

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

2024 Interim Report



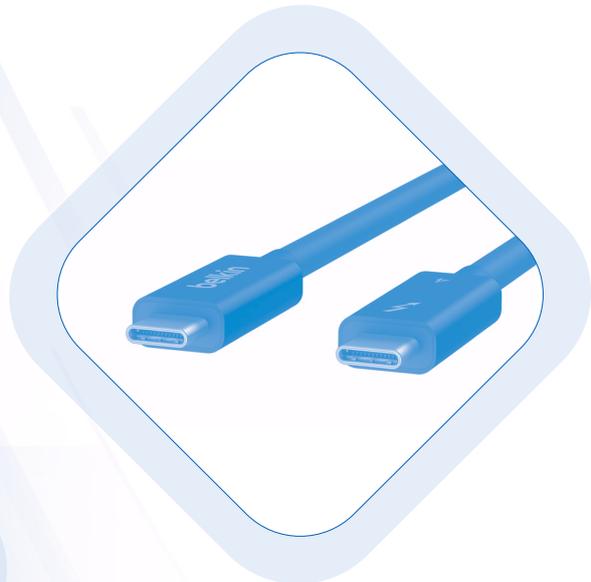
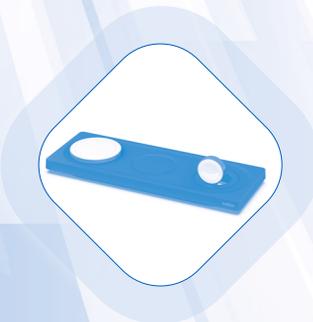
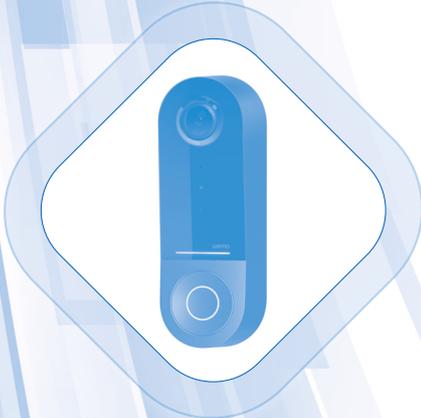
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The English text of this interim report shall prevail over the Chinese text in case of any inconsistency.



Corporate Information

LEGAL NAME OF THE COMPANY

FIT Hon Teng Limited (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)

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock code: 6088

DIRECTORS

Executive Directors

LU Sung-Ching (盧松青)
LU Pochin Christopher (盧伯卿)
PIPKIN Chester John

Non-executive Directors

TRAINOR-DEGIROLAMO Sheldon
(resigned with effect from June 21, 2024)
CHANG Chuan-Wang (張傳旺)
(appointed with effect from June 21, 2024)
HUANG Pi-Chun (黃碧君)

Independent non-executive Directors

CURWEN Peter D
TANG Kwai Chang (鄧貴彰)
CHAN Wing Yuen Hubert (陳永源)

JOINT COMPANY SECRETARIES

WONG Kenneth Tak-Kin (黃德堅)
NG Sau Mei (伍秀薇) (FCG, HKFCG)

AUDIT COMMITTEE

TANG Kwai Chang (鄧貴彰) (Chairman)
CURWEN Peter D
CHAN Wing Yuen Hubert (陳永源)

REMUNERATION COMMITTEE

CHAN Wing Yuen Hubert (陳永源) (Chairman)
TANG Kwai Chang (鄧貴彰)
TRAINOR-DEGIROLAMO Sheldon
(resigned with effect from June 21, 2024)
CHANG Chuan-Wang (張傳旺)
(appointed with effect from June 21, 2024)

NOMINATION COMMITTEE

LU Sung-Ching (盧松青) (Chairman)
CHAN Wing Yuen Hubert (陳永源)
CURWEN Peter D

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

CURWEN Peter D (Chairman)
PIPKIN Chester John
TRAINOR-DEGIROLAMO Sheldon
(resigned with effect from June 21, 2024)
HUANG Pi-Chun (黃碧君)
(appointed with effect from June 21, 2024)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISOR

Sullivan & Cromwell (Hong Kong) LLP

PRINCIPAL BANKS

Citibank, Taiwan Limited
Bank of America, Taipei Branch

AUTHORIZED REPRESENTATIVES

LU Pochin Christopher (盧伯卿)
NG Sau Mei (伍秀薇)

SHARE REGISTRAR AND TRANSFER OFFICE

Principal

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS

66-1, Chungshan Road
Tucheng District, New Taipei City 23680
Taiwan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

WEBSITE

<http://www.fit-foxconn.com>

Financial Highlights

	Six months ended June 30,		
	2024	2023	Change
	USD'000	USD'000	%
	Unaudited	Unaudited	
Key income statement items			
Revenue	2,066,760	1,784,080	15.8
Gross profit	421,193	283,154	48.8
Operating profit	93,175	47,170	97.5
Profit/(loss) attributable to owners of the Company	32,524	(8,952)	463.3

	Six months ended June 30,		
	2024	2023	Change
	Unaudited	Unaudited	% point
Key financial ratios			
Gross profit margin	20.4%	15.9%	4.5
Operating profit margin	4.5%	2.6%	1.9
Margin of profit attributable to owners of the Company	1.6%	(0.5%)	2.1

	Six months	Year ended	Six months
	ended June 30,	December 31,	ended June 30,
	2024	2023	2023
Key operating ratios			
Average inventory turnover days ¹	90	95	105
Average trade receivables turnover days ²	72	67	67
Average trade payables turnover days ¹	68	71	73

(1) Average inventory and trade payables turnover days are based on the average balance of such item divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the year ended December 31, 2023 is 365 days. The number of days for the six months ended June 30, 2024 is 182 days.

(2) Average trade receivables turnover days are based on the average balance of trade receivables, which includes trade receivables due from third parties and trade receivables due from related parties, divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the year ended December 31, 2023 is 365 days. The number of days for the six months ended June 30, 2024 is 182 days.

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

For the six months ended June 30, 2024, we continued to implement business strategies to solidify our position as a global leader in the development and production of interconnect solutions and related products. As a result of these efforts, we have achieved significant growth in our business. In addition, as a result of our successful execution of our product mix improvement strategy, our gross profit margin increased to 20.4%. As discussed in more detail below in the section headed “Results of Operations”, our revenue amounted to US\$2,067 million for the six months ended June 30, 2024, representing an increase of 15.9% as compared to the corresponding period in 2023. We recorded a net profit of US\$33 million for the six months ended June 30, 2024, as compared to the net loss of US\$9 million recorded for the same period in 2023.

Smartphone component products continued to be our main source of revenue by end market. Due to the change in the product structure of smartphones of branded companies, revenue generated from the smartphone end market for the six months ended June 30, 2024 decreased by 4.8% as compared to the same period in 2023.

For the networking end market, the shipments of copper-based components rebounded in 2024 benefiting from the increased demand in the server market driven by artificial intelligence (“AI”). As a result, revenue generated from the networking end market increased by 19.2% for the six months ended June 30, 2024 as compared to the same period in 2023.

For the computing end market, overall revenue remains affected by a decline in the computing market. As a result, for the six months ended June 30, 2024, the revenue generated from the computing end market increased by 0.2% as compared to the same period in 2023.

For the EV mobility end market, on July 3, 2023, we successfully completed the acquisition of Prettl SWH Group (renamed FIT Voltaira Group GmbH after acquisition), a German automotive component designer and manufacturer. Please refer to the Company’s announcements dated January 2, 2023 and July 3, 2023 for further details. The addition of the German automotive business team will contribute to the Company’s expansion strategy for EV and accelerate the development of the Company’s EV products in the future. For the six months ended June 30, 2024, revenue generated from the EV mobility end market increased by 217.0% as compared to the same period in 2023.

For the system products end market, despite the overall weakness in the consumer electronics market, we still maintained the competitiveness of our existing acoustic products and branded products and secured new business of high-end wireless Bluetooth earphones from mainstream brand customers, and the demand for wired earphones increased. For the six months ended June 30, 2024, revenue generated from the system products end market increased by 14.2% as compared to the same period in 2023.

INDUSTRY OUTLOOK AND BUSINESS PROSPECTS

Industry Outlook

With the popularization of AI applications, the global connector industry is undergoing rapid technical development which requires higher product bandwidth, power and compatibility, and which enables connector products and cable products to be applied in more applications and scenarios. In the future, for products across various application fields, we believe connectors and cables that have better compatibilities will be more popular in the market. In such an environment, we have seized emerging market opportunities and built brand awareness globally, thereby rapidly expanding our market share.

Smartphones. Although the global demand for smartphone is affected by inflation, with a decline in willingness to consume and potential downward trend in phone shipments, we remain positive on the high-end smartphone market and will continue to seize business opportunities for related components.

Networking. Demand for AI and cloud services created the need for greater data centers' capacity. Data centers require a variety of physical connectors, routers, electricity, signals and networks, which generate heavy demand for connectors. We will grasp the three major trends of data centers: more power saving, higher power conversion efficiency, and a more open standard platform to meet customers' demand for innovative connectors and create market potential.

Computing. The steady need for various connectors in the computing end market has laid a solid foundation for the demand for connectors. We have also observed that the AI trend helps promote the upgrade of electronic products. However, due to the impact of the overall economic uncertainty and inflation, corporate and consumer spending tends to be conservative, and market demand is expected to stabilize in the second half of 2024.

