FIT Hon Teng Limited
鴻騰六零八八精密科技股份有限公司
(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)
(Stock Code: 6088)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2019 amounted to US$1,918 million, representing a YoY increase of 11.6% as compared to US$1,719 million for the six months ended June 30, 2018.

- Profit for the six months ended June 30, 2019 amounted to US$101 million, representing a YoY decrease of 5.6% as compared to US$107 million for the six months ended June 30, 2018.

- Basic earnings per share attributable to owners of the Company for the six months ended June 30, 2019 amounted to US1.55 cents, representing a YoY decrease of 3.1% as compared to US1.60 cents for the six months ended June 30, 2018.

- The Board did not declare any interim dividend for the six months ended June 30, 2019.

The Board is pleased to announce the unaudited condensed consolidated interim results of our Group for the six months ended June 30, 2019 together with the comparative figures for the corresponding period in the previous period as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	For the six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Revenue	5	**1,918,306**	1,719,352
Cost of sales	6	**(1,541,946)**	(1,424,698)
Gross profit		**376,360**	294,654
Distribution costs and selling expenses	6	**(57,205)**	(30,456)
Administrative expenses	6	**(85,597)**	(51,245)
Research and development expenses	6	**(121,325)**	(90,276)
Reversal/(provision) of impairment loss on financial assets	6	**117**	(703)
Other income		**10,164**	7,580
Other (losses)/gains — net		**(678)**	10,266
Operating profit		**121,836**	139,820
Finance income		**11,526**	7,948
Finance costs		**(15,298)**	(3,422)
Finance (costs)/income — net		**(3,772)**	4,526
Share of results of associates — net		**—**	(192)
Profit before income tax		**118,064**	144,154
Income tax expense	7	**(17,321)**	(37,309)
Profit for the period		**100,743**	106,845
Profit/(loss) attributable to:			
Owners of the Company		**101,834**	107,621
Non-controlling interests		**(1,091)**	(776)
		100,743	106,845
Earnings per share for profit attributable to owners of the Company for the period (expressed in US cents per share)			
Basic earnings per share	8	**1.55**	1.60
Diluted earnings per share	8	**1.48**	1.52

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**100,743**	106,845
Other comprehensive loss:		
Item that may be reclassified subsequently into profit or loss		
Currency translation differences	**(16,996)**	(40,097)
Item that will not be reclassified subsequently to profit or loss		
Fair value change in financial assets at fair value through other comprehensive income	**(43)**	—
Total other comprehensive loss for the period, net of tax	**(17,039)**	(40,097)
Total comprehensive income for the period	**83,704**	66,748
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	**84,743**	67,524
Non-controlling interests	**(1,039)**	(776)
	83,704	66,748

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**As at June 30 , 2019** *US$'000* **(Unaudited)**	As at December 31, 2018 *US$'000* (Audited)
ASSETS			
Non-current assets			
Land use rights		**—**	20,144
Property, plant and equipment		**629,150**	599,336
Right-of-use assets		**66,312**	—
Intangible assets		**770,362**	790,958
Financial assets at fair value through other comprehensive income		**21,211**	17,102
Interests in associates		**6,199**	6,199
Deferred income tax assets		**107,889**	108,786
Deposits and prepayments	10	**19,457**	14,409
		1,620,580	1,556,934
Current assets			
Inventories		**706,087**	649,708
Trade and other receivables	10	**890,662**	1,030,707
Financial assets at fair value through profit or loss		**—**	1,147
Current income tax assets		**75**	—
Short-term bank deposits		**2,066**	6,424
Cash and cash equivalents		**1,044,349**	1,064,824
		2,643,239	2,752,810
Total assets		**4,263,819**	4,309,744
EQUITY			
Equity attributable to owners of the Company			
Share capital		**132,267**	131,708
Treasure shares		**(82,832)**	(72,072)
Reserves		**1,903,550**	1,874,942
		1,952,985	1,934,578
Non-controlling interests		**11,711**	12,750
Total equity		**1,964,696**	1,947,328

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**As at June 30, 2019** *US$'000* **(Unaudited)**	As at December 31, 2018 *US$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings		**573,984**	—
Lease liabilities		**28,854**	—
Deferred income tax liabilities		**68,062**	75,023
Deposits received and other payables	11	**15,465**	18,307
		686,365	93,330
Current liabilities			
Trade and other payables	11	**1,220,143**	1,190,699
Lease liabilities		**18,098**	—
Contract liabilities		**1,754**	6,025
Financial liabilities at fair value through profit or loss		**8,720**	—
Bank borrowings		**313,763**	989,401
Current income tax liabilities		**50,280**	82,961
		1,612,758	2,269,086
Total liabilities		**2,299,123**	2,362,416
Total equity and liabilities		**4,263,819**	4,309,744

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information of the Group

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

The Group is principally engaged in manufacture, sales and service of connectors, cases, thermal modules, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the Information Technology ("**IT**"), communications, automotive equipment, precision molding, automobile, and consumer electronics industries.

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

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

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

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2019 is prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting".

This interim financial information does not include all the notes of the type normally included in an annual report. Accordingly, this interim financial information is to be read in conjunction with the annual report for the year ended December 31, 2018 ("**Annual Report**") and any public announcements made by FIT Hon Teng Limited during the interim reporting period.

