others	<u>207,600</u>	<u>248,923</u>
	<u><u>4,530,603</u></u>	<u><u>4,490,215</u></u>

Revenue by geographical areas is as follows:

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
United States of America (the "USA")	2,039,833	1,946,093
The PRC	901,332	946,825
Taiwan	508,192	566,888
Hong Kong	229,005	259,647
United Kingdom (the "UK")	205,069	217,432
Singapore	99,407	112,523
Malaysia	77,968	114,175
Others	469,797	326,632
	4,530,603	4,490,215

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

During the year ended December 31, 2022, there were two customers (2021: two customers) which individually contributed over 10% of the Group's total revenue. The revenue contributed from these customers are as follows:

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Customer A	1,800,194	1,373,942
Customer B	612,137	648,188

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.

The Group monitors the trade receivables, inventories, prepayments and other receivables, trade payables, contract liabilities and related tax exposure corresponding to intermediate products and consumer products to determine the respective marketing strategy and financing arrangement.

Segment assets and liabilities

At December 31, 2022

	Intermediate products USD'000	Consumer products USD'000	Total USD'000
Assets			
Segment assets	<u>1,591,572</u>	<u>903,485</u>	<u>2,495,057</u>
Unallocated:			
Property, plant and equipment			752,835
Investment property			7,465
Right-of-use assets			63,431
Intangible assets			5,938
Financial assets at fair value through other comprehensive income			26,873
Financial assets at fair value through profit or loss			47,135
Interests in associates			123,321
Finance lease receivables			35,318
Short-term bank deposits			65,829
Cash and cash equivalents			914,045
Asset classified as held for sale			<u>9,936</u>
Total assets			<u><u>4,547,183</u></u>
Liabilities			
Segment liabilities	<u>950,676</u>	<u>171,032</u>	<u>1,121,708</u>
Unallocated:			
Bank borrowings			1,027,387
Lease liabilities			<u>51,149</u>
Total liabilities			<u><u>2,200,244</u></u>

At December 31, 2021

	Intermediate products USD'000	Consumer products USD'000	Total USD'000
Assets			
Segment assets	<u>1,970,771</u>	<u>925,775</u>	<u>2,896,546</u>
Unallocated:			
Property, plant and equipment			823,250
Right-of-use assets			90,551
Intangible assets			30,809
Financial assets at fair value through other comprehensive income			28,590
Financial assets at fair value through profit or loss			45,987
Interests in associates			171,657
Finance lease receivables			51,814
Short-term bank deposits			98,013
Cash and cash equivalents			<u>769,447</u>
Total assets			<u><u>5,006,664</u></u>
Liabilities			
Segment liabilities	<u>1,109,414</u>	<u>180,783</u>	<u>1,290,197</u>
Unallocated:			
Bank borrowings			1,265,523
Lease liabilities			<u>55,361</u>
Total liabilities			<u><u>2,611,081</u></u>

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 receivable and deferred income tax assets) is as follows:

	2022 USD'000	2021 USD'000
The PRC	569,077	544,855
Vietnam	204,612	277,029
The USA	42,669	66,253
Taiwan	12,787	22,773
Singapore	1,251	7,445
Others	<u>3,766</u>	<u>6,398</u>
	<u>834,162</u>	<u>924,753</u>

5 EXPENSES BY NATURE

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Cost of inventories	2,680,309	2,640,354
Delivery expenses	59,167	92,105
Import and export expenses	28,343	36,114
Subcontracting expenses	26,445	67,775
Employee benefit expenses	784,019	816,050
Depreciation of property, plant and equipment	177,110	187,753
Depreciation of right-of-use assets	15,840	23,864
Moulding and consumables	211,269	217,720
Utilities	48,042	47,093
Professional expenses	36,234	53,655
Short-term and low-value lease expenses	7,520	7,120
Repair and maintenance	14,194	21,206
Amortization of intangible assets	39,450	39,370
Auditor's remuneration	1,300	1,170
Others	151,935	132,606
	<hr/>	<hr/>
Total cost of sales, distribution costs and selling expenses, administrative expenses and research and development expenses	4,281,177	4,383,955
	<hr/> <hr/>	<hr/> <hr/>

6 INCOME TAX EXPENSE

The amounts of income tax expense charged to the consolidated income statement represent:

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Current income tax		
– for the current year	83,261	49,277
– for prior years	–	7,307
Deferred income tax	(5,651)	(26,040)
	<hr/>	<hr/>
Income tax expense	77,610	30,544
	<hr/> <hr/>	<hr/> <hr/>

7 EARNINGS PER SHARE

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue, excluding treasury shares, during the years ended December 31, 2022 and 2021.