EV Mobility. Despite the growth for EV mobility being revised downward due to market impact, we remain optimistic on the robust demand for electrification and autonomous driving trends, which will boost the market demand for the Company's existing "power management, vehicle-to-everything and human-to-machine interface" products. At the same time, the three main business divisions of FIT Voltaira Group GmbH – Sense, Connect and Electrify, will also expand the scope of our overall automotive products.

System Products. The continuous pursuit of entertainment experience has driven the demand for acoustic and wireless fast charging products in the electronic consumer market, and the growth in the technology field in the coming year will lead to a potential growth trend for entertainment related system products.

Business Prospects

Driven by the overall industry prospects, we anticipate the connector industry to ride the AI wave and drive the recovery of the consumer electronics industry, despite still being affected by uncertainties in the general business environment in the second half of 2024. We will execute our plan to continuously focus on 5G/AIoT, acoustics and EV mobility end markets.

- *Smartphones.* Due to ongoing macroeconomic uncertainties, we will monitor closely if the shipments of smartphones of brand companies will be affected. However, we anticipate that this end market will continue to be our main revenue contributor.
- *Networking.* As demand for AI server and satellite communications explodes, the demand for high-speed transfer of large volume of information will become the driving force of our growth in the medium and long term. With our focus on high-speed connectors and cable modules, we expect our estimated revenue to increase as well.
- *Computing.* Industrial growth is expected to continue to slow down, so we will focus more on profitability rather than revenue growth.
- *EV mobility.* We will integrate the resources of the newly added German automotive business team to deepen our customer relationship with first-tier automotive suppliers as well as to expand our customer access, technological development and manufacturing base. We believe that, with our leading position in the development and production of interconnect solutions, we will be able to tap into the emerging demand for electric vehicles. We also plan to increase our investments in developing in-vehicle electronic systems and key autonomous driving components. Simultaneously, our strategic partnership with Hon Hai Group places us in a good position to capture the emerging opportunities in the automotive electronics market in the future.
- *System products.* We will seize the long-term cooperation relationship with key customers and new order opportunities, and will expand our acoustic product lines in Vietnam and India, which will see significant growth in results in the future.

Management Discussion and Analysis

RESULTS OF OPERATIONS

Revenue

We derive our revenue mainly from the sale of our connector product solutions and other products and also a small portion from the sale of mold parts and sample products and other products for, amongst others, industrial and medical use. For the six months ended June 30, 2024, our revenue amounted to US\$2,067 million, representing a 15.9% increase from US\$1,784 million for the same period in 2023. Among the five main end markets, our revenue from (1) the smartphones end market decreased by 4.8%, (2) the networking end market increased by 19.2%, (3) the computing end market increased by 0.2%, (4) the EV mobility end market increased by 217.0%, and (5) the system products end market increased by 14.2%. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated:

	For the Six Months Ended June 30,			
	2024		2023	
	US\$	%	US\$	%
	(in thousands, except for percentages)			
Smartphones	415,228	20.1	436,284	24.4
Networking	260,729	12.6	218,646	12.3
Computing	378,226	18.3	377,583	21.2
EV mobility	227,270	11.0	71,696	4.0
System products	671,576	32.5	588,169	33.0
Others	113,731	5.5	91,702	5.1
Total	2,066,760	100.0	1,784,080	100.0

Smartphones. The 4.8% decrease in revenue from the smartphones end market was primarily due to the change in the product structure of smartphones of branded companies.

Networking. The 19.2% increase in revenue from the networking end market was primarily due to the rebounded shipments of copper-based components.

Computing. The revenue from the computing end market increased by 0.2% only, which was primarily due to the decline in the computing market.

EV Mobility. The revenue from the EV mobility end market increased by 217.0%, which was primarily due to the completion of the acquisition of FIT Voltaira Group GmbH (formerly known as Prettl SWH Group), a German automotive component designer and manufacturer, on July 3, 2023.

System products. The revenue from the system products end market increased by 14.2%, which was primarily attributable to the new business of high-end wireless Bluetooth earphones we secured from mainstream brand customers, and the increase in the demand for wired earphones.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 9.7% from US\$1,501 million for the six months ended June 30, 2023 to US\$1,646 million for the same period in 2024. Our cost of sales primarily includes (1) raw materials and consumables used, (2) consumption of inventories of finished goods and work in progress, (3) employee benefit expenses in connection with our production personnel, (4) depreciation of property, plant and equipment, (5) subcontracting expenses, (6) utilities, molding and consumable expenses, and (7) other costs associated with the production and shipments of our interconnect solutions and other products. For the six months ended June 30, 2024, the increase was primarily driven by recovery in revenue.

As a result of the foregoing, our gross profit increased by 48.8% from US\$283 million for the six months ended June 30, 2023 to US\$421 million for the same period in 2024, primarily due to recovery in revenue. Our gross profit margin increased from 15.9% for the six months ended June 30, 2023 to 20.4% for the same period in 2024, primarily due to the increase in the sale of products with high gross profit and the decrease in delivery expenses as a result of changes in product portfolio.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses increased by 31.9% from US\$47 million for the six months ended June 30, 2023 to US\$62 million for the same period in 2024, primarily due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the sales unit and the expenses incurred for the expansion of our online e-commerce channels for the end products.

Administrative Expenses

Our administrative expenses increased by 66.2% from US\$71 million for the six months ended June 30, 2023 to US\$118 million for the same period in 2024, primarily due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the administrative unit.

Management Discussion and Analysis

Research and Development Expenses

Our research and development expenses primarily consist of (1) employee benefit expenses paid to our research and development personnel, (2) molding and consumables expenses relating to the moldings used in research and development, (3) depreciation of molds and molding equipment and (4) other costs and expenses in connection with our research and development activities. Our research and development expenses increased by 23.7% from US\$139 million for the six months ended June 30, 2023 to US\$172 million for the same period in 2024, mainly due to the fact that FIT Voltaira Group GmbH became a wholly-owned subsidiary of the Company since July 2023, which led to an increase in the number of employees in the research and development unit and our investment in new product development.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 97.9% from US\$47 million for the six months ended June 30, 2023 to US\$93 million for the same period in 2024, primarily due to the increased demand from brand customers and the diversified product portfolios. Our operating profit margin increased from 2.6% for the six months ended June 30, 2023 to 4.5% for the same period in 2024.

Income Tax Expense

We incur income tax expenses primarily relating to our operations in China, Taiwan, United States, and Vietnam. Our income tax expenses increased by 81.3% from US\$16 million for the six months ended June 30, 2023 to US\$29 million for the same period in 2024, which were primarily due to the increase in operating profit in certain countries.

Profit/Loss for the Period

As a result of the increase in operating profit, we recorded a net profit of US\$33 million for the six months ended June 30, 2024, as compared to a net loss of US\$9 million recorded for the same period in 2023. Our profit margin increased from -0.5% for the six months ended June 30, 2023 to 1.6% for the same period in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity, Working Capital and Borrowings

We finance our operations primarily through cash generated from our operating activities and bank borrowings. As of June 30, 2024, we had cash and cash equivalents of US\$1,026 million, compared to US\$1,316 million as of December 31, 2023. In addition, as of June 30, 2024, we had short-term bank deposits of US\$143 million, compared to US\$4 million as of December 31, 2023.

As of June 30, 2024, we had total bank borrowings of US\$1,501 million, including short-term borrowings of US\$902 million and long-term borrowings of US\$599 million, as compared to US\$1,383 million as of December 31, 2023, which were entirely comprised of short-term borrowings. We obtained bank borrowings mainly for our working capital purpose and to supplement our capital needs for investment and acquisition activities.

Our current ratio, calculated using current assets divided by current liabilities, was 1.6 times as of June 30, 2024, compared to 1.2 times as of December 31, 2023. Our quick ratio, calculated using current assets less inventories divided by current liabilities, was 1.2 times as of June 30, 2024, compared to 0.9 times as of December 31, 2023. The increases in our current ratio and quick ratio were primarily due to the completion of the renewal of syndicated loan and its recognition as non-current liabilities.

Cash Flow

For the six months ended June 30, 2024, our net cash used in operating activities was US\$42 million, net cash used in investing activities was US\$302 million, and net cash generated from financing activities was US\$98 million.

Capital Expenditures

Our capital expenditures primarily relate to the purchases of land use rights, property, plant and equipment and intangible assets (exclusive of goodwill). We finance our capital expenditures primarily through cash generated from our operating activities and bank borrowings.

For the six months ended June 30, 2024, our capital expenditures amounted to US\$211 million, as compared to US\$95 million for the same period in 2023. The capital expenditures for the six months ended June 30, 2024 were primarily incurred from upgrading, maintaining, and converting production facilities, including new plant and equipment expansion and converting production facilities for optical products.

Management Discussion and Analysis

Significant Investments, Acquisitions and Disposals

We did not have any significant investment, material acquisitions or material disposals during the six months ended June 30, 2024.

Inventories

Our inventories consist primarily of raw materials, work in progress and finished goods. We review our inventory levels on a regular basis to manage the risk of excessive inventories. Our average inventory turnover days for the six months ended June 30, 2024 was 90 days as compared to 105 days in 2023. The lower inventory turnover days for the six months ended June 30, 2024 was primarily due to our continued strict stock control.

Our inventories increased from US\$802 million as of December 31, 2023 to US\$814 million as of June 30, 2024.

Provision for inventory impairment decreased from US\$64 million as of December 31, 2023 to US\$57 million as of June 30, 2024.

Trade Receivables

Our trade receivables are receivables from our third party and related party customers for the sale of our interconnect solutions and other products.