3 Summary of significant accounting policies

The accounting policies applied are consistent with those as described in the Annual Report, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards which are mandatory for the financial year beginning January 1, 2019 and are relevant to its operation.

Annual Improvements to IFRSs (Amendments)	Annual Improvements to IFRSs 2015–2017 Cycle
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments

The Group has assessed the impact of the adoption of these new standards and amendments to standards. The impact of the adoption of IFRS 16 "Leases" is disclosed in note 3.1. The other new standards or amendments to standards did not have any impact on the Group's results.

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

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

		Effective for accounting periods beginning on or after
IFRS 3 (Amendment)	Definition of a Business	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
IAS 1 and IAS 8 (Amendments)	Definition of Material	January 1, 2020

3.1 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019 in below.

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening condensed consolidated interim balance sheet on January 1, 2019.

(a) IFRS 16 "Leases" — Adjustment recognized on adoption

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 4.04%.

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	US$'000 **(Unaudited)**
Operating lease commitments disclosed as at December 31, 2018	**75,095**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**72,921**
Less: short-term leases recognized on a straight-line basis as expense	**(18,299)**
Less: low-value leases recognized on a straight-line basis as expense	**(14)**
Less: prepaid lease payments	**(708)**
Add: accrued lease payments	**142**
Lease liabilities recognized as at January 1, 2019	**54,042**
Of which are:	
Current lease liabilities	**17,723**
Non-current lease liabilities	**36,319**
	54,042

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	June 30, 2019	January 1, 2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Land use rights	**19,861**	20,144
Office premises, warehouses and staff quarters	**45,595**	53,565
Machinery and equipment	**34**	54
Motor vehicles	**822**	989
Total right-of-use assets	**66,312**	74,752

The change in accounting policy affected the following items in the condensed consolidated interim balance sheet as at January 1, 2019:

- land use right — decrease by US$ 20,144,000
- right-of-use assets — increase by US$ 74,752,000
- prepaid lease payments — decrease by US$ 708,000
- accrued lease payments — decrease by US$ 142,000
- lease liabilities — increase by US$ 54,042,000

(b) Impact on segment disclosures

Segment assets as at June 30, 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in accounting policy:

	Segment assets
	US$'000
	(Unaudited)
The People's Republic of China ("**the PRC**")	**23,354**
Singapore	**901**
Vietnam	**2,190**
Taiwan	**100**
United States of America	**15,556**
Others	**24,211**

(c) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease”.

(d) The Group’s leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 11 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the end of 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, lease is recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Extension options

Extensions are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

4 Estimates

The preparation of condensed combined interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed combined interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 as described in the following:

4.1 Estimated discount rate in calculating the present value of lease liabilities

The Group recognizes lease liabilities at fair value at initial recognition. The lease liabilities are computed at the present value of the lease payments that are not paid at that date of initial recognition. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The selection of incremental borrowing rates determined for the lease contracts in different countries involved the management judgment and estimates. Any changes to the incremental borrowing rate might have financial impact to the Group's financial performance and financial position.

5 Segment information

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

The Group is principally engaged in manufacture, sales and service of connectors, cases, thermal modules, 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. The Group carries out its manufacturing process mainly through the production complexes located in the PRC and Vietnam during the period, while the sales and services of the Group are principally conducted in Taiwan, Singapore, the PRC, the United States of America and United Kingdom.

For the six months ended June 30, 2019, revenue by geographical areas is as follows:

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The PRC	**518,174**	640,836
United States of America	**732,352**	573,223
Taiwan	**171,167**	151,361
Singapore	**84,186**	67,007
Hong Kong	**112,272**	121,867
Malaysia	**49,684**	60,330
United Kingdom	**79,895**	—
Others	**170,576**	104,728
	1,918,306	1,719,352

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

The geographical analysis of the Group's non-current assets (other than intangible assets, financial assets at fair value through other comprehensive income and deferred income tax assets) is as follows:

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
The PRC	**471,700**	475,545
Singapore	**66,444**	65,958
Vietnam	**81,703**	43,870
Taiwan	**23,671**	10,241
United States of America	**51,180**	27,588
Others	**26,420**	16,886
	721,118	640,088

For the six months ended June 30, 2019, there were two customers (2018: two customers), which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from these customers are as follows:

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Customer A	**454,598**	464,139
Customer B	**410,211**	441,432

A major portion of the Group's sales is made to a number of customers which are contract manufacturers nominated by a limited number of brand companies; while the others are sales to a number of distributors, retailers, brand companies and trading companies.

6 Expenses by nature

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Cost of inventories	**1,025,979**	861,028
Subcontracting expenses	**131,702**	170,231
Utilities	**23,870**	23,573
Employee benefit expenses	**280,695**	279,719
Amortization of land use rights	**—**	305
Amortization of intangible assets	**20,789**	2,141
Depreciation of property, plant and equipment	**84,766**	100,801
Depreciation of right-of-use assets	**10,197**	—
Moldings and consumables	**68,732**	59,912
Legal and professional expenses	**19,521**	16,002
Share services expenses	**792**	1,036
Delivery expenses	**27,504**	15,731
Other tax and related surcharges	**10,267**	11,398
Provision/(reversal) of impairment for inventories	**7,208**	(1,490)
(Reversal)/provision of impairment loss on financial assets	**(117)**	703
Others	**94,051**	56,288
	1,805,956	1,597,378

7 Income tax expense

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

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current income tax		
— Current tax on profits for the period	**23,385**	29,546
— Under-provision in prior periods	**—**	10,570
Deferred income tax	**(6,064)**	(2,807)
Income tax expense	**17,321**	37,309

(a) PRC corporate income tax

The corporate income tax ("**CIT**") is calculated based on the statutory profit of PRC subsidiaries in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the six months ended June 30, 2019 (for the six months ended June 30, 2018: 25%).