	2022	2021
Net profit attributable to the owners of the Company (USD'000)	<u>169,619</u>	<u>137,625</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>6,997,621</u>	<u>6,751,560</u>
Basic earnings per share (US cents)	<u><u>2.42</u></u>	<u><u>2.04</u></u>

(b) *Diluted earnings per share*

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at December 31, 2022, there were three (2021: three) outstanding share-based compensation schemes and only the senior management share grant scheme had a dilutive effect to the earnings per share (2021: same).

	2022	2021
Net profit attributable to the owners of the Company (USD'000)	<u>169,619</u>	<u>137,625</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>6,997,621</u>	<u>6,751,560</u>
Adjustments for:		
– impact of the senior management schemes (in thousands)	<u>80,617</u>	<u>153,899</u>
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>7,078,238</u>	<u>6,905,459</u>
Diluted earnings per share (US cents)	<u><u>2.40</u></u>	<u><u>1.99</u></u>

Dilutive potential ordinary shares include shares and options granted under senior management and employees' share grant schemes, share award and share option schemes.

During the years ended December 31, 2022 and 2021, the senior management share grant scheme has been included in the determination of diluted earnings per share to the extent to which they are dilutive. The number of shares calculated as above is compared with the number of shares that would have been outstanding assuming the completion of the share issue to the grantees.

The employees' restricted share scheme and share option scheme are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended December 31, 2022 (2021: same). These two schemes could potentially dilute earnings per share in the future.

8 DIVIDENDS

No dividend in respect of the year ended December 31, 2022 (2021: Nil) has been declared as of the date of approval of this announcement.

9 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Trade receivables due from third parties	570,383	860,057
Trade receivables due from related parties	151,139	174,527
	<hr/>	<hr/>
Total trade receivables – gross	721,522	1,034,584
Less: loss allowance for impairment of trade receivables	(1,518)	(1,755)
	<hr/>	<hr/>
Total trade receivables – net	720,004	1,032,829
	<hr/>	<hr/>
Deposits and prepayments	33,273	42,357
Other receivables	8,659	18,945
Amounts due from related parties	10,343	7,573
Value-added tax recoverable	29,545	76,263
	<hr/>	<hr/>
	81,820	145,138
	<hr/>	<hr/>
Less: Non-current portion – Deposits and prepayments	(10,431)	(10,952)
	<hr/>	<hr/>
	71,389	134,186
	<hr/>	<hr/>
Current portion	791,393	1,167,015
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The credit period granted to third parties and related parties are ranging from 45 to 90 days. The aging analysis of trade receivables based on invoice date, before loss allowance for impairment of trade receivables is as follows:

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Trade receivables – gross		
– Within 3 months	621,350	913,315
– 3 to 4 months	49,289	87,429
– 4 to 6 months	43,652	25,570
– 6 to 12 months	6,414	7,851
– Over 1 year	817	419
	<hr/>	<hr/>
	721,522	1,034,584
	<hr/> <hr/>	<hr/> <hr/>

10 TRADE AND OTHER PAYABLES

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Trade payables to third parties	588,199	700,646
Trade payables to related parties	<u>72,549</u>	<u>72,646</u>
Total trade payables	660,748	773,292
Amounts due to related parties	17,019	28,007
Staff salaries, bonuses and welfare payables	87,401	114,243
Deposits received, other payables and accruals	<u>213,862</u>	<u>232,167</u>
	979,030	1,147,709
Less: Non-current portion	<u>(8,024)</u>	<u>(9,504)</u>
Current portion	<u>971,006</u>	<u>1,138,205</u>

Aging analysis of the trade payables to third parties and related parties is as follows:

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Within 3 months	651,752	729,492
3 to 4 months	2,910	34,196
4 to 6 months	3,719	6,587
6 to 12 months	1,802	2,224
Over 1 year	<u>565</u>	<u>793</u>
	<u>660,748</u>	<u>773,292</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

For the year ended December 31, 2022, notwithstanding the turbulence from the international situation and despite COVID-19 cases still being reported during the year 2022, we swiftly recovered from the upheaval of our supply chain, and therefore the results grew marginally, with profit performance improving following an improved product portfolio. As discussed in more detail below in the section headed “Results of Operations”, our revenue amounted to US\$4,531 million while profit amounted to US\$170 million for the year ended December 31, 2022, representing increases of 0.9% and 24%, respectively, as compared to the corresponding period in 2021.