We typically grant to our third party and related party customers a credit period ranging from 45 days to 90 days. Our average trade receivables turnover days increased from 67 days in 2023 to 72 days for the six months ended June 30, 2024, mainly due to the increase in trade receivables at the end of the quarter ended June 30, 2024 as a result of revenue recovery. Our average trade receivables turnover days for related parties for the six months ended June 30, 2024 was 99 days as compared to 106 days in 2023.

Our trade receivables remained stable at US\$807 million as of December 31, 2023 and US\$814 million as of June 30, 2024.

Trade Payables

Our trade payables primarily relate to the procurement of raw materials. Our average trade payables turnover days for the six months ended June 30, 2024 were 68 days, which were lower as compared to 73 days for 2023, primarily due to our strict control over the procurement operations.

Our trade payables decreased from US\$663 million as of December 31, 2023 to US\$570 million as of June 30, 2024, primarily due to seasonal fluctuations.

Major Capital Commitments

As of June 30, 2024, we had capital commitments of US\$27 million, which were primarily connected with the purchase of property, plant and equipment related to our production facilities and investments.

Contingent Liabilities

As of June 30, 2024, save as disclosed in the section headed “Pledge of Assets” below, we did not have any significant contingent liability, guarantee or any litigation against us that would have a material impact on our financial position or results of operations.

Gearing Ratio

As of June 30, 2024, our gearing ratio, calculated as net debts (which are calculated as total borrowings less cash and cash equivalents and short term bank deposits) divided by total capital, was 13.9% as compared to 2.6% as of December 31, 2023.

PLEDGE OF ASSETS

As of June 30, 2024, (i) certain bank deposits totaling RMB7.7 million (approximately US\$1.1 million) of Chongqing Hon Teng Technology Co., Ltd. (重慶市鴻騰科技有限公司) and Huaian Fu Li Tong Trading Co., Ltd. (淮安市富利通貿易有限公司) have been pledged as customs guarantee; (ii) certain bank deposits totaling VND11,282 million (approximately US\$0.4 million) of New Wing Interconnect Technology (Bac Giang) Co., Ltd have been pledged as power purchase guarantee; and (iii) certain bank deposits totaling US\$0.8 million of Belkin International Inc. have been pledged as Travel and Entertainment (T&E) corporate card guarantee.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As of June 30, 2024, we had approximately 58,514 employees, as compared to 66,148 employees as of December 31, 2023. Total employee benefit expenses including Directors' remuneration were US\$461 million, as compared to US\$358 million for the same period in 2023. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In addition to salaries and wages, other employee benefit expenses include cash bonus, pension, housing fund, medical insurance, and other social insurances, as well as share-based payment expenses and others. We also adopted the Share Option Scheme and the Restricted Share Award Schemes to offer valuable incentives to attract and retain quality personnel. We have been evaluating, and may adopt, new share incentive schemes that comply with the requirements of the Listing Rules. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance, and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

FOREIGN EXCHANGE RISK

We operate in various locations and most of our sales, purchases or other transactions are denominated in U.S. dollars, New Taiwan dollars and Renminbi. Foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. A majority of our Group's entities is exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the functional currencies in which the entities operate. As we enter into transactions denominated in currencies other than the functional currencies in which we or our subsidiaries operate, we face foreign currency risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated.

Our condensed consolidated interim financial information is reported in U.S. dollar. Our PRC and other non-U.S. subsidiaries prepare financial statements in Renminbi or their respective local currencies as their functional currencies, which are then translated into U.S. dollar prior to being consolidated in our financial information. As a result, changes in the value of the U.S. dollar relative to the functional currencies of these subsidiaries create translation gains and losses in other comprehensive income or loss upon consolidation. In addition, as our PRC and other non-U.S. subsidiaries generally have significant U.S. dollar-denominated sales with and account receivables due from the Group entities, depreciation of the U.S. dollar would result in foreign exchange losses while appreciation of the U.S. dollar would result in foreign exchange gains.

To further mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Under such policy, we enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. As of June 30, 2024, the nominal principal amount of our forward foreign exchange contracts was US\$100 million.

SUBSEQUENT EVENTS

On July 11, 2024, Foxconn Interconnect Technology GmbH (“FIT GmbH”) (as guarantor) and FIT Voltaira Autokabel Gruppe GmbH (“German SPV”) (as purchaser), each an indirect wholly-owned subsidiary of the Company, entered into sale and purchase agreements with each of Mr. Martin Mucha, Mrs. Ursula Griesenbach and Auto-Kabel Hausen GmbH (together, the “Sellers”), pursuant to which the Sellers conditionally agreed to sell certain assets of and shares in the Auto-Kabel group of companies for a consideration of EUR72.5 million subject to various adjustments (the “AK Acquisition”). Upon completion of the AK Acquisition, the Company (through FIT GmbH and the German SPV) will own such assets and shares in the Auto-Kabel group of companies. For more details, please refer to the announcement of the Company dated July 11, 2024.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2024.

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of FIT Hon Teng Limited

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

Introduction

We have reviewed the interim financial information set out on pages 17 to 67, which comprises the interim condensed consolidated balance sheet of FIT Hon Teng Limited (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 12, 2024

Interim Condensed Consolidated Income Statement

For the six months ended June 30, 2024

	Note	For the six months ended June 30,	
		2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Revenue	7	2,066,760	1,784,080
Cost of sales	10	(1,645,567)	(1,500,926)
Gross profit		421,193	283,154
Distribution costs and selling expenses	10	(61,980)	(46,596)
Administrative expenses	10	(118,492)	(70,776)
Research and development expenses	10	(171,606)	(139,262)
Impairment loss on financial assets		(102)	(1,143)
Other income	8	9,909	10,293
Other gains – net	9	14,253	11,500
Operating profit		93,175	47,170
Finance income		14,585	14,907
Finance costs		(40,022)	(26,776)
Finance costs – net		(25,437)	(11,869)
Share of results of associates		(6,343)	(11,981)
Impairment loss on interest in an associate		–	(15,795)
Profit before income tax		61,395	7,525
Income tax expense	11	(28,723)	(16,204)
Profit/(loss) for the period		32,672	(8,679)
Profit/(loss) attributable to:			
Owners of the Company		32,524	(8,952)
Non-controlling interests		148	273
		32,672	(8,679)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in US cents per share)			
Basic earnings/(loss) per share	12	0.46	(0.13)
Diluted earnings/(loss) per share	12	0.46	(0.13)

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

	For the six months ended June 30,	
	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Profit/(loss) for the period	32,672	(8,679)
Other comprehensive (loss)/income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(84,546)	(65,973)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Fair value change in financial assets at fair value through other comprehensive income	94	22
Total other comprehensive loss for the period, net of tax	(84,452)	(65,951)
Total comprehensive loss for the period	(51,780)	(74,630)
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(51,855)	(74,862)
Non-controlling interests	75	232
	(51,780)	(74,630)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

As at June 30, 2024

	Note	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	905,245	899,787
Investment property	15	6,454	6,738
Right-of-use assets		102,991	105,636
Intangible assets	16	680,818	700,291
Financial assets at fair value through other comprehensive income	17	19,694	19,630
Financial assets at fair value through profit or loss	18	49,228	38,709
Interests in associates	19	66,850	73,193
Deposits and prepayments	20	10,729	6,685
Finance lease receivables		–	4,727
Deferred income tax assets		123,679	126,349
		1,965,688	1,981,745
Current assets			
Inventories		813,982	801,800
Trade receivables	20	814,233	807,282
Deposits, prepayments and other receivables	20	195,004	148,268
Finance lease receivables		6,115	16,206
Financial assets at fair value through profit or loss	18	–	3,131
Short-term bank deposits		142,599	3,940
Cash and cash equivalents		1,025,652	1,316,364
		2,997,585	3,096,991
Asset classified as held for sale		–	15,000
Total current assets		2,997,585	3,111,991
Total assets		4,963,273	5,093,736
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	142,382	142,382
Treasury shares		(91,859)	(91,859)
Reserves		2,332,447	2,384,302

Interim Condensed Consolidated Balance Sheet

As at June 30, 2024

	Note	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Non-controlling interests		2,382,970	2,434,825
		2,628	2,553
Total equity		2,385,598	2,437,378
LIABILITIES			
Non-current liabilities			
Bank borrowings	22	598,933	–
Lease liabilities		38,611	41,308
Deferred income tax liabilities		35,509	40,781
Deposits received and other payables	23	11,008	10,783
		684,061	92,872
Current liabilities			
Trade and other payables	23	936,759	1,094,651
Contract liabilities		3,866	5,297
Lease liabilities		13,524	11,442
Bank borrowings	22	901,837	1,382,519
Current income tax liabilities		37,303	69,577
Financial liabilities at fair value through profit or loss	18	325	–
		1,893,614	2,563,486
Total liabilities		2,577,675	2,656,358
Total equity and liabilities		4,963,273	5,093,736

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 17 to 67 were approved by the Board of Directors on August 12, 2024 and were signed on its behalf by:

Mr. Sung-ching Lu

Mr. Pochin Christopher Lu

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

(unaudited)	Attributable to owners of the Company							
	Share capital USD'000	Treasury shares USD'000	Share premium		Retained earnings USD'000	Sub-total USD'000	Non-controlling interests USD'000	Total equity USD'000
			and capital reserve	Other reserves				
			USD'000	USD'000				
Balance as at January 1, 2024	142,382	(91,859)	618,516	(84,423)	1,850,209	2,434,825	2,553	2,437,378
Comprehensive income								
– Profit for the period	-	-	-	-	32,524	32,524	148	32,672
Other comprehensive (loss)/income:								
– Exchange difference arising on the translation of foreign operations	-	-	-	(84,473)	-	(84,473)	(73)	(84,546)
– Fair value change in financial assets at fair value through other comprehensive income	-	-	-	94	-	94	-	94
Total comprehensive (loss)/income	-	-	-	(84,379)	32,524	(51,855)	75	(51,780)
Transactions with owners								
– Appropriation of statutory reserves	-	-	-	8,535	(8,535)	-	-	-
Total transactions with owners, recognized directly in equity	-	-	-	8,535	(8,535)	-	-	-
Balance at June 30, 2024	142,382	(91,859)	618,516	(160,267)	1,874,198	2,382,970	2,628	2,385,598

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

(unaudited)	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium		Other reserves	Retained earnings	Sub-total		
			and capital reserve						
			USD'000	USD'000					
Balance as at January 1, 2023	142,160	(91,759)	615,637	(54,734)	1,734,043	2,345,347	1,592	2,346,939	
Comprehensive (loss)/income									
– (Loss)/profit for the period	–	–	–	–	(8,952)	(8,952)	273	(8,679)	
Other comprehensive (loss)/income:									
– Exchange difference arising from the translation of foreign operations	–	–	–	(65,932)	–	(65,932)	(41)	(65,973)	
– Fair value change in financial assets at fair value through other comprehensive income	–	–	–	22	–	22	–	22	
Total comprehensive (loss)/income	–	–	–	(65,910)	(8,952)	(74,862)	232	(74,630)	
Transactions with owners									
– Allotment of shares under share grant plan (Note 24(a))	222	–	2,879	(3,101)	–	–	–	–	
– Shares purchased for share award scheme (Note 24(c))	–	(968)	–	–	–	(968)	–	(968)	
– Shares vested under share award scheme (Note 24(c))	–	862	–	–	–	862	–	862	
– Appropriation of statutory reserves	–	–	–	5,616	(5,616)	–	–	–	
Total transactions with owners, recognized directly in equity	222	(106)	2,879	2,515	(5,616)	(106)	–	(106)	
Balance at June 30, 2023	142,382	(91,865)	618,516	(118,129)	1,719,475	2,270,379	1,824	2,272,203	

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	For the six months ended June 30,	
	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Cash flow from operating activities		
Cash generated from operations	21,914	261,194
Income tax paid	(63,636)	(58,451)
Net cash (used in)/generated from operating activities	(41,722)	202,743
Cash flow from investing activities		
Payments for the purchase of property, plant and equipment	(209,806)	(93,560)
Payments for the purchase of intangible assets	(1,112)	(1,068)
Payments for investments in financial assets at fair value through profit or loss	(767)	(1,872)
Proceeds from/(payments for) settlement on forward exchange contracts	4,664	(28,742)
Proceeds from disposal of property, plant and equipment	14,107	13,596
Proceeds from finance lease receivables	14,818	7,803
(Increase)/decrease in short-term bank deposits	(138,659)	38,977
Interest received	14,585	14,907
Net cash used in investing activities	(302,170)	(49,959)
Cash flow from financing activities		
Shares purchased for share award scheme	–	(968)
Proceeds from bank borrowings	3,688,364	694,440
Repayment of bank borrowings	(3,546,746)	(311,590)
Principal elements of lease payments	(3,943)	(4,004)
Interest paid	(40,022)	(26,588)
Net cash generated from financing activities	97,653	351,290
Net (decrease)/increase in cash and cash equivalents	(246,239)	504,074
Cash and cash equivalents at beginning of the period	1,316,364	914,045
Exchange difference on cash and cash equivalents	(44,473)	(34,562)
Cash and cash equivalents at end of the period	1,025,652	1,383,557

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 General information of the Group

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

The Group is principally engaged in the manufacturing and sales of mobile and wireless devices, connectors applied in the communication, computer and automotive markets, and trading and distribution of mobile device related products.

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

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

The interim condensed consolidated financial information is presented in United States Dollar (“USD”) unless otherwise stated.

2 Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended June 30, 2024 is prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” and should be read in conjunction with the annual financial statements for the year ended December 31, 2023 (“Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3 Summary of material accounting policies

The accounting policies applied are consistent with those as described in the Annual Financial Statements, except for the adoption of the amended standards as set out in note 3(i).

3 Summary of material accounting policies (continued)

(i) Amendments to standards adopted by the Group

The Group has applied the following amendments to standards which are mandatory for the financial year beginning on January 1, 2024 and are relevant to its operations:

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements
Amendments to IAS 16	Lease liability in sale and leaseback

The amendments to standards listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect current or future periods.

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

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

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the new standards and amendments to standards when they become effective. The Group are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards, none of which is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

Notes to the Interim Condensed Consolidated Financial Information

4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Financial Statements.

5 Financial risk management and financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risks management information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Annual Financial Statements.

There have been no changes in the risk management policies since the year ended December 31, 2023.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

As at June 30, 2024, the Group held deposits at banks and cash in hand of USD1,168,251,000 (as at December 31, 2023: USD1,320,304,000).

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group expects to fund the future cash flow needs through internally generated cash flows from operations and borrowings from banks.

5 Financial risk management and financial instruments (continued)

(b) Liquidity risk (continued)

(i) Financing arrangements

As at June 30, 2024 and December 31, 2023, the Group had the following bank borrowings:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Floating rate – unsecured		
Expiring within one year	901,837	1,382,519
Expiring between one to five years	598,933	–
	1,500,770	1,382,519

(ii) Maturities of financial liabilities

The table below categorizes the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

At June 30, 2024
(unaudited)

	Less than 1 years USD'000	From 1 year to 2 years USD'000	From 2 years to 5 years USD'000	Over 5 years USD'000	Total contractual cash flows USD'000	Carrying amount USD'000
Trade and other payables	800,134	–	–	–	800,134	800,134
Lease liabilities	9,790	18,438	31,023	–	59,251	52,135
Borrowings	1,040,818	36,374	627,280	–	1,704,472	1,500,770

5 Financial risk management and financial instruments (continued)

(b) Liquidity risk (continued)

(ii) Maturities of financial liabilities (continued)

At December 31, 2023

(audited)

	Less than 1 years USD'000	From 1 year to 2 years USD'000	From 2 years to 5 years USD'000	Over 5 years USD'000	Total contractual cash flows USD'000	Carrying amount USD'000
Trade and other payables	975,571	–	–	–	975,571	975,571
Lease liabilities	10,882	14,321	18,739	10,953	54,895	52,750
Borrowings	1,400,961	–	–	–	1,400,961	1,382,519

The amounts disclosed in the table are based on the contractual undiscounted cash flows, including interest payments computed using contractual rates. Trade and other payable balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(iii) Available banking facilities

As at June 30, 2024, the Group had undrawn banking facilities of approximately USD1,752,721,000 (as at December 31, 2023: USD1,649,709,000). For details, please refer to Note 22.

(c) Fair value estimation

The Group's financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial liabilities at fair value through profit or loss ("FVPL") are reported at fair value while the carrying amounts of the Group's cash and cash equivalents, short-term bank deposits, finance lease receivables, trade receivables, deposits, other receivables, amounts due from related parties (non-trade) and, trade and other payables (excluding employees benefits related payable and other taxes payable), lease liabilities and bank borrowings approximate their fair values due to their short maturities and/or bear interest rate at market rates. The nominal values less estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

The table below analyzes the Group's financial instruments carried at fair values as at June 30, 2024 and December 31, 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 USD'000 (unaudited)	Level 2 USD'000 (unaudited)	Level 3 USD'000 (unaudited)	Total USD'000 (unaudited)
As at June 30, 2024				
Financial assets				
Financial assets at fair value through profit or loss	–	–	49,228	49,228
Financial assets at fair value through other comprehensive income	256	–	19,438	19,694
	256	–	68,666	68,922
As at June 30, 2024				
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	325	–	325

5 Financial risk management and financial instruments (continued)

(c) Fair value estimation (continued)

	Level 1 USD'000 (audited)	Level 2 USD'000 (audited)	Level 3 USD'000 (audited)	Total USD'000 (audited)
As at December 31, 2023				
Financial assets				
Financial assets at fair value through profit or loss	–	3,131	38,709	41,840
Financial assets at fair value through other comprehensive income	173	–	19,457	19,630
	173	3,131	58,166	61,470

There were no transfers between levels 1, 2 and 3 during the six months ended June 30, 2024. There were also no changes made to any of the valuation techniques applied as of December 31, 2023.

The changes and movements of financial instruments in level 3 for the six months ended June 30, 2024 and 2023 are as follows:

	For the six months ended June 30,	
	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Financial assets		
At beginning of the period	58,166	73,232
Addition	767	1,872
Transfer	15,000	(15,000)
Fair value change	(5,127)	5,000
Exchange difference	(140)	(598)
At end of the period	68,666	64,506

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information

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

The Group was organized into two main operating segments namely (i) intermediate products and (ii) consumer products. Intermediate products relate to the manufacturing and sales of mobile and wireless devices, and connectors applied in the communication, computer and automotive markets. The Group’s intermediate products are mainly manufactured through its production complexes in the People’s Republic of China (the “PRC”) and Vietnam. Consumer products refer to the trading and distribution of mobile device related products. The Group’s consumer products are mainly manufactured by its production complexes or other third party manufacturers in the PRC and Vietnam and distributed globally.

Accordingly, the Group presents the revenue and corresponding assets and liabilities for the segments, and does not allocate expenses or the other assets to the respective segments.