Four (for the six months ended June 30, 2018: Four) PRC subsidiaries of the Group are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% for the six months ended June 30, 2019. (for the six months ended June 30, 2018: 15%).

One of the PRC subsidiaries of the Group is qualified for a preferential income tax rate of 15% under Notice of the Ministry of Finance, The General Administration of Customs and the State Administration of Taxation on the Taxation Policies for Deepening the Implementation of the Western Development Strategy for the six months ended June 30, 2019 (for the six months ended June 30, 2018: 15%).

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 20% (for the six months ended June 30, 2018: 20%) on the estimated taxable income during the six months June 30, 2019.

(c) Singapore corporate income tax

For the six months ended June 30, 2019, the Singapore incorporated subsidiary of the Group has been awarded the incentives for the establishment of pioneer industries and for economic expansion, profits generates from Development and Expansion Incentives activities ("**DEI**") will be taxed at 5% while the non-DEI activities are calculated at the rate of 17%.

For the six months ended June 30, 2018, Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiary incorporated in Singapore in accordance with Singapore Income Tax Act.

(d) Vietnam corporate income tax

The current tax regulations allow subsidiary incorporated in Vietnam, New Wing Interconnect Technology (Bac Giang) Co., Ltd., to be exempted from income tax for 2 years starting from the first year with taxable profit and is entitled to a 50% reduction in income tax for the next 4 succeeding years. The income tax regulations also specify that if the Company does not generate any taxable profit in three consecutive years from the first year it generates revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made.

For the six months ended June 30, 2019, the Vietnam corporate income tax is calculated at the rate of 10% (50% reduction on 20% applicable tax rate) on the chargeable income of the subsidiary incorporated in Vietnam in accordance with Vietnam Corporate Income Tax Law.

(e) Other foreign countries income tax

Taxes on profits in other foreign countries have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue, excluding treasury shares, during the six months ended June 30, 2019 and 2018.

	For the six months ended June 30,	
	2019	2018
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**101,834**	107,621
Weighted average number of ordinary shares in issue (in thousands)	**6,583,772**	6,731,234
Basic earnings per share in US cents	**1.55**	1.60

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2019, the Group has two (2018: two) categories of dilutive potential ordinary shares.

For the senior management and employees' share grant schemes, 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.

	For the six months ended June 30,	
	2019	2018
	(unaudited)	(unaudited)
Net profit attributable to the owners of the Company (US$'000)	**101,834**	107,621
Weighted average number of ordinary shares in issue (in thousand)	**6,583,772**	6,731,234
Adjustments for:		
— impact of the senior management and employees' share grant schemes (in thousand)	**300,230**	330,966
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**6,884,002**	7,062,200
Diluted earnings per share in US cents	**1.48**	1.52

9 Dividend

A final dividend in respect of the financial year ended December 31, 2018 of HK$0.07 per share, amounting to a total dividend of HK$472,048,000, approximately US$60,394,000, has been approved during the annual general meeting held on June 21, 2019.

10 Trade and other receivables

	As at June 30, 2019 US$'000 (unaudited)	As at December 31, 2018 US$'000 (audited)
Trade receivables due from third parties	**562,867**	620,623
Trade receivables due from related parties	**244,432**	317,413
Less: loss provision for impairment of trade receivables	**(2,784)**	(2,901)
Total trade receivables — net	**804,515**	935,135
Other receivables	**12,535**	20,027
Amounts due from related parties	**6,587**	4,586
Value added tax recoverable	**41,946**	36,532
Deposits and prepayments	**44,536**	48,836
	910,119	1,045,116
Less: non-current portion	**(19,457)**	(14,409)
	890,662	1,030,707

For trade receivables, the credit period granted to third parties and the related parties are ranging from 30 to 180 days.

The aging analysis of trade receivables based on invoice date, before loss allowance, as at June 30, 2019 and December 31, 2018 is as follows:

	As at June 30, 2019 US$'000 (unaudited)	As at December 31, 2018 US$'000 (audited)
Within 3 months	**701,200**	798,063
3 months to 1 year	**105,736**	139,828
Over 1 year	**363**	145
	807,299	938,036

11 Trade and other payables

	As at June 30, 2019 *USD'000* **(unaudited)**	As at December 31, 2018 *USD'000* (audited)
Trade payables due to third parties	**431,133**	460,174
Trade payables due to related parties	**276,934**	261,915
Total trade payables	**708,067**	722,089
Amounts due to related parties	**95,260**	109,411
Staff salaries, bonuses and welfare payables	**144,456**	120,716
Deposits received, other payables and accruals	**227,431**	256,790
Dividend payable	**60,394**	—
	1,235,608	1,209,006
Less: non-current portion	**(15,465)**	(18,307)
	1,220,143	1,190,699

