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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)

SHARE TRANSACTION

**ACQUISITION OF TARGET COMPANY INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

THE ACQUISITION

The Board is pleased to announce that on May 31, 2021 (after trading hours of the Stock Exchange), the Company and the Vendors entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares for the Consideration of US\$54,088,303.02, equivalent to approximately HK\$421,888,763.55, which shall be satisfied by way of allotment and issue of the Consideration Shares to the Vendors under the General Mandate credited as fully paid.

All the applicable percentage ratios in respect of the Acquisition are less than 5%. However, as the Consideration will be satisfied by the allotment and issuance of the Consideration Shares, the Acquisition constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition contemplated under the Acquisition Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

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THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below.

Date

May 31, 2021 (after trading hours of the Stock Exchange)

Parties

The Company, as the purchaser

Lumit Cayman and Sound Discovery, as the Vendors

Golden Valley, as the guarantor

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendors and Golden Valley and their ultimate beneficial owners is an Independent Third Party.

Subject Matter

The Sale Shares, being 10,000 shares of the Target Company, representing 100% of its entire issued share capital.

The Target Company is held by Lumit Cayman and Sound Discovery as to 20% and 80% respectively.

The Target Company holds 100% of the issued share capital of Sound Tale Limited, which in turn holds 100% of the issued share capital of Sound Solutions (Zhenjiang). Each of the Target Company and Sound Tale Limited is a special purpose vehicle for investment holding of Sound Solutions (Zhenjiang). Sound Solutions (Zhenjiang) is principally engaged in manufacturing and research and development of acoustic components.

Consideration

US\$54,088,303.02, equivalent to approximately HK\$421,888,763.55, which shall be satisfied by way of allotment and issue of 140,629,588 Consideration Shares to Sound Discovery and 35,157,396 Consideration Shares to Lumit Cayman, in aggregate being 175,786,984 Consideration Shares, at the issue price of HK\$2.40 per Consideration Share upon Completion under the General Mandate credited as fully paid.

The Consideration was determined after arm's length negotiations between the Vendors and the Company on normal commercial terms with reference to (i) the prevailing equity value of the Sale Shares; and (ii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Consideration Shares

A total of 175,786,984 Consideration Shares will be allotted and issued, representing approximately 2.55% of the existing issued share capital of the Company as of the date of this announcement and approximately 2.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price of HK\$2.40 per Consideration Share represents:

- (i) a premium of approximately 11.11% to the closing price of HK\$2.16 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 13.31% to the average closing price of HK\$2.118 per Share as stated in the Stock Exchange's daily quotation sheets for the last five consecutive trading days immediately preceding the date of the Acquisition Agreement.

The issue price of HK\$2.40 per Consideration Share was arrived at after arm's length negotiation between the Vendors and the Company with reference to the recent share price of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that the issue price is fair and reasonable and the allotment and issue of the Consideration Shares at such issue price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 1,376,257,377 Shares, representing 20% of the issued share capital of the Company as of the date on which the General Mandate was granted. Accordingly, the allotment and issue of the Consideration Shares is not subject to Shareholders' approval.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the Shares in issue at the time of issue of the Consideration Shares.

Conditions Precedent

The Completion is conditional upon, among other things, the fulfillment (as the case may be) of the following conditions:

- (i) the Investment Commission of the Ministry of Economic Affairs of Taiwan (台灣經濟部投資審議委員會) granting approval of the Acquisition;
- (ii) the Listing Committee granting listing of and permission to deal in the Consideration Shares (and that such granting and permission are not withdrawn prior to Completion);
- (iii) the Austrian Federal Competition Authority granting approval of the Acquisition or the prohibition to implement the Acquisition has otherwise fallen away pursuant to the Austrian Cartel Act; and
- (iv) the Federal Minister for Digital and Economic Affairs of the Republic of Austria granting approval of the Acquisition or the prohibition to implement the Acquisition has otherwise fallen away pursuant to the Austrian Investment Control Act.

In the event that any Condition is not fulfilled on or before the Long Stop Date (or such other date as may be agreed by the Vendors and the Company in writing), the Acquisition Agreement (other than certain surviving provisions in respect of confidentiality and governing law, etc.) shall lapse and be of no further force.

Completion

Upon the fulfilment of the conditions precedent, Completion shall take place at such time and place as the Vendors and the Company may agree in writing.