Segment revenue and results

For the six months ended June 30, 2024, the Group’s revenue by operating segment is as follows:

	Intermediate products USD’000 (unaudited)	Consumer products USD’000 (unaudited)	Total USD’000 (unaudited)
Revenue	1,838,626	300,845	2,139,471
Inter-segment revenue eliminations	(72,711)	–	(72,711)
Revenue from external customers	1,765,915	300,845	2,066,760
Gross profit			421,193
Unallocated:			
Operating expenses			(352,180)
Other income			9,909
Other gains – net			14,253
Finance costs – net			(25,437)
Share of results of associates			(6,343)
Profit before income tax			61,395

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

Segment revenue and results (continued)

For the six months ended June 30, 2023, the Group's revenue by operating segment is as follows:

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Revenue	1,526,610	318,146	1,844,756
Inter-segment revenue eliminations	(60,676)	–	(60,676)
Revenue from external customers	1,465,934	318,146	1,784,080
Gross profit			283,154
Unallocated:			
Operating expenses			(257,777)
Other income			10,293
Other gains – net			11,500
Finance costs – net			(11,869)
Share of results of associates			(11,981)
Impairment loss on interest in an associate			(15,795)
Profit before income tax			7,525

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

Segment revenue and results (continued)

For the six months ended June 30, 2024 and 2023, revenue by product lines is as follows:

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Smartphones	415,228	436,284
Networking	260,729	218,646
Computing	378,226	377,583
System products	671,576	588,169
EV mobility	227,270	71,696
Others	113,731	91,702
	2,066,760	1,784,080

The comparative figures in the above analysis have been restated to conform with current period's presentation in revenue by products.

For the six months ended June 30, 2024 and 2023, revenue by geographical areas is as follows:

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
United States of America	906,525	860,773
The PRC	347,731	301,140
Taiwan	185,138	176,818
Hong Kong	114,257	73,212
Singapore	72,077	51,123
United Kingdom	44,032	40,072
Germany	37,071	27,552
Others	359,929	253,390
	2,066,760	1,784,080

6 Segment information (continued)

Segment revenue and results (continued)

The comparative figures in the above analysis have been restated to conform with current period's presentation in revenue by geographical areas.

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

For the six months ended June 30, 2024, there were two customers (2023: two customers), which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from these customers are as follows:

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Customer A	812,794	744,002
Customer B	244,853	230,528

Customer A refers to a cluster of customers consisting of a brand company and its nominated contract manufacturers; Customer B is a group of related companies.

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

As at June 30, 2024:

	Intermediate products USD'000 (unaudited)	Consumer products USD'000 (unaudited)	Total USD'000 (unaudited)
Assets			
Segment assets	1,804,114	830,018	2,634,132
Unallocated:			
Property, plant and equipment			905,245
Investment property			6,454
Right-of-use assets			102,991
Intangible assets			4,313
Financial assets at fair value through other comprehensive income			19,694
Financial assets at fair value through profit or loss			49,228
Interests in associates			66,850
Finance lease receivables			6,115
Short-term bank deposits			142,599
Cash and cash equivalents			1,025,652
Total assets			4,963,273
Liabilities			
Segment liabilities	877,261	147,184	1,024,445
Unallocated:			
Bank borrowings			1,500,770
Lease liabilities			52,135
Financial liabilities at fair value through profit or loss			325
Total liabilities			2,577,675

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

Segment assets and liabilities (continued)

As at December 31, 2023:

	Intermediate products USD'000 (audited)	Consumer products USD'000 (audited)	Total USD'000 (audited)
Assets			
Segment assets	1,714,334	871,473	2,585,807
Unallocated:			
Property, plant and equipment			899,787
Investment property			6,738
Right-of-use assets			105,636
Intangible assets			4,868
Financial assets at fair value through other comprehensive income			19,630
Financial assets at fair value through profit or loss			41,840
Interests in associates			73,193
Finance lease receivables			20,933
Short-term bank deposits			3,940
Cash and cash equivalents			1,316,364
Asset classified as held for sale			15,000
Total assets			5,093,736
Liabilities			
Segment liabilities	1,054,599	166,490	1,221,089
Unallocated:			
Bank borrowings			1,382,519
Lease liabilities			52,750
Total liabilities			2,656,358

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

Segment assets and liabilities (continued)

The geographical analysis of the Group's non-current assets (other than intangible assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, interests in associates, finance lease receivables and deferred income tax assets) is as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
The PRC	527,471	561,731
Vietnam	285,705	310,861
India	117,633	51,380
United States of America	52,467	46,781
Germany	13,780	15,368
Taiwan	10,805	13,231
Others	17,558	19,494
	1,025,419	1,018,846

7 Revenue

	For the six months ended June 30,	
	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Sales of goods	2,042,107	1,753,796
Sales of scrap materials	23,953	26,543
Provisions of services	700	3,741
	2,066,760	1,784,080

Notes to the Interim Condensed Consolidated Financial Information

7 Revenue (continued)

The Group has recognized following liabilities related to contracts with customers as at June 30, 2024 and December 31, 2023.

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Contract liabilities – sales of goods	3,866	5,297

The amounts of the revenue recognized during the six months ended June 30, 2024 and 2023 related to carried-forward contract liabilities are:

	For the six months ended June 30, 2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Sales of goods	5,297	7,669

8 Other income

	For the six months ended June 30, 2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Government grants	4,624	4,098
Rental income from properties	2,023	2,749
Others	3,262	3,446
	9,909	10,293

Notes to the Interim Condensed Consolidated Financial Information

9 Other gains – net

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Net foreign currency exchange gains	16,548	45,529
Fair value losses on financial assets at fair value through profit or loss	(3,919)	(36,624)
Net gains on disposal of property, plant and equipment	1,232	1,330
Gain on disposal of asset held for sale	–	4,350
Compensation	–	(1,835)
Others	392	(1,250)
	14,253	11,500

10 Expenses by nature

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Cost of inventories	1,097,956	1,052,310
Subcontracting expenses	37,954	9,918
Utilities	27,109	28,450
Employee benefit expenses	461,441	358,325
Amortization of intangible assets (Note 16)	15,439	17,602
Depreciation of property, plant and equipment (Note 14)	114,346	84,829
Depreciation of investment property (Note 15)	99	108
Depreciation of right-of-use assets	7,274	7,845
Mouldings and consumables	72,826	61,060
Legal and professional expenses	47,425	33,788
Delivery expenses	40,596	31,285
Other tax and related surcharges	6,352	9,577
Others	68,828	62,463
Total cost of sales, distribution costs and selling expenses, administrative expenses and research and development expenses	1,997,645	1,757,560

Notes to the Interim Condensed Consolidated Financial Information

11 Income tax expense

Income tax expense is recognized based on management best estimate of the weighted average annual income tax rates expected for the full financial year. The amounts of income tax expense charged to the interim condensed consolidated income statement represent:

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Current income tax	31,325	13,558
Deferred income tax	(2,602)	2,646
Income tax expense	28,723	16,204

(a) The PRC corporate income tax

The corporate income tax ("CIT") is calculated based on the statutory profit of the PRC subsidiaries in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the six months ended June 30, 2024 (for the six months ended June 30, 2023: 25%).

During the six months ended June 30, 2024, four (for the six months ended June 30, 2023: four) PRC subsidiaries of the Group are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% (for the six months ended June 30, 2023: 15%).

One (for the six months ended June 30, 2023: one) of the PRC subsidiaries of the Group is qualified for a preferential income tax rate of 15% (for the six months ended June 30, 2023: 15%) under Notice of the Ministry of Finance, The General Administration of Customs and the State Administration of Taxation on the Taxation Policies for Deepening the Implementation of the Western Development Strategy during the period ended June 30, 2024 and 2023.

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 20% on the estimated taxable income during the six months ended June 30, 2024 (for the six months ended June 30, 2023: 20%).

11 Income tax expense (continued)

(c) Vietnam corporate income tax

Vietnam corporate income tax is calculated at the rate of 20% on taxable profits of the subsidiary in accordance with Vietnam Income Tax Act for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 20%).

Pursuant to the Investment Registration Certificate, a subsidiary incorporated in Vietnam received tax incentives for supporting industries in which certain profit is calculated at the preferential tax rate of 10% during the six months ended June 30, 2024 (for the six months ended June 30, 2023: 10%).

(d) United States of America (“USA”) corporate income tax

USA corporate income tax has been provided for at the statutory rate of 21% for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 21%) on the estimated taxable profits of the subsidiaries incorporated in the USA.

Effective from the year ended December 31, 2022, research and development expenses incurred by the Group’s entities in the USA on or after January 1, 2022 will be deferred and be amortized over 5 to 15 years to deduct against the respective taxable income.

The corporate income taxes imposed by the United States possessions and foreign countries are generally allowed as a foreign tax credit on the related foreign sourced income under Internal Revenue Code Section 901 of the USA. The foreign tax credit is limited to the USA corporate income tax on foreign-sourced income.

(e) Other foreign countries income tax

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

Notes to the Interim Condensed Consolidated Financial Information

12 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue, excluding treasury shares, during the six months ended June 30, 2024 and 2023.

	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Net profit/(loss) attributable to the owners of the Company (USD'000)	32,524	(8,952)
Weighted average number of ordinary shares in issue (in thousands)	7,085,255	7,084,811
Basic earnings/(loss) per share in US cents	0.46	(0.13)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2024, there were two (for the six months ended June 30, 2023: two) outstanding share-based compensation schemes and no share-based compensation scheme has dilutive effect to the earnings/(loss) per share (for the six months ended June 30, 2023: same).