As at June 30, 2019 and December 31, 2018, the aging analysis of the trade payables to third parties and related parties of trading in nature based on invoice date are as follows,

	As at June 30, 2019 *USD'000* **(unaudited)**	As at December 31, 2018 *USD'000* (audited)
Within 3 months	**549,716**	558,571
3 months to 1 year	**157,081**	160,610
Over 1 year	**1,270**	2,908
	708,067	722,089

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

For the six months ended June 30, 2019, we continued to implement our business strategy to solidify our position as a global leader in the development and production of interconnect solutions and related products, while successfully expanding to the businesses in the smart accessory and connected home market by keeping abreast of the technology trends. With these efforts, we experienced significant growth in our business. For the six months ended June 30, 2019, our revenue amounted to US$1,918 million, representing an increase of 11.6%, and our profit amounted to US$101 million, representing a decrease of 5.6%, each compared to the same period in 2018. As discussed in more details in the "Results of Operations" section below, our turnover recorded a sustained growth, thanks to our strategic focus based on correct anticipation of industry trends and the expansion of business. Although the increase in labor cost continued to grow in 2019, our gross profit margin increased as compared to that for the same period in 2018 due to the fact that our business layout in Vietnam helped relieve the pressure from rising labor cost. However, thanks to the acquisition of Belkin International, the talent retention plan and the expanded research and development activitites, our operating expenses increased significantly as compared to that for the same period in 2018. As such, both of the operating profit and net profit decreased as compared to that for the same period in 2018.

The mobile devices continued to be our largest revenue contributor by end market. For the six months ended June 30, 2019, there was a decrease in sales mainly due to the cancellation of the standard configuration of earphone adapters by brand companies for their new smart phones, while the lightning plug and earphone business recorded a growth. As a result, our revenue from the mobile devices market decreased by 9.4% for the six months ended June 30, 2019 compared to the same period in 2018.

For the communications infrastructure end market, the customer demand decreased as a result of the destocking of equipment in the data center by end customers, resulting in the decrease in our CPU socket and memory card slot products business, while the demand for optical modules recorded a growth. As a result, our revenue from the communications infrastructure end market decreased by 3.0% for the six months ended June 30, 2019 compared to the same period in 2018.

For the computer and consumer electronic end market, this business decreased due to the cancellation of slides for new types of game machines. In addition, this business was also affected by the changes in the product design of brand companies. For the six months ended June 30, 2019, our revenue from the computer and consumer electronics end market decreased by 21.5% compared to the same period in 2018.

Furthermore, we continued to strategically pursue opportunities in automotive and other emerging applications for our interconnect solutions and other products. As such, we enhanced our research and development efforts in this field, in particular automotive applications. We have also been in constant discussions with potential partners, including our connected persons, as to investment and collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry. As a result of these efforts, our revenue from the automotive, industry and medical end market increased by 100.5% for the six months ended June 30, 2019 compared to the same period in 2018.

Finally, as we successfully acquired Belkin International, a world-recognized consumer electronics product brand, by way of merger in September 2018, our business in connected home market grew rapidly. In the six months ended June 30, 2019, our revenue from the connected home market increased by 3,235.9% compared to the same period in 2018.

Similarly as we successfully acquired Belkin International in September 2018, which significantly increased our business in the smart accessories market, in the six months ended June 30, 2019, our revenue from the smart accessories market increased by 662.9% compared to the same period in 2018.

Industry Outlook and Business Prospects

Industry Outlook

The global connector industry is undergoing rapid technical development with better product functionality and higher compatibility, which enables connector products to be applied in more situations and scenarios. In the future, connectors that are compatible with various kinds of products across application fields are likely to become more popular in the market. In such an environment, we believe advance market players including us and first movers are more likely to seize emerging market opportunities as well as to build awareness globally, leading to a fast expansion of market share. With that in mind, we have witnessed a varied development trend for different end markets for connectors, and we believe such varied trends will continue in the near future. As such, we have been reviewing and focusing on the trends of different end markets and we adjust our strategic focuses from time to time.

Mobile devices. Demand for mobile devices continues to expand around the world. The proliferation of mobile phones generally, and smartphones in particular, drives demand for various smart accessory products such as chargers and earphones. For example, USB Type-C is a new trend in the connector market that has various characteristics that may make it future-proof in this end market. Also, due to product upgrades, the global mobile phone smart accessories market size has been growing at lower double digits in recent years, and is expected to continue to grow at a relatively high rate in the next few years. Therefore, we anticipate that this end market will continue to be our main revenue contributor.

Communications infrastructure. Demand for communications infrastructure connectors is largely driven by the accelerating growth in data traffic and continually growing need for additional network bandwidth, which is mainly contributable to technological advancement, such as the adoption of 5G network in the business sector in next few years. As traffic increases, more data centers capacity is being 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 helps ensure continued strong demand for connectors. In addition, cloud computing has emerged as a major growth driver in the data center industry. Cloud computing requires a variety of physical sensor connectors, routers, electricity, signals and networks, which generates heavy demand for sensor connectors and creates market potential for innovative connectors. Moreover, recent technology trends of server upgrades and high performance computing, which is the use of parallel processing for running advanced programs in a short lapse of time, will likely lead to continued prosperity in the optical transceiver market in the near future. The wide adoption of optical transceivers in the communications infrastructure end market is attributed to its advantages of low signal attenuation, high speed and noise immunity.