Lock-up

Sound Discovery undertook to the Company that (i) it shall not transfer 70,314,794 Shares (the “**Restricted Shares**”), being 50% of the Consideration Shares issued to Sound Discovery, during a period of 18 months commencing from the date of issue of the Restricted Shares (the “**Lock-up Period**”); and (ii) it shall deposit the share certificate in respect of the Restricted Shares in an independent third party jointly agreed by Sound Discovery and the Company during the Lock-up Period.

Limitations on Liability

The liability of Lumit Cayman and Sound Discovery under the Acquisition Agreement is several but not joint.

Sound Discovery shall not be liable in respect of any claim under the Acquisition Agreement unless the amount of all claims exceeds in aggregate RMB3 million in which case Sound Discovery shall be liable for such amount in excess of RMB3 million, subject to a cap of RMB280 million.

In the event that Sound Discovery refuses or fails to assume its liability under the Acquisition Agreement, Golden Valley shall be liable in respect of any such shortfall. Golden Valley undertook to maintain its solvency and its net assets be no less than the cap of RMB280 million for which Sound Discovery shall be liable. Otherwise, the Company shall have the right to request Sound Discovery for alternative guarantee.

In the event that Sound Discovery directly or indirectly sells any of its 140,629,588 Consideration Shares (the “**Sound Discovery Consideration Shares**”) in the future, Sound Discovery agreed to share the sale proceeds with the Company as follows (the “**Sharing Profit**”):

- (a) If the accumulated total consideration for the sale of the Sound Discovery Consideration Shares reaches RMB500 million but is less than RMB800 million, Sound Discovery shall pay to the Company an amount equal to 10% of the difference between the accumulated total consideration and RMB500 million;
- (b) If the accumulated total consideration for the sale of the Sound Discovery Consideration Shares reaches RMB800 million but is less than RMB1 billion, Sound Discovery shall pay to the Company an amount equal to the sum of (i) 10% of the difference between RMB800 million and RMB500 million; and (ii) 20% of the difference between the accumulated total consideration and RMB800 million; and
- (c) If the accumulated total consideration for the sale of the Sound Discovery Consideration Shares reaches RMB1 billion, Sound Discovery shall pay to the Company an amount equal to the sum of (i) 10% of the difference between RMB800 million and RMB500 million; (ii) 20% of the difference between RMB1 billion and RMB800 million; and (iii) 30% of the difference between the accumulated total consideration and RMB1 billion.

In the event that Sound Discovery does not sell all of the Sound Discovery Consideration Shares within 5 years from the date of issue of the Sound Discovery Consideration Shares (the “**Sale Period**”), for the purpose of calculation of the Sharing Profit, all of the remaining Sound Discovery Consideration Shares shall be deemed to have been sold on the first trading day following the expiry of the Sale Period at the closing price of the Shares on such trading day and the Sharing Profit shall be calculated in accordance with the above.

For the avoidance of doubt, (i) when paying the Sharing Profit to the Company, Sound Discovery shall deduct the amount that has been paid by Sound Discovery to the Company for liabilities under the Acquisition Agreement from the Sharing Profit before making such payment to the Company; (ii) in the event that Sound Discovery has paid the Sharing Profit to the Company, the amount payable by Sound Discovery to the Company for liabilities under the Acquisition Agreement shall be offset with such paid Sharing Profit. Sound Discover is only liable for the amount in excess of the Sharing Profit that has already been paid and subject to the limitations on liability under the Acquisition Agreement as stated above.

GENERAL INFORMATION

The Group

The Group is a leading global interconnect solutions provider and one of the few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. It is also a global consumer electronics leader, connecting people with technologies at home, at work and on the go.

The Vendors

Lumit Cayman is a company incorporated in the Cayman Islands principally engaged in investment holding. Sound Discovery is a company incorporated in the British Virgin Islands principally engaged in investment holding.

Golden Valley

Golden Valley is a company incorporated in the British Virgin Islands principally engaged in investment holding and is ultimately controlled by Mr. Lijun Lin.

The Target Company

The Target Company is a company incorporated in the Cayman Islands principally engaged in investment holding and is ultimately controlled by Mr. Lijun Lin.

Sound Tale Limited

Sound Tale Limited is a company incorporated in Hong Kong principally engaged in investment holding.

Sound Solutions (Zhenjiang)

Sound Solutions (Zhenjiang) is a company incorporated in the PRC principally engaged in manufacturing and research and development of acoustic components.

