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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)**

**Renewal of Continuing Connected Transactions**

- (I) Framework Sales Agreement**
- (II) Framework Purchase Agreement**
- (III) Framework Molding Parts Agreement**
- (IV) Framework Sub-contracting Services Agreement**
- (V) Framework Logistics Agreement**
- (VI) Framework General Services and Costs Sharing (Expense) Agreement**  
**(Hon Hai as service provider)**
- (VII) Framework General Services and Costs Sharing (Income) Agreement**  
**(Company as service provider)**
- (VIII) Framework Property Leasing Agreement**
- (IX) Framework Pensions Payment Agreement**
- (X) Framework Rental Income Agreement**
- (XI) Framework Equipment Purchase Agreement**
- (XII) Framework Equipment Sales Agreement**
- (XIII) Framework Human Resources Support (Expense) Agreement**  
**(Hon Hai as service provider)**
- (XIV) Framework Solar Electricity Fees Agreement**

**RENEWAL OF FRAMEWORK AGREEMENTS**

**(I) Framework Sales Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Sales Agreement for a term from January 1, 2023 to December 31, 2025 pursuant to which the Group has agreed to sell various interconnect solutions and other related products to Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(II) Framework Purchase Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Purchase Agreement for a term from January 1, 2023 to December 31, 2025 pursuant to which the Group has agreed to purchase from Hon Hai Group gold salts as raw materials, ancillary materials and semi-finished components and assembled products. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(III) Framework Molding Parts Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Molding Parts Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the procurement of various molding parts by the Group from Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(IV) Framework Sub-contracting Services Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Sub-contracting Services Agreement for a term from January 1, 2023 to December 31, 2025 pursuant to which Hon Hai Group has agreed to provide the Group with sub-contracting services from time to time. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(V) Framework Logistics Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Logistics Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the purchase of certain transportation, logistics, warehousing and customs clearance services by the Group from Hon Hai Group which will be used primarily in connection with the Group's sales of various interconnect solutions and products, as well as the purchase of raw materials, ancillary materials and semi-finished components and assembled products. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(VI) Framework General Services and Costs Sharing (Expense) Agreement (Hon Hai as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework General Services and Costs Sharing (Expense) Agreement for a term from January 1, 2023 to December 31, 2025, pursuant to which the Group agreed to share the costs of certain services and office spaces of Hon Hai Group including telecommunication, general administrative and IT system support, utility, logistics and other services. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(VII) Framework General Services and Costs Sharing (Income) Agreement (Company as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework General Services and Costs Sharing (Income) Agreement for a term from January 1, 2023 to December 31, 2025, pursuant to which Hon Hai Group agreed to share the costs of certain services and office spaces of the Group including telecommunication, general administrative and IT system support, utility, logistics and other services. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(VIII) Framework Property Leasing Agreement**

On November 18, 2022, the Company (as lessee) and Hon Hai (as lessor) agreed upon the terms and conditions of the Framework Property Leasing Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the leasing of certain properties by the Group from Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(IX) Framework Pensions Payment Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Pensions Payment Agreement for a term from January 1, 2023 to December 31, 2025, pursuant to which the Group agreed to make pensions payment on behalf of Hon Hai to certain of the Group's employees who were formerly employed by Hon Hai Group in respect of the portion of pensions payment attributable to the relevant employee's employment with Hon Hai Group, and Hon Hai Group agreed to repay the advance pensions payment made by the Group on its behalf. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(X) Framework Rental Income Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Rental Income Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the leasing of certain properties by Hon Hai Group from the Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

**(XI) Framework Equipment Purchase Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Equipment Purchase Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the purchase of certain equipment and facilities by the Group from Hon Hai Group, which will be primarily used in the Group's production activities in connection with serving the smartphones, networking and computing end markets. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

## **(XII) Framework Equipment Sales Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Equipment Sales Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the sale of certain idle equipment and facilities by the Group to Hon Hai Group which will be used in connection with the production activities of Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

## **(XIII) Framework Human Resources Support (Expense) Agreement (Hon Hai as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Human Resources Support Expense Agreement for a term from January 1, 2023 to December 31, 2025 pursuant to which Hon Hai Group agreed to provide human resources support services to the Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

## **(XIV) Framework Solar Electricity Fees Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Solar Electricity Fees Agreement for a term from January 1, 2023 to December 31, 2025 in relation to the purchase of solar electricity by the Company from Hon Hai Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

## **LISTING RULE IMPLICATIONS**

As of the date of this announcement, the Company is indirectly owned as to 71.16% by Hon Hai, the controlling shareholder of the Company. Accordingly, Hon Hai is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions contemplated under each of the Framework Sales Agreement, the Framework Purchase Agreement, the Framework Molding Parts Agreement, the Framework Sub-contracting Services Agreement, the Framework Logistics Agreement, the Framework General Services and Costs Sharing (Expense) Agreement, the Framework General Services and Costs Sharing (Income) Agreement, the Framework Property Leasing Agreement, the Framework Pensions Payment Agreement, the Framework Rental Income Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Human Resources Support (Expense) Agreement and the Framework Solar Electricity Fees Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Based on the respective proposed annual cap(s) for the Product Sales Transaction and the Product Purchase Transaction, one or more of the relevant size tests' percentage ratios are more than 5% and the Product Sales Transaction and the Product Purchase Transaction constitute non-exempt continuing connected transactions of the Company under the Listing Rules and therefore the Product Sales Transaction and the Product Purchase Transaction, the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the respective proposed annual cap(s) for the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction and the Solar Electricity Fees Transaction, one or more applicable size tests' percentage ratios exceed 0.1% but they are all less than 5%. In accordance with Rule 14A.76(2) of the Listing Rules, each of the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction, the Solar Electricity Fees Transaction, together with their respective proposed annual cap(s) are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Company expects to convene an extraordinary general meeting to seek the Independent Shareholders' approval for the Product Sales Transaction and the Product Purchase Transaction, the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps. Hon Hai and its associates will abstain from voting on the resolutions to be proposed at the extraordinary general meeting for approving the above matters. The Company has established the Independent Board Committee to review, consider, recommend and advise the Independent Shareholders in respect thereof, and has appointed Alliance Capital Partners Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. As additional time is required to prepare the relevant information to be included in the circular, the expected date of dispatch of the circular will be on or before December 9, 2022.

## RENEWAL OF FRAMEWORK AGREEMENTS

### (I) Framework Sales Agreement

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Sales Agreement, pursuant to which the Group has agreed to sell various interconnect solutions and other related products to Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement of the Company dated November 25, 2019 and the circular of the Company dated December 4, 2019.

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

#### *Parties*

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

#### *Term*

The Framework Sales Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Sales Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

#### *Subject matter*

The Group has agreed to sell various interconnect solutions and other related products to Hon Hai Group from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

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

## ***Condition***

The Framework Sales Agreement is conditional upon approval by the Independent Shareholders at an extraordinary general meeting.