Computer and consumer electronics. The steady need for various connectors in the computer and consumer electronics product end market has laid a solid foundation for demand for connectors, contributing to the steady growth of connector market in the past and potential for future growth. Because the global connector industry is undergoing a rapid technical development with better product functionality and higher compatibility, connector products are applied in more situations and scenarios, which drives the demand for connectors in this end market. For example, USB Type-C connector has been extensively applied not only to computers but also to a wide range of electronic products including televisions and displays. However, overall, computer and consumer electronics end market is expected to stay approximately flat compared to other major end markets.

Automotive, industry and medical. We expect that the demand for connectors applied in the automotive end market would be driven by, among others, connectors applied in autonomous driving, increasing demand for vehicles and increasing popularity of in-vehicle infotainment. For example, while fully autonomous vehicles are unlikely to be commercially available in the short term, automobile manufacturers are already equipping their products with advanced driver assistance systems (ADAS) which comprise a large number of hardware components fitted with connectors.

Connected home. Current and future experiences that consumers want to have are increasingly software driven. These experiences must be lit up on hardware devices (e.g., smartphones, tablets, voice assistants, smart TVs, doorbell cameras) that will need connectivity and to become smart.As a result, every smart home has a critical primary foundational requirement — outstanding wired and wireless connectivity throughout the home. The companies who architect and future-proof their products through an extensive understanding of consumers and the experiences they want to have will be the winners.

Smart accessories. As the world continues to transition from wired to wireless, smartphones, tablets, smartwatches and other smart mobile devices are an increasingly indispensable part of people's lives. These devices will get smarter over time and people will increasingly want peripherals and accessories that fill in the gaps to make them work better together, such as mobile power, screen protection, connectivity, audio and wearables. People want product offerings that are designed to create a personal, trusted and quality way to use technology, whether they are at home, at school, at work or on the go.

Business Prospects

We anticipate the overall connector industry, particularly the end markets we strategically focus on, will continue to grow in the second half of 2019. We plan to continue our strategic focus on the mobile devices, automotive, industry and medical end markets, and expect that our development in these end markets will be the main driver of our growth in the second half of 2019. On the production side, we continue to further improve our production efficiency and flexibility through automation and other means. We also expect the production efficiency for mobile earphone and associated products will further improve as we further optimize the production process and enhance the quality of those products, which will contribute to our gross profit margin. In particular:

- *Mobile devices.* We expect strong demand for earphones and associated products, as well as new products to be rolled out by our key brand customers. We also plan to further penetrate

Android phone customers and remain cautiously optimistic about the mobile terminal market. We anticipate that this end market will continue to be our main revenue contributor.

- *Communications infrastructure.* As the higher speed optical products (e.g. the products utilizing 100G/400G technology that are proactively developed by us after the acquisition of the optical modules business of Avago) are expected to grow faster than lower speed optical products, the change of sales mix would contribute to the growth of both our revenue and overall margin.

- *Computer and consumer electronics.* The industry growth is expected to continue to be slow. Therefore, we will focus on profitability other than growth. Nonetheless, we recognize that the steady need for various connectors in this end market has laid a solid foundation for demand for connectors, and are therefore committed to broadening our consumer-facing operations.

- *Automotive, industry and medical.* We believe the demand from our key customers in this end market will continue to be strong, and we expect to benefit from industry trend. We will continue to strategically pursue opportunities in emerging application for our interconnect solutions and other products, especially in the smart home industry and automotive industry. We believe with our leading position in the development and production of interconnect solutions, we would be able to tap on the burgeoning demand for electronic vehicles. We also plan to increase our investments in developing in-car electronic systems and key autonomous driving components. Furthermore, our strategic partnership with Hon Hai Group puts us in a good position to capture the emerging opportunities in automotive electronics market.

- *Connected home.* Linksys is one of the world's most premium and recognized smart home brands. We have achieved this through decades of investing in the technical platform and delivering great end user experiences through our products, which is not easily replicated by new or existing competitors. Growth prospects for the Connected Home business are strong, as we have launched and will continue to launch new software features, partnerships and hardware products for the Linksys Velop, Wemo and Phyn platforms. The software platform roadmap includes ongoing development and execution of new capabilities and recurring revenue subscriptions, including security, motion sensing and health & wellness. We have leading relationships and partnerships with the world's pre-eminent retailers, ISP/telcos, ecosystem partners, and other leading technology businesses. We focus on online channels as well, which continue to grow in prominence globally.

- *Smart accessories.* The Belkin brand plays in the premium segment of the mobile device accessories space. We are able to do so because of the investments we make in creating innovative, high quality products that represent good value for the price. This segment generates strong revenue streams with enhanced profit margins, which makes for a stronger, more sustainable long-term business. Development areas exist in multiple channels, including private label, strategic partnerships, geographic expansion particularly in Asia and category expansion. We will drive growth in multiple areas, including product market share growth, new product introductions, geographic expansion and further development of the e-commerce space. Key product areas of growth include mobile power, screen protection, connectivity and audio.