Smartphone component products continued to be our main source of revenue by end market. For the year ended December 31, 2022, the 4th quarter, which is traditionally a peak season, saw its shipments of high-end smartphones component products from branded companies impacted by the pandemic. As a result, revenue generated from the smartphone end market for the year ended December 31, 2022 decreased by 3.5% as compared to the same period in 2021.

For the networking end market, we strived to improve our product portfolio, and reduce the proportion of low-margin optical module products. As a result, revenue generated from the networking end market decreased by 14.3% for the year ended December 31, 2022 as compared to the same period in 2021.

For the computing end market, we seized the business opportunities in acoustic components. Therefore, even as the global COVID-19 pandemic fading away gradually, resulting in less revenue from laptop and tablet related products due to the reduced demands for work-from-home arrangement and home-based learning for schools, for the year ended December 31, 2022, the revenue generated from the computing end market still increased by 2.1% as compared to the same period in 2021.

For the EV mobility end market, our revenue generated from automotive product-related applications increased as the EV component product business was making expected progress. For the year ended December 31, 2022, revenue generated from the EV mobility end market increased by 10.0% as compared to the same period in 2021.

For the system products end market, notwithstanding the fact that the results of Linksys ceased to be consolidated into the Group from September 25, 2021 after the completion of the disposal of equity interest in Linksys by the Company, the product shipments increased as we seized the business opportunities in acoustic products, and the demand for wired earphones increased while new true wireless Bluetooth earphone products sold well. For the year ended December 31, 2022, revenue generated from the system products end market increased by 20.0% as compared to the same period in 2021.

Industry Outlook and Business Prospects

Industry Outlook

The global connector industry is undergoing rapid technical development with superior product functionality and higher compatibility, which enables connector products to be applied in more applications and scenarios. In future, for products across various application fields, we believe connectors 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 networking connectors is largely driven by the accelerating growth in data traffic and the continually growing need for additional network bandwidth. As traffic increases, more data centers' capacity gets to be built. Data centers require a variety of physical connectors, routers, electricity, signals, and networks, which generate heavy demand for connectors. Increasing deployment of data centers will be sufficient to secure the continuous and strong demand for connectors. In addition, cloud computing has emerged as a major growth driver in the data center industry. Cloud computing requires connector products that are capable of processing vast amount of computing power, electricity, signals, and creates market potential for innovative connectors.

Computing. The steady need for various connectors in the computing end market has laid a solid foundation for the demand for connectors, contributing to the steady growth of the connector market in the past and the potential for future growth. As the global connector industry is undergoing rapid technical development with superior product functionality and higher compatibility, connector products can be applied in more situations and scenarios, which drive the demand for connectors in this end market. However, due to the impact of the pandemic, geopolitics and inflation, corporate and consumer spending tends to be conservative, and market demand is expected to decline in 2023.

EV Mobility. We expect the market demand for “power management, vehicle-to-everything and human-to-machine interface” products to be boosted by the increasing demand for automotive products and the gradual increase in the attach rate of in-vehicle infotainment-related products.

System Products. With the rapid development of connected homes and the continuous pursuit of entertainment experience, in addition to wireless Bluetooth earphone having become one of the most popular earphones among the consumers, these alongside with the growth in the technology field in the coming year, will lead to potential growth trend for entertainment related system products.

Business Prospects

Affected by the overall industry prospects, we anticipate the connector industry and the end industry of our products may be affected by various uncertainties in 2023. We plan to continuously focus on the EV mobility end market. The performance in 2023 is expected to increase as compared to the same period in 2022:

- *Smartphones*. Due to the strong momentum in the shipments of brand companies' smartphone components in 2022, we expect the momentum will slow down which is caused by inflation. However, we anticipate that this end market will continue to be our main revenue contributor.
- *Networking*. The change in the landscape of the optical module business will affect the overall performance of the networking business in 2023.
- *Computing*. Industry growth is expected to continue to slow down, so we will focus more on profitability rather than revenue growth.
- *EV mobility*. We believe the demand from our key customers in this end market will continue to be strong, and we expect to benefit from the industry trends. We will continue to strategically pursue opportunities in the emerging application of our interconnect solutions and other products. We believe that, with our leading position in the development and production of interconnect solutions, we 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. Furthermore, our strategic partnership with Hon Hai Group places us in a good position to capture the emerging future opportunities in the automotive electronics market.
- *System products*. With the completion of the disposal of equity interest in Linksys by the Company on September 25, 2021, the results of Linksys ceased to be consolidated into the Group from the date of such disposal. Our business in this end market will decrease, but we will cooperate with brand companies and create new business opportunities in the connected home market.