	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Net profit/(loss) attributable to the owners of the Company (USD'000)	32,524	(8,952)
Weighted average number of ordinary shares for diluted earnings/(loss) per share (in thousand)	7,085,255	7,084,811
Diluted earnings/(loss) per share in US cents	0.46	(0.13)

12 Earnings/(loss) per share (continued)

(b) Diluted earnings/(loss) per share (continued)

Dilutive potential ordinary shares include share award and share option schemes as disclosed in Note 24.

The employees' share option scheme and share award schemes (treasury shares) are not included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive for the six months ended June 30, 2024 (for the six months ended June 30, 2023: same). These two schemes could potentially dilute basic earnings/(loss) per share in the future (for the six months ended June 30, 2023: same).

13 Dividend

No interim dividend in respect of the six months ended June 30, 2024 has been declared as of the date of this report (for the six months ended June 30, 2023: nil).

14 Property, plant and equipment

	USD'000 (unaudited)
For the six months ended June 30, 2024	
Net book value	
At beginning of the period	899,787
Additions	163,991
Disposals	(12,875)
Depreciation (Note 10)	(114,346)
Exchange difference	(31,312)
At end of the period	905,245

Notes to the Interim Condensed Consolidated Financial Information

14 Property, plant and equipment (continued)

	USD'000 (unaudited)
For the six months ended June 30, 2023	
Net book value	
At beginning of the period	752,835
Additions	100,342
Disposals	(12,266)
Depreciation (Note 10)	(84,829)
Exchange difference	(22,214)
At end of the period	733,868

15 Investment property

	USD'000 (unaudited)
For the six months ended June 30, 2024	
Net book value	
At beginning of the period	6,738
Depreciation (Note 10)	(99)
Exchange difference	(185)
At end of the period	6,454
For the six months ended June 30, 2023	
Net book value	
At beginning of the period	7,465
Depreciation (Note 10)	(108)
At end of the period	7,357

Notes to the Interim Condensed Consolidated Financial Information

16 Intangible assets

	Goodwill USD'000 (unaudited)	Other intangible assets USD'000 (unaudited)	Total USD'000 (unaudited)
For the six months ended June 30, 2024			
Net book value			
At beginning of the period	479,898	220,393	700,291
Additions	–	1,112	1,112
Amortization (Note 10)	–	(15,439)	(15,439)
Exchange difference	(2,555)	(2,591)	(5,146)
At end of the period	477,343	203,475	680,818
For the six months ended June 30, 2023			
Net book value			
At beginning of the period	403,258	198,092	601,350
Additions	–	1,068	1,068
Amortization (Note 10)	–	(17,602)	(17,602)
Exchange difference	–	(743)	(743)
At end of the period	403,258	180,815	584,073

17 Financial assets at fair value through other comprehensive income

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
At beginning of the period	19,630	26,873
Fair value change	94	22
Exchange difference	(30)	(30)
At end of the period	19,694	26,865

The financial assets at FVOCI represent the Group's investments in listed and private companies.

(i) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

The financial assets are presented as non-current assets unless management intends to dispose of them within 12 months from the balance sheet date.

17 Financial assets at fair value through other comprehensive income (continued)

(ii) Analyzed by geographical areas

Analysis of financial assets at FVOCI by geographical areas is as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Equity investments in a listed company, stated at quoted market price:		
Taiwan	256	173
Equity investments in unlisted private entities:		
United States of America	16,611	16,615
France	676	676
Taiwan	1,267	1,262
The PRC	684	704
Hong Kong	200	200
	19,438	19,457
	19,694	19,630

(iii) Dividend

During the six months ended June 30, 2024 and 2023, there was no dividend declared by or distribution from the investments.

18 Financial assets/liabilities at fair value through profit or loss

(i) Classification of financial assets/liabilities at FVPL

Financial assets designated at FVPL comprise unlisted convertible preferred shares, private fund investments and currency forward contracts.

Financial liabilities designated at FVPL comprise currency forward contracts.

The financial assets were presented as non-current assets unless they will mature, or management intends to dispose of them within 12 months from the balance sheet date.

(ii) Financial assets/(liabilities) at FVPL

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Non-current assets		
Unlisted private fund investments	36,393	35,747
Unlisted convertible instruments	9,873	–
Unlisted private entity shares	2,962	2,962
	49,228	38,709
Current (liabilities)/assets		
Currency forward contracts (Note (b))	(325)	3,131

Notes:

- (a) During the six months ended June 30, 2024, the Group invested a total of USD767,000 in several private funds (during the six months ended June 30, 2023, the Group invested a total of USD1,872,000 in several private funds).
- (b) The aggregate notional principal amount of outstanding currency forward contracts as at June 30, 2024 was USD100,000,000 (as at December 31, 2023: USD430,000,000). The maturity dates of these currency forward contracts were in July 2024 (as at December 31, 2023: in January 2024).

18 Financial assets/liabilities at fair value through profit or loss (continued)

(iii) Movement of financial instruments excluding currency forward contracts

	Non-current financial assets	
	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
At beginning of the period	38,709	46,573
Additions	767	1,872
Fair value change	(5,127)	5,000
Transfer (from)/to asset classified as held for sale	15,000	(15,000)
Exchange difference	(121)	(568)
At end of the period	49,228	37,877

(iv) Dividend

During the six months ended June 30, 2024 and 2023, there was no dividend declared by or distribution from the investments.

19 Interests in associates

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Associates (Note i)	66,850	73,193

(i) Movements of interests in associates are analyzed as follows:

	For the six months ended June 30,	
	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
At beginning of the period	73,193	123,321
Share of losses	(6,343)	(11,981)
Impairment loss	-	(15,795)
At end of the period	66,850	95,545

Notes to the Interim Condensed Consolidated Financial Information

20 Trade and other receivables

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Trade receivables due from third parties	695,185	670,654
Trade receivables due from related parties (Note 26)	123,549	141,063
Total trade receivables – gross	818,734	811,717
Less: loss allowances for impairment of trade receivables	(4,501)	(4,435)
Total trade receivables – net	814,233	807,282
Deposits and prepayments	55,134	57,430
Other receivables	91,434	33,532
Amounts due from related parties (Note 26)		
– Hon Hai related parties	7,146	8,438
– Associate	21,741	21,379
Value added tax recoverable	30,278	34,174
	205,733	154,953
Less: non-current portion		
Deposits and prepayments	(10,729)	(6,685)
	195,004	148,268
Current portion	1,009,237	955,550

For trade receivables, the credit period granted to third parties and related parties are ranging from 45 to 90 days.

Notes to the Interim Condensed Consolidated Financial Information

20 Trade and other receivables (continued)

The aging analysis of trade receivables based on invoice date, before loss allowance, as at June 30, 2024 and December 31, 2023 is as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Trade receivables – gross		
Within 3 months	723,039	735,531
3 months to 1 year	87,467	69,448
Over 1 year	8,228	6,738
	818,734	811,717

21 Share capital

	Number of ordinary shares (thousand) (Unaudited)	Amount USD'000 (Unaudited)
Authorized:		
As at January 1, 2024 and June 30, 2024	15,360,000	300,000
As at January 1, 2023 and June 30, 2023	15,360,000	300,000
Issued and fully paid:		
As at January 1, 2024 and June 30, 2024	7,289,949	142,382
As at January 1, 2023	7,278,592	142,160
Issuance of ordinary shares under share grant plan	11,357	222
As at June 30, 2023	7,289,949	142,382

Notes to the Interim Condensed Consolidated Financial Information

22 Bank borrowings

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Non-current		
Bank borrowings, unsecured	598,933	–
Current		
Bank borrowings, unsecured	901,837	1,382,519
	1,500,770	1,382,519

As at June 30, 2024, the maturity date of the bank borrowings of approximately USD901,837,000 are less than 12 months and therefore classified as short-term bank borrowings.

As at June 30, 2024, the Group drew down USD1,500,770,000 (as at December 31, 2023: USD1,382,519,000) from the total borrowing and overdraft facilities of approximately USD3,253,491,000 (as at December 31, 2023: USD3,032,228,000) granted by banks.

As at June 30, 2024, the Group's weighted average interest rates for the unsecured bank borrowings were 5.04% (as at December 31, 2023: 4.36%) per annum.

As at June 30, 2024, the carrying amount of bank borrowings approximate their fair value as the interest payable on these borrowings is either close to current market rates or the borrowings are of a short-term nature (as at December 31, 2023: same).

Notes to the Interim Condensed Consolidated Financial Information

23 Trade and other payables

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Trade payables due to third parties	474,349	558,009
Trade payables due to related parties (Note 26)	95,800	105,130
Total trade payables	570,149	663,139
Amounts due to related parties (Note 26)	13,358	15,199
Staff salaries, bonuses and welfare payables	130,818	115,482
Deposits received, other payables and accruals	233,442	311,614
	947,767	1,105,434
Less: non-current portion	(11,008)	(10,783)
Current portion	936,759	1,094,651

As at June 30, 2024 and December 31, 2023, the aging analysis of the trade payables to third parties and related parties of trading in nature based on invoice date is as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Within 3 months	541,371	618,373
3 months to 1 year	26,220	43,908
Over 1 year	2,558	858
	570,149	663,139

Notes to the Interim Condensed Consolidated Financial Information

24 Share-based payments

The table below summarised the share-based payment expenses charged to the condensed consolidated income statement during the six months ended June 30, 2024 and 2023.