## ***Pricing policy***

The purchase price for the products under the Framework Sales Agreement shall be determined as follows:

- 1) for the sales to Hon Hai Group that are designated by the Group's brand company customers, at the price negotiated and determined between the Group's brand company customers and the Group; or
- 2) for other sales to Hon Hai Group where selling prices were not designated by the Group's customers ("**Connected Sales**"), at a price that is determined by referencing the blended profit margin, which is the difference between revenue generated from such sales and historical cost allocated thereto for the preceding month, divided by the corresponding revenue, to that of sales to independent third parties ("**Third Party Sales**"), on a rolling basis, such that the differences in the blended profit margins between Connected Sales and Third Party Sales in each fiscal year shall not be more than 6.5% having considered the long-term business relationship, large sales volume to Hon Hai Group, and the strategic partnership with Hon Hai Group.

In respect of the 6.5% blended profit margin, the Company believes it is industry practice to (1) grant large customers volume discounts; (2) give long-term customers with repeated sales and sustainable businesses price discounts as this arrangement would incur lower negotiation, coordination and logistics costs and subject the Company to lower exposure to credit risks, as compared to dealing with new customers; and (3) offer better pricing terms to customers with long-term strategic value to the Company. Having considered that (a) Hon Hai Group accounted for 16.1%, 11.4% and 11.6% of the Group's revenue in 2019, 2020 and 2021 respectively, (b) the Company's long-term business cooperation with Hon Hai Group since the Company's inception which the Company believes subjects it to minimal credit risk as compared to other third party customers, and (c) being part of the supply chain of Hon Hai Group brings the Company significant strategic value, the Directors are of the view that the 6.5% capped difference in the blended profit margin is under normal commercial terms, fair and reasonable, and in the interests of the Shareholders as a whole.

The "blended profit margin" is calculated by dividing blended gross profit by revenue from customers during a specific period. Blended gross profit is calculated by aggregating the revenue generated from specific customers less the historical unit cost allocated to such sales for the preceding month multiplied by number of units sold. The Company will calculate the blended gross margin for Connected Sales and for Third Party Sales, respectively, and compare the two to determine whether the difference exceeds 6.5%.

As an internal control measure for compliance with the 6.5% threshold, the management of the Company reviews and monitors whether the difference exceeds the 6.5% threshold, at least on a quarterly basis, and takes appropriate measures to ensure compliance from time to time based on the review results. If the management of the Company determines that there is a risk for exceeding the 6.5% threshold on an annual basis, it will increase the frequency of review as appropriate and take further measures to ensure compliance.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Product Sales Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31, 2019</b>	<b>2020</b>	<b>2021</b>	<b>Nine months ended September 30, 2022</b>
<b>Product Sales Transaction</b>	704.1	493.8	523.0	383.6

### ***Proposed Product Sales Annual Caps***

The Proposed Product Sales Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of the transactions under the Product Purchase Transaction and the Product Sales Transaction during the period from January 1, 2019 to September 30, 2022 (both dates inclusive);
- the expected growth of the Group's products;
- the expected growth of the Group's existing businesses between 2023 and 2025 in view of the Company's investment and acquisition activities from time to time;
- the production strategy as a result of the Group's production costs control measures; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31, 2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Product Sales Annual Caps</b>	660.0	706.0	756.0

## **(II) Framework Purchase Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Purchase Agreement pursuant to which the Company has agreed to purchase from Hon Hai Group gold salts as raw materials, ancillary materials and semi-finished components and assembled products from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement of the Company dated November 25, 2019 and the circular of the Company dated December 4, 2019.

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

### ***Parties***

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

### ***Term***

The Framework Purchase Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Purchase Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

The Company has agreed to purchase from Hon Hai Group gold salts as raw materials, ancillary materials and semi-finished components and assembled products from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual purchase agreement and/or other transaction documents (“**Procurement Documents**”) in respect of each actual transaction based on the terms of the Framework Purchase Agreement. The Procurement Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Purchase Agreement in all material respects. In case of any conflict between the Framework Purchase Agreement and the Procurement Documents, the Framework Purchase Agreement shall prevail.

### ***Condition***

The Framework Purchase Agreement is conditional upon the approval by the Independent Shareholders at an extraordinary general meeting.

## ***Pricing policy***

The price of the products are determined as follows:

- *Model One:* for the procurement of gold salts, at the price determined with reference to comparable third-party prices. Where such third-party prices are not readily available, at the price equivalent to the sum of the purchase prices of the Group and the processing fees. As a risk control measure, the Group will procure gold salts from at least two suppliers, but will allocate at least 70% of the annual purchase from the supplier with the lowest fee quote; or
- *Model Two:* for the procurement of ancillary raw materials from Hon Hai Group that is designated by the Group's customers, at the price agreed between Hon Hai Group and the Group's customers, or determined with reference to comparable third-party prices to the extent independent-third-party suppliers are available; or
- *Model Three:* for the procurement of semi-finished components and assembled products, at the price determined with reference to comparable third-party prices to the extent independent-third-party suppliers are available. Where such third-party prices are not readily available, based on (a) Hon Hai Group's purchase prices of raw materials supplied by the Group, (b) their purchase prices of other raw materials, (c) their labor costs and overheads, (d) the relevant operating expenses estimated to be allocated to such transactions and (e) the Comparable Profit Interval provided by a professional independent third party and in accordance with reasonable business principles.

The Comparable Profit Interval is established by using the Database and based on "return on cost and operating expenses" as the profit level indicator, and can be used to evaluate whether the pricing of the transaction is reasonable or not. In the Database, quantitative and qualitative conditions are used to identify comparable companies with similar financial data characteristics, principal business and functional risk characteristics. The Comparable Profit Interval is then established based on the financial information of comparable companies. During the period covered by the agreement, the financial information of comparable companies and the Comparable Profit Interval are updated annually based on the Database.

Hon Hai Group uses the sum of the costs in (a) to (d) above multiplied by (1 + "return on cost and operating expenses") as the basis of pricing, and ensures that the "return on cost and operating expenses" used falls within the Comparable Profit Interval issued by the professional independent third party. The costs in (a) to (d) above are determined based on the accounting records of Hon Hai Group prepared in accordance with the International Financial Reporting Standards. The Group will verify whether the relevant cost and operating expenses are consistent with the accounting records of Hon Hai Group.