RESULTS OF OPERATIONS

Revenue

We derive our revenue mainly from the sale of our interconnect solutions and other products and, to a lesser extent, from the sale of mold parts and sample products and others. For the six months ended June 30, 2019, our revenue amounted to US$1,918 million, representing an 11.6% increase from US$1,719 million in the same period in 2018. Among the six main end markets, our revenue from (1) the mobile devices end market decreased by 9.4%, (2) the communications infrastructure end market decreased by 3.0%, (3) the computer and consumer electronics end market decreased by 21.5%, (4) the automotive, industry and medical end market increased by 100.5%, (5) the connected home end market increased by 3,235.9%, and (6) the smart accessories end market increased by 662.9%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated:

	For the six months ended June 30,			
	2019		2018	
	US$	*%*	*US$*	*%*
	(in thousands, except for percentages)			
Mobile devices	**670,897**	**35.0**	740,193	43.1
Communications infrastructure	**440,510**	**23.0**	454,125	26.4
Computer and consumer electronics	**357,895**	**18.7**	455,946	26.5
Automotive, industry and medical	**61,995**	**3.2**	30,914	1.8
Connected home	**124,195**	**6.5**	3,723	0.2
Smart accessories	**262,814**	**13.6**	34,451	2.0
Total	**1,918,306**	**100.0**	1,719,352	100.0

Mobile devices. The revenue from the mobile devices end market decreased by 9.4%, which was mainly due to that the cancellation of the standard configuration of earphone adapters by brand companies for their new smart phones while the lightning plug and earphone business recorded a growth.

Communications infrastructure. The revenue from the communications infrastructure end market decreased by 3.0%, which was mainly due to the decreased customer demand as a result of the destocking of equipment in the data center by end customers, resulting in the decrease in our CPU socket and memory card slot products business, while the demand for optical modules recorded a growth.

Computer and consumer electronics. The revenue from the computer and consumer electronics end market decreased by 21.5%, which was mainly due to the cancellation of slides for new types of game machines and the changes in the product design of brand companies, resulting in a drop in this business.

Automotive, industry and medical. The revenue from the automotive, industry and medical end market increased by 100.5%, which was primarily due to our efforts in the research and development in the automotive application area, the completion of the integration of Sharp's businesses including the vehicle camera business in the second half of 2018 and the continuous development of potential customers.

Connected home. The revenue from the connected home end market increased by 3,235.9%, which was mainly due to the fact that we completed the acquisition of Belkin International by way of merger in September 2018.

Smart accessories. The revenue from the smart accessories end market increased by 662.9%, which was mainly due to the fact that we completed the acquisition of Belkin International by way of merger in September 2018.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 8.2% from US$1,425 million in the six months ended June 30, 2018 to US$1,542 million in the same period in 2019. 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 of our interconnect solutions and other products. For the six months ended June 30, 2019, the increase was primarily driven by the expansion of our overall business scale.

As a result of the foregoing, our gross profit increased by 27.7% from US$295 million for the six months ended June 30, 2018 to US$376 million in the same period in 2019, primarily due to the revenue increase. Our gross profit margin increased from 17.1% for the six months ended June 30, 2018 to 19.6% in the same period in 2019, primarily due to (1) continuing improvement of the quality of our new earphone related products, (2) higher utilization of our production facilities and (3) continuing optimization of our human resources allocation which improved our production efficiency.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses increased by 90.0% from US$30 million for the six months ended June 30, 2018 to US$57 million in the same period in 2019, primarily due to the acquisition of Belkin International.

Administrative Expenses

Our administrative expenses increased by 68.6% from US$51 million for the six months ended June 30, 2018 to US$86 million in the same period in 2019, which was mainly due to the acquisition of Belkin International and the increased employees' compensations for retention of talents.

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 consumable expenses relating to the moldings used in research and development, (3) depreciation of molds and molding equipment and (4) other costs and expenses in connection with our research and development activities. Our research and development expenses increased by 34.4% from US$90 million for the six months ended June 30, 2018 to US$121 million in the same period in 2019, mainly due to the continuous investments in the research and development of 400G optical communications products and automobile application products.

Operating Profit and Operating Profit Margin

As a result of the foregoing, although our expanded scale of business and prudent cost control helped increase our gross profit, our operating expenses increased due to the acquisition of Belkin International, the talent retention plan and the increased research and development activities. Therefore our operating profit decreased by 12.9% from US$140 million for the six months ended June 30, 2018 to US$122 million in the same period in 2019. Our operating profit margin decreased from 8.1% for the six months ended June 30, 2018 to 6.4% in the same period in 2019.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan, United States, Vietnam and Mexico. Our income tax expenses decreased by 54.1% from US$37 million in the six months ended June 30, 2018 to US$17 million in the same period in 2019. Effective income tax rate for the taxes on profit for the period decreased from 18.5% to 14.4%, which was mainly due to different contributions of taxable profits from our subsidiaries in jurisdictions that have different tax rates.

Profit for the Period

As a result of the decrease in operating profit, profit for the period decreased by 5.6% from US$107 million for the six months ended June 30, 2018 to US$101 million in the same period in 2019. Our profit margin decreased from 6.2% in the six months ended June 30, 2018 to 5.3% in the same period in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through cash generated from our operating activities and bank borrowings. As of June 30, 2019, we had cash and cash equivalents of US$1,044 million, compared to US$1,065 million as of December 31, 2018. In addition, as of June 30, 2019, we had short-term bank deposits of US$2 million, compared to US$6 million as of December 31, 2018.