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
Share award scheme (Note (c))	-	862

(a) Senior management share grant plan

In January 2015, 21,840,000 restricted shares were granted to the Group's senior management, which was subsequently divided into 349,440,000 shares pursuant to a shareholder's resolution for share split passed on 3 November 2016. Such equity instruments were measured at fair value at the grant date and recognized as compensation cost over the vesting period. The weighted average fair value of shares granted under this plan was approximately USD0.25 per share. The restricted shares are vested and issued over the grantees' service periods. The restricted shares were vested on every March 31, June 30, September 30 and December 31 at 12% in each quarter of 2018 and were vested at 3.25% in each quarter from 2019 to 2022.

	For the six months ended June 30,	
	2024	2023
	('000)	('000)
	(unaudited)	(unaudited)
Number of outstanding restricted shares ('000)		
Balance as at beginning the period	-	11,357
Issued during the year	-	(11,357)
	-	-
Number of outstanding vested restricted shares to be issued ('000)	-	-

24 Share-based payments (continued)

(a) Senior management share grant plan (continued)

During the six months ended June 30, 2024, no shares were issued to grantees (for the six months ended June 30, 2023, 11,357,000 shares were issued to grantees, which were worth USD3,066,000 at the date of the issuance based on the weighted average market price of USD0.27 per share).

No share-based payment expense was incurred for this plan for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

(b) Share options scheme

In December 2018, the Company granted certain eligible employees an aggregate 41,763,000 share options at an exercise price of HK\$3.422 per share (equivalent to USD0.44 per share).

Among the 41,763,000 share options granted, 10,000,000 options were vested on December 31, 2019, 183,000 options would be vested from December 28, 2019 on every December 28 at 33.33% over a 3-year period, and 31,580,000 options would be vested from December 28, 2019 on every December 28 at 25% over a 4-year period. The share options granted are subject to performance related adjustment.

The fair value of the options determined using the Black-Scholes model at the date of the grant was approximately USD6,139,000.

Certain share options were forfeited and lapsed during the vesting period. No share-based payment expense was incurred under this scheme for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

24 Share-based payments (continued)

(b) Share options scheme (continued)

Set out below are summaries of options granted under the plan:

	For the six months ended June 30,	
	2024	2023
	Number of share options ('000) (unaudited)	Number of share options ('000) (unaudited)
Balance as at beginning of the period	15,953	17,223
Forfeited or lapsed during the period	(80)	(1,230)
Balance as at end of the period	15,873	15,993
Vested and exercisable at end of the period	15,873	15,993

During the six months ended June 30, 2024 and 2023, there was no share option exercised or expired.

As at June 30, 2024 and December 31, 2023, the outstanding share options have the following expiry dates:

Grant date	Expiry date	As at	As at
		June 30, 2024	December 31, 2023
		Number of share options ('000)	Number of share options ('000)
December 28, 2018	December 29, 2025	15,873	15,953
Weighted average remaining contractual life of options outstanding at end of the period/year		1.5 years	2 years
Weighted average share price at the time of exercise of options during the period/year		Not applicable	Not applicable

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares)

	As at			
	June 30, 2024 Shares (‘000) (unaudited)	December 31, 2023 Shares (‘000) (audited)	June 30, 2024 USD‘000 (unaudited)	December 31, 2023 USD‘000 (audited)
Restricted share award scheme ("2018 Scheme")	201,690	201,690	89,785	89,785
Second restricted share award scheme ("2019 Scheme")	3,004	3,004	2,074	2,074
	204,694	204,694	91,859	91,859

	2018 Scheme		2019 Scheme	
	Number of Shares (‘000) (unaudited)	USD‘000 (audited)	Number of Shares (‘000) (unaudited)	USD‘000 (audited)
Balance as at January 1, 2023	203,801	90,283	556	1,476
Acquisition of treasury shares during the period	–	–	4,000	968
Shares granted and awarded during the period	(2,068)	(360)	(1,552)	(502)
Balance as at June 30, 2023	201,733	89,923	3,004	1,942
Balance as at January 1, 2024 and June 30, 2024	201,690	89,785	3,004	2,074

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares) (continued)

(i) 2018 Scheme

On May 21, 2018, the Company adopted the restricted share award scheme to provide incentive to encourage the participants for their contribution to the Group. The restricted share award scheme shall be subject to the terms of the scheme and the listing rules of the Main Board of the Hong Kong Stock Exchange. Existing shares of the Company will be purchased by an independent trustee from the market out of cash contributed by the Group and be held in trust until such shares are awarded and vested in accordance with the provisions of the share award scheme.

No shares shall be purchased pursuant to the share award scheme if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 10% of the issued share capital of the Company. The maximum number of shares which may be granted to a participant at any one time or in aggregate may not exceed 1% of the issued share capital of the Company at the adoption date.

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 10 years commencing on the adoption date.

During the six months ended June 30, 2024 and 2023, no treasury shares were purchased from the market under this share award scheme. During the six months ended June 30, 2024, the Group did not award any treasury shares to eligible employees (for the six months ended June 30, 2023: the Group awarded 2,068,000 treasury shares to eligible employees and the share-based payment expense of approximately USD537,000 was recognized).

During the six months ended June 30, 2024, the weighted average market price at the date of the award was USD0.26 per share.

24 Share-based payments (continued)

(c) Share award schemes (Treasury shares) (continued)

(ii) 2019 Scheme

In March 2019, the Company adopted the second restricted share award scheme (the “Second Scheme”) to provide incentive to encourage the participating employees for their contribution to the Group. The Second Scheme shall be subject to the administration of the administration committee and the Trustee in accordance with the scheme rules and the trust deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed.

No shares shall be purchased pursuant to the Second Scheme if as a result of such purchase, the number of Shares administered under the Second Scheme shall exceed 674,353,688 shares, being 10% of the issued share capital of the Company at the date of the adoption of the Second Scheme, or such other limit as determined by the administration committee at its sole discretion. The maximum number of award shares which may be granted to a selected participant at any one time or in aggregate may not exceed 67,435,368 shares, being 1% of the issued share capital of the Company at the same date.

Subject to any early termination as may be determined by the board, the Second Scheme shall remain valid and effective for a period of ten years commencing on March 26, 2019.

During the six months ended June 30, 2024, no treasury shares (for the six months ended June 30, 2023: 4,000,000 treasury shares) were purchased from the market under the Second Scheme (for the six months ended June 30, 2023: at a consideration of approximately USD968,000). During the six months ended June 30, 2024, the Group did not award any treasury shares to eligible employees (for the six months ended June 30, 2023: the Group awarded 1,552,000 treasury shares to eligible employee and the share-based payment expense of approximately USD750,000 was recognized).

During the six months ended June 30, 2024, the weighted average market price of the treasury shares granted at the date of grant was USD0.35 per share.

Notes to the Interim Condensed Consolidated Financial Information

25 Commitments

(a) Capital commitments

Capital commitments contracted for at each balance sheet date but not yet incurred are as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
Investments in funds	14,892	15,211
Property, plant and equipment	11,866	39,476
	26,758	54,687

(b) Operating leases rental receivables – the Group as lessor

As at June 30, 2024, minimum lease payments receivable under non-cancellable operating lease of properties not recognized are as follows:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
No later than 1 year	2,037	2,318
Later than 1 year and no later than 2 years	430	952
Later than 2 years and no later than 5 years	37	85
	2,504	3,355

Notes to the Interim Condensed Consolidated Financial Information

26 Related-party transactions

In addition to the information disclosed elsewhere in the interim condensed consolidated financial information, the following transactions took place between the Group and its related parties, which are mainly Hon Hai, subsidiaries of Hon Hai and associates of Hon Hai, at terms agreed between the parties.

(a) The following transactions were carried out with related parties:

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
(i) Sales of goods		
– Subsidiaries of Hon Hai	162,650	148,893
– Associates of Hon Hai	72,609	72,910
– Hon Hai	2,032	3,423
	237,291	225,226
(ii) Sales of services		
– Subsidiaries of Hon Hai	4,497	3,505
– Associates of Hon Hai	2,007	1,716
– Hon Hai	56	81
	6,560	5,302
(iii) Purchase of goods		
– Subsidiaries of Hon Hai	164,770	119,973
– Associates of Hon Hai	26,940	28,842
– Hon Hai	2,958	1,466
	194,668	150,281

26 Related-party transactions (continued)

(a) The following transactions were carried out with related parties: (continued)

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
(iv) Purchase of property, plant and equipment and right-of-use assets		
– Subsidiaries of Hon Hai	664	1,000
– Associates of Hon Hai	399	743
– Hon Hai	94	–
	1,157	1,743
(v) Subcontracting expenses		
– Subsidiaries of Hon Hai	618	526
– Associates of Hon Hai	–	2
	618	528
(vi) Molding costs		
– Subsidiaries of Hon Hai	3,887	13,718
– Associates of Hon Hai	28	512
– Hon Hai	1	6
	3,916	14,236
(vii) Rental income		
– Subsidiaries of Hon Hai	654	1,088
– Associates of Hon Hai	610	633
	1,264	1,721

26 Related-party transactions (continued)

(a) The following transactions were carried out with related parties: (continued)

	For the six months ended June 30,	
	2024	2023
	USD'000	USD'000
	(unaudited)	(unaudited)
(viii) Rental expenses		
– Subsidiaries of Hon Hai	984	1,422
– Hon Hai	486	518
– Associates of Hon Hai	148	115
	1,618	2,055
(ix) Key management compensation		
Salaries, housing allowances, other allowances and benefits in kind	3,143	3,650
Contributions to pension schemes	76	82
	3,219	3,732

The related party transactions as set out under (i) to (viii) above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary course of business of the Group and in accordance with the terms of the underlying agreements.