As to the 70% threshold set out in Model One above, the procurement department of the Company ensures the compliance of the 70% threshold by placing orders for the first three weeks of each month with its gold salts supplier with the lowest quote. It also prepares a monthly report of actual purchase amounts for management's review as to the compliance of the 70% threshold.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Product Purchase Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Actual transaction amounts</b>			
	<b>Year ended December 31, 2019</b>	<b>2020</b>	<b>2021</b>	<b>Nine months ended September 30, 2022</b>
<b>Product Purchase Transaction</b>	471.8	331.1	245.4	206.5

### ***Proposed Product Purchase Annual Caps***

The Proposed Product Purchase Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of the transactions under the Product Purchase Transaction and the Product Sales Transaction during the period from January 1, 2019 to September 30, 2022 (both dates inclusive);
- the expected growth of the Group's products;
- the increase in the prices of precious metals;
- the expected growth of the Group's existing businesses between 2023 and 2025 in view of the Company's investment and acquisition activities from time to time;
- the production strategy as a result of the Group's production costs control measures;
- the expected increase in the number of orders between 2023 and 2025;
- the increase in procurement of raw materials and semi-finished components from brand customers directly;
- the increase in the procurement of finished components in Vietnam; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31, 2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Product Purchase Annual Caps</b>	375.0	401.0	429.0

### **(III) Framework Molding Parts Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Molding Parts Agreement in relation to the procurement of various molding parts by the Group from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

#### ***Parties***

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

#### ***Term***

The Framework Molding Parts Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Molding Parts Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

#### ***Subject matter***

Hon Hai Group has agreed to provide various molding parts to the Group from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual molding parts agreement and/or other transaction documents (“**Molding Parts Procurement Documents**”) in respect of each actual transaction based on the terms of the Framework Molding Parts Agreement. The Molding Parts Procurement Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Molding Parts Agreement in all material respects. In case of any conflict between the Framework Molding Parts Agreement and the Molding Parts Procurement Documents, the Framework Molding Parts Agreement shall prevail.

#### ***Pricing policy***

The price of the molding parts is determined based on the following:

- The Group would run a price quote process to check price quotes from a minimum of three independent-third-party qualified suppliers for the products of the same business requirements including specification, quality, quantity and shipping method;
- If a lower price exists, the Group would either engage independent-third-party suppliers to carry out the work or request Hon Hai Group to lower its fee quote;

- If no independent-third-party-supplier is available, the price is determined by cost plus mark-up percentage provided by a professional independent third party and in accordance with reasonable business principles.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Molding Parts Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31, 2019</b>	<b>2020</b>	<b>2021</b>	<b>Nine months ended September 30, 2022</b>
<b>Molding Parts Transaction</b>	68.4	67.1	58.6	27.0

### ***Proposed Molding Parts Annual Caps***

The Proposed Molding Parts Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of molding parts payment under the Molding Parts Transaction during the period from January 1, 2019 to September 30, 2022 (both dates inclusive);
- the expected growth of the Group's products;
- the expected transaction amount of the transactions under the molding parts agreements proposed to be entered into by the Group, in particular the expected increase in the number of orders;
- the estimated research and development and manufacturing needs of the Group;
- the scaling-up of production at the facilities located in Vietnam; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Molding Parts Annual Caps</b>	66.0	66.0	69.0

#### **(IV) Framework Sub-contracting Services Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Sub-contracting Services Agreement, pursuant to which Hon Hai Group has agreed to provide the Group with sub-contracting services from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement of the Company dated November 25, 2019 and the circular of the Company dated December 4, 2019.

The principal terms of the Framework Sub-contracting Services Agreement are set out as follows:

##### ***Parties***

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

##### ***Term***

The Framework Sub-contracting Services Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Sub-contracting Services Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

##### ***Subject matter***

Hon Hai Group has agreed to provide sub-contracting services to the Group from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual sub-contracting services agreement and/or other transaction documents (“**Sub-contracting Services Documents**”) in respect of each actual transaction based on the terms of the Framework Sub-contracting Services Agreement. The Sub-contracting Services Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Sub-contracting Services Agreement in all material respects. In case of any conflict between the Framework Sub-contracting Services Agreement and the Sub-contracting Services Documents, the Framework Sub-contracting Services Agreement shall prevail.

##### ***Pricing policy***

The sub-contracting fees under the Framework Sub-contracting Services Agreement shall be determined with reference to comparable independent-third-party prices.

Where such independent-third-party prices are not readily available, the sub-contracting fees are determined based on (a) the relevant labor costs and overheads, (b) the relevant operating expenses estimated to be allocated to such transactions and (c) the Comparable Profit Interval provided by a professional independent third party and in accordance with reasonable business principles.

The Comparable Profit Interval is established by using the Database and based on “return on cost and operating expenses” as the profit level indicator, and can be used to evaluate whether the pricing of the transaction is reasonable or not. In the Database, quantitative and qualitative conditions are used to identify comparable companies with similar financial data characteristics, principal business and functional risk characteristics. The Comparable Profit Interval is then established based on the financial information of comparable companies. During the period covered by the agreement, the financial information of comparable companies and the Comparable Profit Interval are updated annually based on the Database.

Hon Hai Group uses the sum of the costs in (a) and (b) above multiplied by (1 + “return on cost and operating expenses”) as the basis of pricing, and ensures that the “return on cost and operating expenses” used falls within the Comparable Profit Interval issued by the professional independent third party. The costs in (a) to (b) above are determined based on the accounting records of Hon Hai Group prepared in accordance with the International Financial Reporting Standards. The Group will verify whether the relevant cost and operating expenses are consistent with the accounting records of Hon Hai Group.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Sub-contracting Services Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31, 2019</b>	<b>2020</b>	<b>2021</b>	<b>Nine months ended September 30, 2022</b>
<b>Sub-contracting Services Transaction</b>	89.9	27.3	0.4	0.6

### ***Proposed Sub-contracting Services Annual Caps***

The Proposed Sub-contracting Services Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of the transactions under the Sub-contracting Services Transaction during the period from January 1, 2019 to September 30, 2022 (both dates inclusive);
- the production strategy under the Group’s production costs control measures;
- the expected changes in the number of orders and the prices between 2023 and 2025; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Sub-contracting Services Annual Caps</b>	5.0	5.5	6.1

## **(V) Framework Logistics Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Logistics Agreement, pursuant to which, the Group has agreed to purchase certain transportation, logistics, warehousing and customs clearance services from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

### ***Parties***

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

### ***Term***

The Framework Logistics Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Logistics Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

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

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

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

### ***Pricing policy***

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

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Logistics Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Logistics Transaction</b>	9.1	18.1	23.1	16.8

### ***Proposed Logistics Annual Caps***

The Proposed Logistics Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the expected volume of the transportation, logistics, warehousing and customs clearance services required for the sales of various interconnect solutions and products;
- the expected increase in the number of orders and resumption of networks due to the expected easing of the COVID-19 pandemic;
- the purchase of raw materials, ancillary materials and semi-finished components and assembled products between 2023 and 2025; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Logistics Annual Caps</b>	33.0	38.0	42.0

## **(VI) Framework General Services and Costs Sharing (Expense) Agreement (Hon Hai as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework General Services and Costs Sharing (Expense) Agreement, pursuant to which the Group agreed to share the costs of certain services and office spaces of Hon Hai Group including telecommunication, general administrative and IT system support, utility, logistics and other services from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term of three years from January 1, 2020 to December 31, 2022. For details, please refer to the announcement of the Company dated November 25, 2019.