As of June 30, 2019, we had total bank borrowings of US$888 million, including short-term borrowings of US$314 million and long-term borrowings of US$574 million, as compared to the total bank borrowings of US$989 million, all of which were short-term borrowings, as of December 31, 2018. We incur short-term bank borrowings mainly for our working capital purpose and to supplement our capital needs for investment and acquisition activities. For long-term borrowings, in February 2019, the Company entered into a Syndicated Loan Facility Agreement of US$575 million for a term of three years with a syndicate group comprising other eighteen banks including Mizuho Corporate Bank, a Japanese company. This loan was mainly used for repayment of the short-term bank borrowings incurred for the acquisition of Belkin International in 2018. As of June 30, 2019, we had fully utilized the new facility.

Our current ratio, calculated using current assets divided by current liabilities, was 1.64 times as of June 30, 2019, compared to 1.21 times as of December 31, 2018. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.20 times as of June 30, 2019, compared to 0.93 times as of December 31, 2018. The increase in our current ratio and quick ratio was primarily due to the repayment of the short-term borrowings borrowed for the acquisition of Belkin International in 2018 during the current period and the decrease in the current liabilities as at June 30, 2019 compared to that for the same period in 2018.

Cash Flow

For the six months ended June 30, 2019, our net cash generated from operating activities was US$200 million, net cash used in investing activities was US$97 million, and net cash used in financing activities was US$123 million.

Capital Expenditures

Our capital expenditures primarily relate to the purchase 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, bank borrowings and IPO proceeds. We also have funded and will expect to fund part of our capital expenditures using our IPO proceeds. See "Use of IPO Proceeds" below for details.

For the six months ended June 30, 2019, our capital expenditures amounted to US$120 million, as compared to US$74 million for the same period in 2018. The capital expenditures for the six months ended June 30, 2019 were primarily used for the expansion of the production lines in Vietnam, including the acquisition of land for industrial purpose, the construction of plants and building structures and the addition of production facilities.

Significant Investments, Acquisitions and Disposals

On January 25, 2019, the Company entered into a share purchase agreement with Mizuho Growth Fund Limited Partnership, pursuant to which the former agreed to acquire and the latter agreed to sell certain shares representing 4.6% of the entire equity interest in Kantatsu Co., Ltd (of which Sharp is a substantial shareholder) at a consideration of JPY300 million (approximately US$2.7 million). For further details, please refer to the Company's announcement dated January 25, 2019.

On January 25, 2019, New Wing Interconnect Technology (Bac Giang) Co., Ltd (a wholly-owned subsidiary of the Company) ("**New Wing (Bac Giang)**") entered into a zone A land lease agreement with Fugiang Co., Ltd (a non wholly-owned subsidiary of Hon Hai, the controlling Shareholder) ("**Fugiang**"), in relation to the acquisition of land use rights of a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of approximately 73,682.3 square meters ("**Zone A**") at a consideration of approximately US$4,973,555.25 (excluding value-added tax). In addition, Fugiang will provide property management services to New Wing (Bac Giang) regarding Zone A and accordingly New Wing (Bac Giang) will pay to Fugiang an annual management fee of approximately US$36,841.15 (excluding value-added tax). For further details, please refer to the Company's announcement dated January 25, 2019.

On March 21, 2019, New Wing (Bac Giang) entered into zones B to E land lease agreements with Fugiang, in relation to the acquisition of land use rights of a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of approximately 181,028 square meters (the "**Zones B to E**") at a consideration of approximately US$11,674,373 (excluding value-added tax). In addition, Fugiang will provide property management services to New Wing (Bac Giang) regarding Zones B to E and accordingly New Wing (Bac Giang) will pay to Fugiang an annual management fee of approximately US$90,515 (excluding value-added tax). For further details, please refer to the Company's announcement dated March 21, 2019.

Save as disclosed above, we did not have any significant investment, material acquisitions or material disposals during the six months ended June 30, 2019.

Inventories

Our inventories consist primarily of raw materials, work in progress and finished goods. We review our inventory levels on a regular basis to manage the risk of excessive inventories. Our average inventory turnover days for the six months ended June 30, 2019 was 80 days as compared to 65 days for 2018. The higher inventory turnover days for the six months ended June 30, 2019 was primarily due to increased leveling production activities in anticipation of a greater product demand in the second half of 2019 and the longer inventory turnover days as a result of Belkin International's products being consumer products in the end market after the merger of Belkin International.

Our inventories increased from US$650 million as of December 31, 2018 to US$706 million as of June 30, 2019, primarily due to the expansion of our business scale in general, as well as increased leveling production activities in anticipation of a greater product demand in the second half of 2019.

Provision for inventory impairment as of December 31, 2018 and as of June 30, 2019 were US$29 million and US$29 million, respectively. Provision for inventory impairment did not follow the increase in the inventory balance during the period, mainly because we proactively managed our obsolete inventories.

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 30 days to 180 days. Our average trade receivables turnover days decreased from 88 days in 2018 to 83 days for the six months ended June 30, 2019, mainly due to the structure of customers. Our average trade receivables turnover days for related parties for the six months ended June 30, 2019 was 125 days as compared to 111 days in 2018.