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 others. In 2022, our revenue amounted to US\$4,531 million, representing a 0.9% increase from US\$4,490 million in 2021. Among the six main end markets, our revenue from (1) the smartphones end market decreased by 3.5%, (2) the networking end market decreased by 14.3%, (3) the computing end market increased by 2.1%, (4) the EV mobility end market increased by 10.0%, and (5) the system products end market increased by 20.0%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the years indicated:

	For the year ended December 31,			
	2022		2021	
	US\$	%	US\$	%
	<i>(in thousands, except for percentages)</i>			
Smartphones	1,261,047	27.8	1,306,718	29.1
Networking	753,854	16.6	879,468	19.6
Computing	819,708	18.1	803,167	17.9
EV mobility	152,814	3.4	138,894	3.1
System products	1,335,580	29.5	1,113,045	24.8
Others	207,600	4.6	248,923	5.5
Total	<u>4,530,603</u>	<u>100.0</u>	<u>4,490,215</u>	<u>100.0</u>

Smartphones. The 3.5% decrease in revenue from the smartphones end market was primarily due to the slight decrease in shipments of high-end smartphone component products from branded companies due to the impact of the pandemic in the 4th quarter, 2022.

Networking. The 14.3% decrease in revenue from the networking end market was primarily due to the change in the landscape of the optical module business and the decrease in shipments of optical modules.

Computing. The revenue from the computing end market increased by 2.1%, which was due to the revenue growth of acoustic components outweighing the impact of revenue drop due to reduced demand in laptop and tablet related products.

EV Mobility. The revenue from the EV mobility end market increased by 10.0%, which was due to the expected progress made in the EV component product business.

System products. The revenue from the system products end market increased by 20.0%, notwithstanding the fact that the results of Linksys ceased to be consolidated into the Group on September 25, 2021 after the completion of the disposal of equity interest in Linksys by the Company, due to the fact that the product shipments increased as we seized the business opportunities in acoustic products, and the demand for wired earphones increased while new true wireless Bluetooth earphone products sold well.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales decreased by 1.4% from US\$3,817 million in 2021 to US\$3,763 million in 2022. 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. In 2022, the decrease was primarily driven by the change in product mix and lowering logistics costs.

As a result of the foregoing, our gross profit increased by 14.1% from US\$673 million in 2021 to US\$768 million in 2022, primarily due to the improvement in product mix. Our gross profit margin increased from 15.0% in 2021 to 16.9% in 2022, primarily due to the increased shipments of products with high gross profit as a result of the change in product mix.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses decreased by 11.4% from US\$105 million in 2021 to US\$93 million in 2022, primarily due to the disposal of equity interest in Linksys on September 25, 2021.

Administrative Expenses

Our administrative expenses decreased by 19.3% from US\$161 million in 2021 to US\$130 million in 2022, primarily due to the disposal of equity interest in Linksys on September 25, 2021.

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 decreased by 1.7% from US\$301 million in 2021 to US\$296 million in 2022, mainly due to the disposal of equity interest in Linksys on September 25, 2021.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 73.4% from US\$177 million in 2021 to US\$307 million in 2022, primarily due to the increasing demand from brand customers and the diversified product portfolios. Our operating profit margin increased from 3.9% in 2021 to 6.8% in 2022.

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 152% from US\$31 million in 2021 to US\$78 million in 2022. Effective income tax rate increased from 18.3% to 31.3%, which were primarily due to the increase in operating profit and the written off of deferred tax assets arising from employees' benefits.

Profit for the year

As a result of the increase in operating profit, profit for the year increased by 24.1% from US\$137 million in 2021 to US\$170 million in 2022. Our profit margin increased from 3.0% in 2021 to 3.8% in 2022.

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 December 31, 2022, we had cash and cash equivalents of US\$914 million, compared to US\$769 million as of December 31, 2021. In addition, as of December 31, 2022, we had short-term bank deposits of US\$66 million, compared to US\$98 million as of December 31, 2021.