The principal terms of the Framework General Services and Costs Sharing (Expense) Agreement are set out as follows:

### ***Parties***

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

### ***Term***

The Framework General Services and Costs Sharing (Expense) Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework General Services and Costs Sharing (Expense) Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

The Group has agreed to share the costs of certain services and office spaces of Hon Hai Group including telecommunication, general administrative and IT system support, utility, logistics and other services from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual cost sharing agreement and/or other transaction documents (“**Cost Sharing (Expense) Documents**”) in respect of each actual transaction based on the terms of the Framework General Services and Costs Sharing (Expense) Agreement. The Cost Sharing (Expense) Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework General Services and Costs Sharing (Expense) Agreement in all material respects. In case of any conflict between the Framework General Services and Costs Sharing (Expense) Agreement and the Cost Sharing (Expense) Documents, the Framework General Services and Costs Sharing (Expense) Agreement shall prevail.

### ***Pricing policy***

The actual pricing of sharing services is determined with reference to comparable independent-third-party prices.

Where such independent-third-party prices are not readily available, the actual pricing of sharing services is determined with reference to the prices of Hon Hai and its affiliated companies providing services to independent third party.

Where such independent-third-party prices and prices of Hon Hai and its affiliated companies providing services to independent third party are not readily available, the actual pricing of sharing services is determined based on various factors including usage or costs allocation in proportion to headcount, procurement volume and floor area, as the case may be, plus mark-up percentage provided by professional independent third party and in accordance with reasonable business principles.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the General Services and Costs Sharing (Expense) Transaction for the three years ended December 31, 2019, 2020 and 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>General Services and Costs Sharing (Expense) Transaction</b>	4.1	2.7	2.9	3.5

### ***Proposed General Services and Costs Sharing (Expense) Annual Caps***

The Proposed General Services and Costs Sharing (Expense) Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of sharing services fees under the General Services and Costs Sharing (Expenses) Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022;
- the expected amount of expenses to be incurred in relation to new types of general services to be shared with Hon Hai Group under the Framework General Services and Costs Sharing (Expense) Agreement between 2023 and 2025;
- the cost of developing hardware and software at the new smart factory as well as the payment of operation and maintenance services fees;
- the increase in network costs due to addition of net points; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31, 2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed General Services and Costs Sharing (Expense) Annual Caps</b>	7.2	8.5	9.3

**(VII) Framework General Services and Costs Sharing (Income) Agreement (Company as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework General Services and Costs Sharing (Income) Agreement pursuant to which Hon Hai Group agreed to share the costs of certain services and office spaces of the Group including telecommunication, general administrative and IT system support, utility, logistics and other services from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement of the company dated November 25, 2019.

The principal terms of the Framework General Services and Costs Sharing (Income) Agreement are set out as follows:

***Parties***

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

***Term***

The Framework General Services and Costs Sharing (Income) Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework General Services and Costs Sharing (Income) Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

***Subject matter***

Hon Hai Group has agreed to share the costs of certain services and office spaces of the Group including telecommunication, general administrative and IT system support, utility, logistics and other services from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual cost sharing agreement and/or other transaction documents (“**Cost Sharing (Income) Documents**”) in respect of each actual transaction based on the terms of the Framework General Services and Costs Sharing (Income) Agreement. The Cost Sharing (Income) Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework General Services and Costs Sharing (Income) Agreement in all material respects. In case of any conflict between the Framework General Services and Costs Sharing (Income) Agreement and the Cost Sharing (Income) Documents, the Framework General Services and Costs Sharing (Income) Agreement shall prevail.

***Pricing policy***

The actual pricing of sharing services is determined with reference to comparable independent-third-party prices.

Where such independent-third-party prices are not readily available, the actual pricing of sharing services is determined with reference to the prices of the Group providing services to independent third party.

Where such independent-third-party prices and prices of the Group providing services to independent third party are not readily available, the actual pricing of sharing services is determined based on various factors including usage or costs allocation in proportion of headcount, procurement volume and floor area, as the case may be, plus mark-up percentage provided by professional independent third party and in accordance with reasonable business principles.

***Historical Transaction Amounts***

The table below sets out the historical actual amounts of the General Services and Costs Sharing (Income) Transaction for the three years ended December 31, 2019, 2020,2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>General Services and Costs Sharing (Income) Transaction</b>	1.9	1.7	2.4	2.7

***Proposed General Services and Costs Sharing (Income) Annual Caps***

The Proposed General Services and Costs Sharing (Income) Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of sharing services fees under the General Services and Costs Sharing (Income) Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022;

- the expected increase in the income in relation to new types of general services to be shared with the Group under the Framework General Services and Costs Sharing (Income) Agreement between 2023 and 2025, due to the increase in income from testing and the expansion of business; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31, 2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed General Services and Costs Sharing (Income) Annual Caps</b>	3.2	3.6	4.0

### **(VIII) Framework Property Leasing Agreement**

On November 18, 2022, the Company (as lessee) and Hon Hai (as lessor) agreed upon the terms and conditions of the Framework Property Leasing Agreement in relation to the leasing of certain properties by the Group from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

#### ***Parties***

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

#### ***Term***

The Framework Property Leasing Agreement is effective from January 1, 2023 to December 31, 2025. The parties may renew the Framework Property Leasing Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

#### ***Subject matter***

The parties have agreed that the Company and/or its subsidiaries may lease the properties of Hon Hai or its subsidiaries for manufacturing facilities and office purpose. The parties and/or their respective subsidiaries may enter into an individual property leasing agreement in respect of each actual transaction based on the terms of the Framework Property Leasing Agreement (“**Property Leasing Documents**”). The Property Leasing Documents shall contain the specific details of the leased property and must comply with the agreed terms of the Framework Property Leasing Agreement in all material respects. In case of any conflict between the Framework Property Leasing Agreement and the Property Leasing Documents, the Framework Property Leasing Agreement shall prevail.

## ***Rent***

The Company or its subsidiaries shall negotiate the rent with Hon Hai or its subsidiaries based on the actual area of the leased property and at a price not higher than the current market price.

## ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Property Leasing Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Property Leasing Transaction</b>	4.7	4.4	6.8	3.7

## ***Proposed Property Leasing Annual Caps***

The Proposed Property Leasing Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which were determined by reference to projections of the Company which in turn are prepared by the Company with reference to the following major factors:

- latest available actual amounts of rental payment under the Property Leasing Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022;
- the expected transaction amount of the transactions under the leasing agreements proposed to be signed by the Group between 2023 and 2025;
- the new addition of workshop leasing;
- the expected increase in the rent for accommodation due to the expected increase in the number of business trips; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Property Leasing Annual Caps</b>	7.2	7.3	7.5

## **(IX) Framework Pensions Payment Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Pensions Payment Agreement, pursuant to which the Group agreed to make pensions payment on behalf of Hon Hai to certain of the Group's employees who were formerly employed by Hon Hai Group, and Hon Hai Group agreed to repay the advance pensions payment made by the Group on its behalf from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

### ***Parties***

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

### ***Term***

The Framework Pensions Payment Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Pensions Payment Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

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

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

### ***Pricing policy***

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

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Pensions Payment Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Pensions Payment Transaction</b>	0.8	0.4	0.3	0.0

### ***Proposed Pensions Payment Annual Caps***

The Proposed Pensions Payment Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily by reference to the number of staff of the Group expected to retire and the expected growth in average salary of the Group's staff between 2023 and 2025.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Pensions Payment Annual Caps</b>	8.5	8.5	8.5

### **(X) Framework Rental Income Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Rental Income Agreement in relation to the leasing of certain properties by Hon Hai Group from the Group. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

#### ***Parties***

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

### ***Term***

The Framework Rental Income Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Rental Income Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

Hon Hai Group may lease the properties of the Group, including but not limited to manufacturing facilities and dormitories. The parties and/or their respective subsidiaries may enter into an individual rental agreement and/or other transaction documents (“**Rental Documents**”) in respect of each actual transaction based on the terms of the Framework Rental Income Agreement. The Rental Documents shall contain the specific details of the leased property and must comply with the agreed terms of the Framework Rental Income Agreement in all material respects. In case of any conflict between the Framework Rental Income Agreement and the Rental Documents, the Framework Rental Income Agreement shall prevail.

### ***Pricing policy***

The rent for the leased property under the Framework Rental Income Agreement shall be determined as follows:

- with reference to the market price (which is the rent required by independent third parties leasing the same or similar property); or if inappropriate or inapplicable,
- with reference to the costs of maintaining the available-for-lease state of the leased property, plus management fee.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Rental Income Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Rental Income Transaction</b>	2.4	1.7	3.6	1.0

### ***Proposed Rental Income Annual Caps***

The Proposed Rental Income Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily by reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the historical amounts of rental payment in the three years ended 2019, 2020, 2021 and nine months ended September 30, 2022; and
- the expected increase in rental income under the rental agreements proposed to be signed by the Group between 2023 and 2025, resulting from the increase in fixed lease area; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Rental Income Annual Caps</b>	5.2	5.0	5.0

### **(XI) Framework Equipment Purchase Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Equipment Purchase Agreement pursuant to which the Group has agreed to purchase equipment and facilities from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

#### ***Parties***

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

#### ***Term***

The Framework Equipment Purchase Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Equipment Purchase Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

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

The parties and/or their respective subsidiaries may enter into an individual equipment purchase agreement and/or other transaction documents ("**Equipment Procurement Documents**") in respect of each actual transaction based on the terms of the Framework Equipment Purchase Agreement. The Equipment Procurement Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Equipment Purchase Agreement in all material respects. In case of any conflict between the Framework Equipment Purchase Agreement and the Equipment Procurement Documents, the Framework Equipment Purchase Agreement shall prevail.

### ***Pricing policy***

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

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

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Equipment Purchase Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Equipment Purchase Transaction</b>	3.9	6.0	4.1	5.9

### ***Proposed Equipment Purchase Annual Caps***

The Proposed Equipment Purchase Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the expected increases in production capacity of the Group in serving the smartphones, networking and computing end markets (as the type and amount of equipment and facilities purchased in previous years were based on the Group's particular business needs and strategic focus of that particular year, historical transaction amounts may not be a good indicator to estimate the future transaction amounts);
- the moving back of equipment procurement from Hon Hai to the Group's electronic manufacturing services division;
- the demand for equipment related to the development of new products; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Equipment Purchase Annual Caps</b>	14.5	10.0	8.0

### **(XII) Framework Equipment Sales Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Equipment Sales Agreement, pursuant to which, the Group has agreed to sell equipment and facilities to Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

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

#### ***Parties***

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

#### ***Term***

The Framework Equipment Sales Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Equipment Sales Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

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

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

### ***Pricing policy***

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

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

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Equipment Sales Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Equipment Sales Transaction</b>	0.7	0.4	2.4	0.9

### ***Proposed Equipment Sales Annual Caps***

The Proposed Equipment Sales Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the expected progress in relation to the Group's outsourcing of certain production process (as the type and amount of equipment and facilities sold by the Group in previous years were based on the respective business needs and strategic focus of the Group and Hon Hai Group in that particular year, historical transaction amounts may not be a good indicator to estimate the future transaction amounts);
- the production strategy as a result of the Group's production costs control measures; and
- a buffer of 10% due to uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Equipment Sales Annual Caps</b>	3.0	3.0	3.0

### **(XIII) Framework Human Resources Support (Expense) Agreement (Hon Hai as service provider)**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Human Resources Support (Expense) Agreement pursuant to which Hon Hai Group has agreed to provide human resources support services to the Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022. For details, please refer to the announcement published by the Company dated November 25, 2019.

The principal terms of the Framework Human Resources Support (Expense) Agreement are set out as follows:

#### ***Parties***

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

#### ***Term***

The Framework Human Resources Support (Expense) Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Human Resources Support (Expense) Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

### ***Subject matter***

Hon Hai Group has agreed to provide certain human resources support services to the Group from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual human resources support services agreement and/or other transaction documents (“**Human Resources Support Services (Expense) Documents**”) in respect of each actual transaction based on the terms of the Framework Human Resources Support (Expense) Agreement. The Human Resources Support Services (Expense) Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Human Resources Support (Expense) Agreement in all material respects. In case of any conflict between the Framework Human Resources Support (Expense) Agreement and the Human Resources Support Services (Expense) Documents, the Framework Human Resources Support (Expense) Agreement shall prevail.

### ***Pricing policy***

The consideration for transactions contemplated under the Framework Human Resources Support (Expense) Agreement shall be determined as follows:

- with reference to comparable third-party prices to the extent independent-third-party suppliers are available; or where such third-party prices are not readily available,
- with reference to the actual cost of the relevant human resources support services provided by Hon Hai Group and its affiliated companies, plus mark-up percentage provided by professional independent third party and in accordance with reasonable business principles.

### ***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Human Resources Support (Expense) Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Human Resources Support (Expense) Transaction</b>	1.7	2.2	3.7	0.8

### ***Proposed Human Resources Support (Expense) Annual Caps***

The Proposed Human Resources Support (Expense) Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the actual amounts for the existing human resources services for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022; and
- the expected increase of the salary in 2023 to 2025.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Human Resources Support (Expense)</b>			
<b>Annual Caps</b>	6.6	6.7	6.8

#### **(XIV) Framework Solar Electricity Fees Agreement**

On November 18, 2022, the Company and Hon Hai agreed upon the terms and conditions of the Framework Solar Electricity Fees Agreement in relation to the purchase of solar electricity by the Group from Hon Hai Group from time to time upon and subject to the terms and conditions thereof. The Company and Hon Hai had entered into an agreement on substantially the same terms for a term from January 1, 2020 to December 31, 2022.