Our trade receivables decreased from US$935 million as of December 31, 2018 to US$805 million as of June 30, 2019, primarily due to our efforts in enhancing the collection and control of trade receivables overdue.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials, work in progress and finished goods. Our average trade payables turnover days increased to 85 days for the six months ended June 30, 2019 as compared to 73 days for 2018, which was mainly due to the longer payment period of certain suppliers.

Our trade payables decreased from US$722 million as of December 31, 2018 to US$708 million as of June 30, 2019, primarily due to the decreased procurement as a result of the intrinsic seasonality of our businesses.

Major Capital Commitments

As of June 30, 2019, we had capital commitments of US$20 million, which primarily connected with the purchase of land use rights and property, plant, equipment related to our production facilities and investments.

Contingent Liabilities

As of June 30, 2019, 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 June 30, 2019, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash and cash equivalents) divided by total equity, was not applicable because we did not have the net debt position (as of June 30, 2018: not applicable).

USE OF IPO PROCEEDS

We completed our IPO and, including the issue of the over-allotment Shares, received proceeds of US$394 million, which have been used and will continue to be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Item	Available on December 31, 2018 *(US$'000)*	**Utilized between December 31, 2018 and June 30, 2019** ***(US$'000)***	**Unutilized as at June 30, 2019** ***(US$'000)***
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	29,550	**—**	**29,550**
Establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation	15,683	**1,176**	**14,507**
Working capital and other general corporate purposes	34,499	**—**	**34,499**

The expected timeline of the intended use of the unutilized proceeds is set out as below:

Item	**Unutilized as at June 30, 2019** ***(US$'000)***	**Expected timeline**
Investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions	**29,500**	The remaining amount is expected to be fully utilized by the second half of 2020.
Establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation	**14,507**	The remaining amount is expected to be fully utilized by the second half of 2020.
Working capital and other general corporate purposes	**34,499**	The remaining amount is expected to be fully utilized by the second half of 2019.

PLEDGE OF ASSETS

As of June 30, 2019, certain bank deposits totaling RMB13.8 million of 重慶市鴻騰科技有限公司, 淮安市富利通貿易有限公司 and SHARP FIT Automotive Technology (Wuxi) Co, Ltd. have been pledged as customs guarantee.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2019, we had approximately 39,000 employees, as compared to 40,500 employees as of December 31, 2018. Total employee benefit expenses including Directors' remuneration for the six months ended June 30, 2019 were US$281 million, as compared to US$280 million for the same period in 2018. 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. 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 we 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 transaction 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 and accounts receivables, depreciation of the U.S. dollar would result in foreign exchange losses while appreciation of the U.S. dollar would result in foreign exchange gains.

To further mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of June 30, 2019, the nominal principal amount of our forward foreign exchange contracts was US$560 million.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. TANG Kwai Chang, CURWEN Peter D. and CHAN Wing Yuen Hubert. The unaudited condensed consolidated interim financial information of our Group for the six months ended June 30, 2019 has been reviewed by the Audit Committee.

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

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the six months ended June 30, 2019, 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 A.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. We 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 of the then overall circumstances of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended June 30, 2019.

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

Save for the Shares as may be purchased by the trustee from time to time pursuant to the Restricted Share Award Schemes, during the six months ended June 30, 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of HKEx at www.hkexnews.hk and on the Company's website at http://www.fit-foxconn.com. The interim report of the Company for the six months ended June 30, 2019 will be published on the aforesaid websites and dispatched to Shareholders in due course.

DEFINITION

"Audit Committee"	the audit committee of the Board;
"Avago"	Avago Technologies Wireless (U.S.A.) Manufacturing Inc., a company formed and incorporated under the laws of the State of Delaware, the United States, and a subsidiary of Broadcom Inc. which is listed on the Nasdaq Stock Market of the United States (Ticker Symbol: AVGO);
"Belkin International"	Belkin International, Inc., a company formed and incorporated under the laws of the State of Delaware, the United States;
"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;
"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;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Hon Hai Group”	Hon Hai and its subsidiaries and (where relevant) 30%-controlled entities and, for the purpose of this announcement, excluding the Group;
“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;
“JPY”	Japanese yen, the lawful currency of Japan;
“Listing Date”	the date on which dealings in the Shares first commenced on the Stock Exchange, i.e. July 13, 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Mexico”	the United Mexican States;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
“Prospectus”	the prospectus dated June 29, 2017 issued by the Company;
“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$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Share Grant Scheme"	the share grant scheme approved and adopted by the Company on January 5, 2015, and the Board further adopted the rules and interpretations thereof on November 4, 2016;
"Share Option Scheme"	the share option scheme of our Company approved and adopted by our Shareholders on December 19, 2017;
"Sharp"	Sharp Corporation (シャープ株式会社), a limited liability company registered in Japan, the shares of which are listed on the First Section of the Tokyo Stock Exchange, Inc. (Stock Code: 6753. T);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"U.S." or "United States"	the United States of America;
"US$"	United States dollars, the lawful currency of the United States;
"Vietnam"	the Socialist Republic of Vietnam;
"YoY"	year-on-year; and
"%"	percent.

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

Hong Kong, August 12, 2019

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