As of December 31, 2022, we had total bank borrowings of US\$1,027 million, including short-term borrowings of US\$452 million and long-term borrowings of US\$575 million, as compared to US\$1,266 million as of December 31, 2021, including short-term borrowings of US\$690 million and long-term borrowings of US\$576 million. 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 1.8 times as of December 31, 2022, compared to 1.6 times as of December 31, 2021. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.2 times as of December 31, 2022, compared to 1.1 times as of December 31, 2021. The improvements in our current ratio and quick ratio were primarily due to less capital expenditure incurred during 2022.

Cash Flow

In 2022, our net cash generated from operating activities was US\$556 million, net cash used in investing activities was US\$66 million, and net cash used in financing activities was US\$270 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.

In 2022, our capital expenditures amounted to US\$131 million, as compared to US\$241 million in 2021. The capital expenditures in 2022 were primarily used for upgrading, maintaining, converting and purchasing production and R&D facilities.

Significant Investments, Acquisitions and Disposals

On June 17, 2022, Fu Ding Precision Component (Shenzhen) Co., Ltd. (a wholly-owned subsidiary of the Company) (“**Fu Ding**”) entered into a framework cooperation agreement, a supplemental agreement and a lease agreement (the “**Framework Agreements**”) with Shenzhen Fertile Plan International Logistics Co., Ltd (a non-wholly-owned subsidiary of Hon Hai, the controlling Shareholder) (“**Futaitong**”) pursuant to which, among other things, (i) Fu Ding will, at the request and cost of Futaitong, enter into construction agreements with third party contractors for construction, with the construction consideration to be borne by Futaitong; (ii) Futaitong will, after completion of the construction, rent the land, which is a parcel of industrial land located at Longhua District, Shenzhen with a site area of approximately 76,230.91 square meters, and the buildings thereon (the “**Real Estate**”) as lessee from Fu Ding as lessor at the real estate rental fee of RMB238.68 million (inclusive of value-added tax) for 20 years and, subject to compliance with applicable PRC laws and the Listing Rules, renew the lease for not less than 15 years; and (iii) as an alternative to the lease arrangement, where it is permissible under relevant laws and regulations, Fu Ding will, subject to compliance with the Listing Rules and upon receipt of Futaitong’s written notice, transfer the Real Estate to Futaitong. The Framework Agreements and the transactions contemplated thereunder were approved by the independent Shareholders on August 16, 2022. For further details, please refer to the announcements of the Company dated June 17, 2022, July 11, 2022 and August 16, 2022, as well as the circular of the Company dated July 31, 2022.

On December 6, 2022, Foxconn Interconnect Technology Singapore Pte. Ltd. (“**FITS**”) and Foxconn OE Technologies Singapore Pte. Ltd. (“**FOTS**”) (each a wholly-owned subsidiary of the Company), entered into a share transfer agreement with Sharp Corporation (“**Sharp**”), pursuant to which FITS and FOTS conditionally agreed to sell, and Sharp Display Technology Corporation (a wholly-owned subsidiary of Sharp) conditionally agreed to purchase, 14,415,341 shares of FIT Electronics Device Pte. Ltd. (the “**JV Company**”) (of which 14,134,705 shares are held by FITS and 280,636 shares are held by FOTS), for a consideration of US\$14,415,341 (the “**Sharp Disposal**”). Following the closing of the Sharp Disposal, the Company will cease to have any interest in the JV Company and therefore the JV Company will cease to be a subsidiary of the Company. On December 29, 2022, FITS, FOTS and Sharp entered into an amendment agreement to extend the closing date of the Sharp Disposal to March 31, 2023. For further details, please refer to the Company’s announcement dated December 6, 2022.

On December 31, 2022 (German time), FITS (a wholly-owned subsidiary of the Company) entered into a share purchase agreement with Prettl Produktions Holding GmbH (“**Prettl Produktions**”) and SWH International Holding GmbH (“**SWH International**”), pursuant to which FITS conditionally agreed to purchase, and Prettl Produktions and SWH International conditionally agreed to sell, 25,000 shares (or 100%) of Prettl SWH GmbH (“**Prettl SWH**”) (of which 51% (or 12,750 shares) are held by Prettl Produktions and 49% (or 12,250 shares) are held by SWH International), for a consideration of EUR186,600,000 which is subject to various adjustments (the “**Prettl Acquisition**”). Upon closing of the Prettl Acquisition, Prettl SWH will become a wholly-owned subsidiary of the Company. As at the date of this announcement, the Prettl Acquisition is yet to be closed. For further details, please refer to the Company’s announcement dated January 2, 2023.