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

##### ***Parties***

- The Company
- Hon Hai

##### ***Term***

The Framework Solar Electricity Fees Agreement is effective during the period of January 1, 2023 to December 31, 2025. The parties may renew the Framework Solar Electricity Fees Agreement through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

##### ***Subject matter***

The parties have agreed that the Group may purchase solar electricity supplied by Hon Hai Group from time to time. Please also refer to the section headed “Reasons for and Benefits in relation to the Transactions” of this announcement for more details.

The parties and/or their respective subsidiaries may enter into an individual solar electricity fees agreement and/or other transaction documents (“**Solar Electricity Fees Documents**”) in respect of each actual transaction based on the terms of the Framework Solar Electricity Fees Agreement. The Solar Electricity Fees Documents shall contain the specific details of the terms of the transaction and must comply with the agreed terms of the Framework Solar Electricity Fees Agreement in all material respects. In case of any conflict between the Framework Solar Electricity Fees Agreement and the Solar Electricity Fees Documents, the Framework Solar Electricity Fees Agreement shall prevail.

***Pricing policy***

The consideration for transactions contemplated under the Framework Solar Electricity Fees Agreement shall be determined with reference to the market price (which is the price offered by independent third parties for providing the same electricity supply), such as the electricity fees charged by local official electrical grid, and shall be equal to or lower than the market price.

***Historical Transaction Amounts***

The table below sets out the historical transaction amounts of the Solar Electricity Fees Transaction for the three years ended December 31, 2019, 2020, 2021 and nine months ended September 30, 2022.

<i>(in US\$ millions)</i>	<b>Historical transaction amounts</b>			
	<b>Year ended December 31,</b>			<b>Nine months ended</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>September 30, 2022</b>
<b>Solar Electricity Fees Transaction</b>	0.8	0.8	0.7	0.6

***Proposed Solar Electricity Fees Annual Caps***

The Proposed Solar Electricity Fees Annual Caps for each of the three years ending December 31, 2023, 2024 and 2025 are set forth below, which was determined primarily with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the historical transaction amounts of the Solar Electricity Fees Transaction during the period from January 1, 2019 to September 30, 2022 (both dates inclusive);
- the expected electricity supply and expected increase in electricity fee in 2023 to 2025; and

- a buffer of 20% due to energy conservation and emission reduction, important development issues of the Group and uncertainties in the external environment.

<i>(in US\$ millions)</i>	<b>Proposed Annual Caps</b>		
	<b>Year ending December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Proposed Solar Electricity Fees Annual Caps</b>	1.3	1.5	1.6

## **REASONS FOR AND BENEFITS IN RELATION TO THE TRANSACTIONS**

In respect of the Product Sales Transaction and the Product Purchase Transaction, the Company strategically focuses on automotive and other emerging applications of the Group's interconnect solutions and related products, parts of the sales and procurement of which are carried out with associates of Hon Hai and connected persons of the Company to reduce production costs and increase profits. The Company therefore considers it in the best interests to generate more income and save cost by carrying out the Product Sales Transaction and the Product Purchase Transaction in response to the latest development of the Company's business plans, provided that the Group purchases from and sells to Hon Hai Group at prices pursuant to the pricing policies set forth in the Framework Sales Agreement and the Framework Purchase Agreement.

In respect of the Molding Parts Transaction, in order to meet the Group's molding parts needs, the Group has engaged Hon Hai Group, who possesses the necessary production capacity for large scale production of molding parts. Due to the nature of customization, confidentiality and high precision of certain of the Group's molding parts, it is key for the Group to have a reliable provider of molding parts.

In respect of the Sub-contracting Services Transaction, the Company is of the view that it is in the interest of the Company to enhance the production efficiency and manage the production cost by sub-contracting certain labor-intensive production processing of its interconnect solutions and other products to Hon Hai Group, which possesses the necessary expertise in providing assembly services to quickly respond to increased demand from the Company's customers and to deliver required products in large volumes.

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

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

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

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

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

In respect of the Rental Income Transaction, since the Company is in the process of further outsourcing certain non-core labor-intensive assembly process to third parties and automating the production process, the Company therefore considers it is in the interest of the Company to utilize the idle properties of the Group by leasing them to Hon Hai Group, provided that the rent is considered to be fair and reasonable to the Company.

In respect of the Equipment Purchase Transaction, the Company has considered the following major factors: (i) the Group is expanding its business and the Group requires additional production equipment and facilities in serving the smartphones, networking and computing end markets; and (ii) the Group's operations in Vietnam have shifted from outsourcing to self-manufacturing with an increasing demand for equipment and facilities.

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

In respect of the Human Resources Support Services (Expense) Transaction, the Group may take advantage of Hon Hai Group's existing technical talents to tackle its human resource bottlenecks in areas such as automation and mold processing, thereby increasing the efficiency and adjusting the manpower demand in peak and off seasons to satisfy the Group's production needs.

In respect of the Solar Electricity Fees Transaction, it promotes the Group's ESG policy in environmental protection and fulfills its corporate social responsibility. The Group may also purchase the electricity from Hon Hai Group at a more favorable price.

Taking into account the above reasons and the respective terms and the pricing policy under each of the Framework Molding Parts Agreement, the Framework Sub-contracting Services Agreement, the Framework Logistics Agreement, the Framework General Services and Costs Sharing (Expense) Agreement, the Framework General Services and Costs Sharing (Income) Agreement, the Framework Property Leasing Agreement, the Framework Pensions Payment Agreement, the Framework Rental Income Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Human Resources Support (Expense) Agreement and the Framework Solar Electricity Fees Agreement, all Directors (including the independent non-executive Directors) are of the view that each of the Proposed Molding Parts Annual Caps, the Proposed Sub-contracting Services Annual Caps, the Proposed Logistics Annual Cap, the Proposed General Services and Costs Sharing (Expense) Annual Caps, the Proposed General Services and Costs Sharing (Income) Annual Caps, the Proposed Property Leasing Annual Caps, the Proposed Pensions Payment Annual Caps, the Proposed Rental Income Annual Caps, the Proposed Equipment Purchase Annual Caps, the Proposed Equipment Sales Annual Cap, the Proposed Human Resources Support (Expense) Annual Caps and the Proposed Solar Electricity Fees Annual Caps are fair and reasonable, the entering into each of the Framework Molding Parts Agreement, the Framework Sub-contracting Services Agreement, the Framework Logistics Agreement, the Framework General Services and Costs Sharing (Expense) Agreement, the Framework General Services and Costs Sharing (Income) Agreement, the Framework Property Leasing Agreement, the Framework Pensions Payment Agreement, the Framework Rental Income Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Human Resources Support (Expense) Agreement and the Framework Solar Electricity Fees Agreement (and the conducting of transactions contemplated under each of the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction and the Solar Electricity Fees Transaction) are fair and reasonable, on normal commercial terms or better to the Company and in the Group's ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