Financial information of the Target Company and Sound Solutions (Zhenjiang)

As noted above, the Target Company was incorporated on February 24, 2021 for investment holding of Sound Solutions (Zhenjiang).

Based on the management accounts of the Target Company for the four months ended April 30, 2021, the net asset value of the Target Company is RMB133,504,310.

According to the valuation report prepared by ClientView International Financial Consulting Co., Ltd., the appraised value of equity interest of the Target Company as of April, 30 2021 is within a range from RMB325,988,000 to RMB379,146,000.

Set out below is the financial information of Sound Solutions (Zhenjiang) as extracted from the financial statements of Sound Solutions (Zhenjiang) as provided by the Vendors for the two years ended December 31, 2019 and 2020:

	For the year ended December 31, 2019 RMB	For the year ended December 31, 2020 RMB
Net profit (loss) before taxation and extraordinary items	282,439,295	(265,509,561)
Net profit (loss) after taxation and extraordinary items	280,437,584	(268,455,098)

REASONS FOR AND BENEFITS OF THE ACQUISITION

While diligently developing its existing business, the Group continues to focus on key strategic industries such as acoustics, automobiles and smart homes, and actively seeks suitable investment opportunities to enhance the long-term growth of the Group and increase shareholder returns for promoting the diversification of the Group's existing business portfolio and broadening the sources of income in order to improve the business operations and financial position of the Group.

The Target Company has focused on the production and research and development of acoustic components for many years and has market-leading technical capabilities and industry status, especially in the areas of speakers and receivers. The Target Company is headquartered in Zhenjiang, and has offices and research and development centers in Beijing, North America, Hong Kong and Vienna. Its main customers include the first-tier large companies in the consumer electronics field.

The Group has been actively allocating its resources into the acoustics field. With the support of the Group's resources and the Belkin International brand, the Group has launched a series of acoustic products such as TWS and Smart Speaker. The integration of the Target Company into the Group will help expand the sources of income of the Group and help the vertical optimization of the Group in the acoustics field as a whole. At the same time, the strong research and development capabilities of the Target Company in the acoustics field will help the Group gain more customer resources and market share.

The Group believes that the Target Company is conducive to the expansion of business opportunities of the Group in the acoustics field.

The Directors (including independent non-executive Directors) consider that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

All the applicable percentage ratios in respect of the Acquisition are less than 5%. However, as the Consideration will be satisfied by the allotment and issuance of the Consideration Shares, the Acquisition constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition contemplated under the Acquisition Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Acquisition Agreement;
“Acquisition Agreement”	the sale and purchase agreement entered into between the Vendors and the Company on May 31, 2021;

“Board”	the board of Directors of the Company;
“Company”	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6088.HK);
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the consideration of US\$54,088,303.02, equivalent to approximately HK\$421,888,763.55, payable by the Company for the Acquisition by way of allotment and issue of 175,786,984 Consideration Shares to the Vendors;
“Consideration Shares”	175,786,984 Shares to be allotted and issued by the Company at the issue price of HK\$2.40 to the Vendors upon Completion pursuant to the terms of the Acquisition Agreement;
“Director(s)”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on June 24, 2020, which allowed the Directors to allot, issue and/or deal with up to 1,376,257,377 Shares, representing 20% of the total number of issued Shares as of the date on which such general mandate was granted;
“Golden Valley”	Golden Valley Global Limited, a company incorporated in the British Virgin Islands with limited liability;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons;

“Last Trading Day”	May 31, 2021, being the last trading day of the Shares before the signing of the Acquisition Agreement;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	October 31, 2021;
“Lumit Cayman”	Lumit Corporation Limited, a company incorporated in the Cayman Islands with limited liability;
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	renminbi, the lawful currency of the PRC;
“Sale Shares”	10,000 shares of the Target Company, representing 100% of its entire issued share capital;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent 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)”	the holders of the Shares;
“Sound Discovery”	Sound Discovery Limited, a company incorporated in the British Virgin Islands with limited liability;
“Sound Solutions (Zhenjiang)”	Sound Solutions (Zhenjiang) Co., Ltd. (奧音科技(鎮江)有限公司), a company incorporated in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Sound Legend Limited, a company incorporated in the Cayman Islands with limited liability;

“Vendors” Lumit Cayman and Sound Discovery; and
“%” percent.

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

Hong Kong, May 31, 2021

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, 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*