Save as disclosed above, we did not have any significant investments, material acquisitions or material disposals during the year ended December 31, 2022.

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 year ended December 31, 2022 was 94 days as compared to 92 days in 2021. The higher inventory turnover days for the year ended December 31, 2022 was primarily due to the decrease in global demand for consumer electronic devices in the 4th quarter, 2022.

Our inventories decreased from US\$982 million as of December 31, 2021 to US\$967 million as of December 31, 2022.

Provision for inventory impairment was US\$66 million as of December 31, 2021 and 2022.

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 decreased from 78 days in 2021 to 71 days in 2022, mainly due to the decrease in year-end trade receivables in 2022. Our average trade receivables turnover days for related parties in 2022 was 97 days, as compared to 91 days for 2021.

Our trade receivables decreased from US\$1,033 million as of December 31, 2021 to US\$720 million as of December 31, 2022, primarily due to the decrease in global demand of consumer electronic devices in the 4th quarter, 2022.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials. Our average trade payables turnover days in 2022 was 70 days, remaining stable as compared to 69 days in 2021.

Our trade payables decreased from US\$773 million as of December 31, 2021 to US\$661 million as of December 31, 2022, primarily due to decreased procurement as a result of the decrease in global demand of consumer electronic devices in the 4th quarter, 2022.

Major Capital Commitments

As of December 31, 2022, we had capital commitments of US\$253 million, which was primarily connected with the purchase of property, plant, and equipment related to our production facilities and investments.

Contingent Liabilities

As of December 31, 2022, save as disclosed in “Pledge of Assets” below, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

Gearing ratio

As of December 31, 2022, 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 2.0% as compared to 14.2% as of December 31, 2021.

PLEDGE OF ASSETS

As of December 31, 2022, (i) certain bank deposits totaling RMB5.65 million (approximately US\$0.8 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 VND8,500 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 December 31, 2022, we had approximately 53,544 employees, as compared to 57,527 employees as of December 31, 2021. In 2022, total employee benefit expenses including Directors' remuneration were US\$784 million, as compared to US\$816 million in 2021. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In addition to salaries and wages, other employee benefit expenses include cash bonus, pension, housing fund, medical insurance and other social insurances, as well as share-based payment expenses and others. We made certain share grants under our Share Grant Scheme prior to our IPO. We also adopted the Share Option Scheme and the Restricted Share Award Schemes to offer valuable incentive 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 are 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 consolidated 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 accounts 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 December 31, 2022, the nominal principal amount of our forward foreign exchange contracts was US\$350 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 audited consolidated annual financial information of the Group for the year ended December 31, 2022 has been reviewed by the Audit Committee.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended December 31, 2022 which have been agreed with the external auditor of the Company.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, with respect to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the year ended December 31, 2022, the Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules which are applicable to the Company, and 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 year ended December 31, 2022.

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 year ended December 31, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) be held on June 21, 2023. The notice of the AGM will be published on the Company’s website and sent to the Shareholders in due course.

In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30pm on June 15, 2023, for the purpose of effecting the share transfers. The register of members of the Company will be closed from June 16, 2023 to June 21, 2023 (both dates inclusive).

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report of the Company for the year ended December 31, 2022 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”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
“China” or “PRC”	The People’s Republic of China; for the purpose of this 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), 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” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“IFRS”	International Financial Reporting Standards;
“IPO”	the initial public offering of Shares and listing of the Group on the Stock Exchange on July 13, 2017;
“Linksys”	Linksys Holdings, Inc., a company incorporated in the Cayman Islands with limited liability, which was formerly a subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
“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);

“Shares(s)”	ordinary share(s) of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Grant Scheme”	the share grant scheme approved and adopted by the Company on January 5, 2015, and the Board further adopted the rules and interpretations thereof on November 4, 2016;
“Share Option Scheme”	the share option scheme approved and adopted by our Shareholders on December 19, 2017 and expired on December 31, 2018;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	the United States of America;
“US\$” or “USD”	United States dollars, the lawful currency of the United States;
“Vietnam”	the Socialist Republic of Vietnam;
“VND”	Vietnamese Dong, being 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, March 14, 2023

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

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