Taking into account the above reasons and the respective terms and the pricing policy under each of the Framework Sales Agreement and the Framework Purchase Agreement, all Directors (excluding the independent non-executive Directors who will express their view in a circular after receiving advice from Alliance Capital Partners Limited, the independent financial adviser) are of the view that each of the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps are fair and reasonable, the entering into each of the Framework Sales Agreement and the Framework Purchase Agreement (and the conducting of transactions contemplated under each of the Product Sales Transaction and the Product Purchase Transaction) are fair and reasonable, on normal commercial terms or better to the Company and in the Group's ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in any of the Product Sales Transaction, the Product Purchase Transaction, the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction and the Solar Electricity Fees Transaction.

## INTERNAL CONTROL

The Group has adopted the following internal control procedures over the continuing connected transactions of the Company including the Product Sales Transaction, the Product Purchase Transaction, the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction and the Solar Electricity Fees Transaction (where relevant).

- Before entering into a transaction under the continuing connected transactions of the Company, the purchase, operation and/or other functional departments (as the case may be) of the Group will review and check whether the pricing is fair and reasonable adhering to the pricing terms and details and, in respect of the procurement of ancillary raw materials from Hon Hai Group that is designated by the Group's customers, the Group's purchase prices are the prices agreed between Hon Hai Group and the Group's customers. In addition to reviewing the pricing before entering into a transaction under the continuing connected transactions of the Company where the pricing terms under the relevant agreements are applied for the first time or the pricing terms are different from those used previously, the accounting department of the Group will review the aforesaid works carried out by the purchase, operation and/or other functional departments (as the case may be) on a quarterly basis. Where the price is to be determined with reference to the market price, the Group will obtain quotations from at least two independent third parties. The Group will then compare the quotations offered by such independent third parties and make sure that the price to be determined under the continuing connected transactions would be no less favorable to the Group.
- The accounting department of the Company is primarily responsible to review and monitor the continuing connected transactions ensuring that the annual caps of the relevant continuing connected transactions are not exceeded and the continuing connected transactions have been conducted in accordance with the pricing policies or mechanisms under the framework agreements relating to such continuing connected transactions. The continuing connected transaction management committee (members of which consist of the head of the accounting department, functional supervisors and officers) under the accounting department directly reports to the Board on continuing connected transaction-related matters. The accounting department has a budget management system which creates a rolling forecast on the monthly transaction amount of the continuing connected transactions. Based on the above, the continuing connected transaction management committee evaluates and reports to the executive Directors on the actual monthly transaction amount and the predicted future transaction amount of the continuing connected transactions. There is also an early warning mechanism in which executive Directors will be immediately informed and an agenda for revision of annual cap(s) will be proposed to the Board for the Directors' review and approval when the utilization rate (inclusive of both actual and predicted transaction amounts) exceeds the threshold of 95%. The Company's internal audit function will also inspect the execution of the continuing connected transactions. The accounting department of the Company will consult with the Group's internal audit function and external lawyers in respect of continuing connected transaction compliance issues and annually report to the head of the accounting department of the Company, who (in her own capacity and on behalf of the Group's management designated for the purposes of the Group's enterprise risk

management and internal controls) will report to the audit committee of the Company and also provide a confirmation to the audit committee that the continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under the Listing Rules have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and that the Group's internal control procedures applicable to continuing connected transactions are adequate and effective to ensure that such transactions were so conducted. The audit committee will consider this accordingly.

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

## **GENERAL INFORMATION**

### **The Group**

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

### **Hon Hai Group**

Hon Hai Group is primarily engaged in the 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.

## LISTING RULE IMPLICATIONS

As of the date of this announcement, the Company is indirectly owned as to 71.16% by Hon Hai, the controlling shareholder of the Company. Accordingly, Hon Hai is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transactions contemplated under each of the Framework Sales Agreement, the Framework Purchase Agreement, the Framework Molding Parts Agreement, the Framework Sub-contracting Services Agreement, the Framework Logistics Agreement, the Framework General Services and Costs Sharing (Expense) Agreement, the Framework General Services and Costs Sharing (Income) Agreement, the Framework Property Leasing Agreement, the Framework Pensions Payment Agreement, the Framework Rental Income Agreement, the Framework Equipment Purchase Agreement, the Framework Equipment Sales Agreement, the Framework Human Resources Support (Expense) Agreement and the Framework Solar Electricity Fees Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Based on the respective proposed annual cap(s) for the Product Sales Transaction and the Product Purchase Transaction, one or more of the relevant size tests' percentage ratios are more than 5% and the Product Sales Transaction and the Product Purchase Transaction constitute non-exempt continuing connected transactions for the Company under the Listing Rules and therefore the Product Sales Transaction and the Product Purchase Transaction, the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the respective proposed annual cap(s) for the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction and the Solar Electricity Fees Transaction, one or more applicable size tests' percentage ratios exceed 0.1% but they are all less than 5%. In accordance with Rule 14A.76(2) of the Listing Rules, each of the Molding Parts Transaction, the Sub-contracting Services Transaction, the Logistics Transaction, the General Services and Costs Sharing (Expense) Transaction, the General Services and Costs Sharing (Income) Transaction, the Property Leasing Transaction, the Pensions Payment Transaction, the Rental Income Transaction, the Equipment Purchase Transaction, the Equipment Sales Transaction, the Human Resources Support Services (Expense) Transaction, the Solar Electricity Fees Transaction, together with their respective proposed annual cap(s) are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Company expects to convene an extraordinary general meeting to seek the Independent Shareholders' approval for the Product Sales Transaction and the Product Purchase Transaction, the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps. Hon Hai and its associates will abstain from voting on the resolutions to be proposed at the extraordinary general meeting for approving the above matters. The Company has established the Independent Board Committee to review, consider, recommend and advise the Independent Shareholders in respect thereof, and has appointed Alliance Capital Partners Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. As additional time is required to prepare the relevant information to be included in the circular, the expected date of dispatch of the circular will be on or before December 9, 2022.

## DEFINITIONS

“affiliated company(ies)”	having the meaning as defined in the Listing Rules;
“associate(s)”	having the meaning as defined in the Listing Rules;
“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;
“Comparable Profit Interval”	the interval between the 25th percentile and the 75th percentile of the profit level indicators of comparable companies;
“Database”	a well-known database of financial information of listed/quoted companies that covers historical financial data, company ratings, stock information, earnings estimates, analytical reports and data, owners’ information, related news and other comprehensive analytical information of tens of thousands of listed/quoted companies;
“Director(s)”	Director(s) of the Company;
“Equipment Purchase Transaction”	purchase of equipment and facilities by the Group from Hon Hai Group as contemplated under the Framework Equipment Purchase Agreement;
“Equipment Sales Transaction”	sale of equipment and facilities by the Group to Hon Hai Group as contemplated under the Framework Equipment Sales Agreement;
“Framework Equipment Purchase Agreement”	the framework equipment purchase agreement between the Company and Hon Hai in relation to the Equipment Purchase Transaction;
“Framework Equipment Sales Agreement”	the framework equipment sales agreement between the Company and Hon Hai in relation to the Equipment Sales Transaction;
“Framework General Services and Costs Sharing (Expense) Agreement”	the framework general services and costs sharing (expense) agreement between the Company and Hon Hai in relation to the General Services and Costs Sharing (Expense) Transaction;
“Framework General Services and Costs Sharing (Income) Agreement”	the framework general services and costs sharing (income) agreement between the Company and Hon Hai in relation to the General Services and Costs Sharing (Income) Transaction;

“Framework Human Resources Support (Expense) Agreement”	the framework human resources support expense agreement between the Company and Hon Hai in relation to the Human Resources Support Services (Expense) Transaction;
“Framework Logistics Agreement”	the framework logistics agreement between the Company and Hon Hai in relation to the Logistics Transaction;
“Framework Molding Parts Agreement”	the framework molding parts agreement between the Company and Hon Hai in relation to the Molding Parts Transaction;
“Framework Pensions Payment Agreement”	the framework pensions payment agreement between the Company and Hon Hai in relation to the Pensions Payment Transaction;
“Framework Property Leasing Agreement”	the framework property leasing agreement between the Company and Hon Hai in relation to the Property Leasing Transaction;
“Framework Purchase Agreement”	the framework purchase agreement between the Company and Hon Hai in relation to the Product Purchase Transaction;
“Framework Rental Income Agreement”	the framework rental income agreement between the Company and Hon Hai in relation to the Rental Income Transaction;
“Framework Sales Agreement”	the framework sales agreement between the Company and Hon Hai in relation to the Product Sales Transaction;
“Framework Solar Electricity Fees Agreement”	the framework solar electricity fees agreement between the Company and Hon Hai in relation to the Solar Electricity Fees Transaction;
“Framework Sub-contracting Services Agreement”	the framework sub-contracting services agreement between the Company and Hon Hai in relation to the Sub-contracting Services Transaction;
“General Services and Costs Sharing (Expense) Transaction”	sharing of costs of certain services and offices spaces of Hon Hai Group (as expenses) as contemplated under the Framework General Services and Costs Sharing (Expense) Agreement;
“General Services and Costs Sharing (Income) Transaction”	sharing of costs of certain services and offices spaces of the Group (as income) as contemplated under the Framework General Services and Costs Sharing (Income) Agreement;
“Group”, “we” or “us”	the Company and/or its subsidiaries (as the case may be);
“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 on February 20, 1974 and listed on the Taiwan Stock Exchange (Stock Code: 2317), the controlling shareholder of the Company;
“Hon Hai Group”	Hon Hai and its subsidiaries and, (where relevant) 30% controlled entities and, for the purpose of this announcement, excluding the Group;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Human Resources Support Services (Expense) Transaction”	the human resources support services provided by Hon Hai Group to the Group as contemplated under the Framework Human Resources Support (Expense) Agreement;
“Independent Board Committee”	the independent board committee established by the Board to consider the Product Sales Transaction and the Product Purchase Transaction, the Proposed Product Sales Annual Caps and the Proposed Product Purchase Annual Caps and to advise the Independent Shareholders in respect thereof;
“Independent Shareholders”	Shareholders other than Hon Hai and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and/or supplemented from time to time;
“Logistics Transaction”	the purchase of certain transportation, logistics, warehousing and customs clearance services by the Group from Hon Hai Group as contemplated under the Framework Logistics Agreement;
“Molding Parts Transaction”	the purchase of various molding parts by the Group from Hon Hai Group as contemplated under the Framework Molding Parts Agreement;
“Pensions Payment Transaction”	the advance pensions payment by the Group on behalf of Hon Hai Group as contemplated under the Framework Pensions Payment Agreement;
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules;
“Product Purchase Transaction”	purchase of various raw materials, ancillary materials and semi-finished components and assembled products by the Group from Hon Hai Group as contemplated under the Framework Purchase Agreement;
“Product Sales Transaction”	sale of various interconnect solutions and other related products manufactured or owned by the Group to Hon Hai Group as contemplated under the Framework Sales Agreement;
“Property Leasing Transaction”	leasing of properties by the Group from Hon Hai Group as contemplated under the Framework Property Leasing Agreement;
“Proposed Equipment Purchase Annual Caps”	the proposed annual caps for the Equipment Purchase Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Equipment Sales Annual Caps”	the proposed annual caps for the Equipment Sales Transaction for the years ending December 31, 2023, 2024 and 2025;

“Proposed General Services and Costs Sharing (Expense) Annual Caps”	the proposed annual caps for the General Services and Costs Sharing (Expenses) Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed General Services and Costs Sharing (Income) Annual Caps”	the proposed annual caps for the General Services and Costs Sharing (Income) Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Human Resources Support (Expense) Annual Caps”	the proposed annual caps for the Human Resources Support Services (Expenses) Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Logistics Annual Caps”	the proposed annual caps for the Logistics Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Molding Parts Annual Caps”	the proposed annual caps for the Molding Parts Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Pensions Payment Annual Caps”	the proposed annual caps for the Pensions Payment Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Product Purchase Annual Caps”	the proposed annual caps for the Product Purchase Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Product Sales Annual Caps”	the proposed annual caps for the Product Sales Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Property Leasing Annual Caps”	the proposed annual caps for the Property Leasing Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Rental Income Annual Caps”	the proposed annual caps for the Rental Income Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Solar Electricity Fees Annual Caps”	the proposed annual caps for the Solar Electricity Fees Transaction for the years ending December 31, 2023, 2024 and 2025;
“Proposed Sub-contracting Services Annual Caps”	the proposed annual caps for the Sub-contracting Services Transaction for the years ending December 31, 2023, 2024 and 2025;
“Rental Income Transaction”	leasing of properties by the Group to Hon Hai Group as contemplated under the Framework Rental Income Agreement;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);

“Solar Electricity Fees Transaction”	the purchase of solar electricity by the Group from Hon Hai Group as contemplated under the Framework Solar Electricity Fees Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-contracting Services Transaction”	the sub-contracting services provided by Hon Hai Group to the Group as contemplated under the Framework Sub-contracting Services Agreement;
“subsidiary(ies)”	having the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“United States”	the United States of America;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	percent.

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

Hong Kong, November 18, 2022

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

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