26 Related-party transactions (continued)

(b) Balances with related parties:

Amounts due from related parties:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
(i) Trade receivables:		
– Hon Hai	1,698	2,570
– Subsidiaries of Hon Hai	72,321	77,514
– Associates of Hon Hai	49,530	60,979
	123,549	141,063
(ii) Other receivables:		
– Hon Hai	5,202	5,336
– Subsidiaries of Hon Hai	1,529	2,761
– Associates of Hon Hai	415	341
	7,146	8,438
– Associate	21,741	21,379
	28,887	29,817
(iii) Prepayments:		
– Subsidiaries of Hon Hai	2,311	2,442
– Associates of Hon Hai	1,537	2,193
	3,848	4,635

26 Related-party transactions (continued)

(b) Balances with related parties: (continued)

Amounts due to related parties:

	As at June 30, 2024 USD'000 (unaudited)	As at December 31, 2023 USD'000 (audited)
(i) Trade payables:		
– Hon Hai	897	583
– Subsidiaries of Hon Hai	78,018	81,196
– Associates of Hon Hai	16,885	23,351
	95,800	105,130
(ii) Other payables:		
– Hon Hai	384	305
– Subsidiaries of Hon Hai	12,174	11,536
– Associates of Hon Hai	800	3,358
	13,358	15,199

Note:

The above balances with related parties were unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximated their fair values.

27 Pledge of assets

As of June 30, 2024, bank deposits totalling USD2,308,000 (December 31, 2023: USD2,960,000) have been pledged, among them, USD1,055,000 (December 31, 2023: USD1,700,000) have been pledged as customs guarantee, USD440,000 (December 31, 2023: USD460,000) have been pledged as power purchase guarantee, and USD813,000 (December 31 2023: USD800,000) have been pledged as Travel and Entertainment corporate card guarantee respectively.

28 Subsequent event

On July 11, 2024, FIT Voltaira Group GmbH ("FIT Voltaira"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with certain sellers, pursuant to which FIT Voltaira conditionally agreed to purchase, and the sellers conditionally agreed to sell certain target assets and selected liabilities and assumption of the employment relationships of all employees of Auto-Kabel Group for a consideration of EUR72,500,000 which is subject to certain adjustments.

Save as disclosed above, there is no other material event after the reporting period and up to the date of this report.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the provisions of the SFO), or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO, or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding
LU Sung-Ching (盧松青)	Beneficial owner	440,660,000	6.04%
LU Pochin Christopher (盧伯卿)	Beneficial owner	30,512,000	0.42%
PIPKIN Chester John	Beneficial owner	1,790,000	0.02%

(ii) Long position in the share capital or debentures of the associated corporations of the Company

Name of Director	Name of associated corporation of the Company	Capacity and nature of interest	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
LU Sung-Ching (盧松青)	Hon Hai	Beneficial owner	2,400	0.000017%
		Interests of spouse	3,523	0.000025%
CHANG Chuan-Wang (張傳旺) <i>(appointed with effect from June 21, 2024)</i>	Hon Hai	Beneficial owner	17,000	0.000123%
HUANG Pi-Chun (黃碧君)	Hon Hai	Beneficial owner	2,000	0.000014%
TRAINOR-DEGIROLAMO Sheldon ¹ <i>(resigned with effect from June 21, 2024)</i>	Linksys Holdings, Inc.	Beneficial owner	5,506.416	0.06%

Note:

1. The 5,506.416 series A preferred shares of Linksys Holdings, Inc. granted to Mr. TRAINOR-DEGIROLAMO Sheldon have vested as to one-third on March 19, 2022, March 19, 2023 and March 19, 2024 respectively.

Save as disclosed above, as of June 30, 2024, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were entered in the register required to be kept by the Company under section 352 of the SFO, or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the six months ended June 30, 2024, there were no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, nor were there any such rights exercised by the Directors; nor was the Company, or any of its holding companies, fellow subsidiaries, and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as was known to the Directors or chief executives of the Company, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital, were as follows:

Long positions in the Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of shareholding
Hon Hai	Interest in controlled corporation ¹	5,179,557,888	71.05%
Foxconn (Far East) Limited ("Foxconn Far East Cayman")*	Interest in controlled corporation ²	5,179,557,888	71.05%
Foxconn (Far East) Limited ("Foxconn Far East Hong Kong")**	Beneficial owner	5,179,557,888	71.05%

* Foxconn Far East Cayman is an exempted company incorporated in the Cayman Islands with limited liability on January 25, 1996 which owns 100% of the issued shares of Foxconn Far East Hong Kong.

** Foxconn Far East Hong Kong is a limited liability company incorporated in Hong Kong on December 29, 1988.

Notes:

- Hon Hai holds the entire issued share capital of Foxconn Far East Cayman, which in turn holds the entire issued share capital of Foxconn Far East Hong Kong.
- Foxconn Far East Cayman holds the entire issued share capital of Foxconn Far East Hong Kong, which in turn holds 5,179,557,888 Shares.

Save as disclosed above, as of June 30, 2024, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by our Shareholders on December 19, 2017 (the “Adoption Date”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Group to offer valuable incentive to attract and retain quality personnel to work towards enhancing the value and attaining the long-term objectives of the Group.

The Board may, in its absolute discretion, offer to grant an option (an “Option”) to any director or employee of the Group, any customer of or supplier of goods or services to the Group, any customer of or supplier of goods or services to any entity in which the Group holds any equity interest (an “Invested Entity”), or any person or entity that provides research, development or technical support to the Group or any Invested Entity (each of whom a “Qualified Participant”). An offer for an Option must be accepted by the relevant Qualified Participant on a date not later than five business days after the Option is offered to a Qualified Participant. An amount of HK\$1.00 is payable as consideration for acceptance of the grant.

The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 130,000,000 Shares, representing approximately 1.9% of the share capital of the Company in issue at the Adoption Date (the “Option Limit”) provided that:

- (i) the Company may seek approval by Shareholders in a general meeting to refresh the Option Limit; and
- (ii) the Company may seek separate Shareholders’ approval in a general meeting to grant Options beyond the Option Limit provided that the Options in excess of the Option Limit are granted only to Qualified Participants specifically identified by the Company before such approval is sought,

subject to the limitation that the maximum number of Shares which may be issued or issuable upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of Shares (issued and to be issued upon the exercise of Options) in respect of which Options may be granted under the Share Option Scheme to any one grantee in any 12-month period shall not exceed 1% of the share capital of the Company in issue unless approval of the Shareholders has been obtained in accordance with the Listing Rules.

The Share Option Scheme was in force from the Adoption Date up to (and including) December 31, 2018. As of the Latest Practicable Date, the Share Option Scheme has expired. A grantee may subscribe for Shares during such period as may be determined by the Directors (which shall not be more than 10 years from the date of grant of the relevant Option and may include the minimum period, if any, for which an Option must be held before it can be exercised). The Directors may, at their absolute discretion, specify at the time of the grant, the performance targets (if any) that must be achieved before the Option can be exercised.

Other Information

The exercise price of an Option shall not be less than the higher of (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the Option; (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the Option; and (iii) nominal value of the Shares.

For further details about the Share Option Scheme, please refer to the Company's circular dated December 4, 2017.

As of June 30, 2024, details of the interests of other employee participants under the Share Option Scheme are set out below:

Name or category of participant	Total number of share options granted	Outstanding as of January 1, 2024	Number of share options				Balance as of June 30, 2024 ¹	Date of grant of share options ²	Exercise period of share options (both dates inclusive) ³	Closing price of the Shares immediately before the date on which the share options were granted	Exercise price of share options	Weighted average closing price of the Shares immediately before the date(s) on which share options were exercised ⁴	Fair value of share options at date of grant ⁵
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				HKS	HKS	HKS	HKS
<i>Other employee participants</i>													
In aggregate	183,000	63,000	-	-	-	-	63,000	December 28, 2018	33 1/3%: December 28, 2019 to December 28, 2024; 33 1/3%: December 28, 2020 to December 28, 2024; 33 1/3%: December 28, 2021 to December 28, 2024	3.380	3.422	N/A	N/A
	31,580,000	15,890,000	-	-	80,000	-	15,810,000	December 28, 2018	25%: December 28, 2019 to December 28, 2025; 25%: December 28, 2020 to December 28, 2025; 25%: December 28, 2021 to December 28, 2025; 25%: December 28, 2022 to December 28, 2025	3.380	3.422	N/A	N/A
	31,763,000	15,953,000	-	-	80,000	-	15,873,000						

Notes:

1. The total number of Shares available for issue under the Share Option Scheme is 15,873,000 Shares, representing approximately 0.22% of the issued Shares (excluding treasury Shares) as of the Latest Practicable Date.
2. As the Share Option Scheme has expired, (i) there were no share options available for grant under the Share Option Scheme during the six months ended June 30, 2024 and (ii) the disclosure of fair value is not applicable.
3. The share options will/were vested on every December 28 of each exercise period. For details, please refer to Note 24(b) to the interim condensed consolidated financial information.
4. The weighted average closing price of the Shares (excluding treasury Shares) immediately before the dates on which the share options were exercised is not applicable as no share options have been exercised during the six months ended June 30, 2024.

Save as disclosed above, the Company has not entered into any other share option scheme.

RESTRICTED SHARE AWARD SCHEMES

The First Restricted Share Award Scheme

The First Restricted Share Award Scheme was approved and adopted by the Company on January 31, 2018 and amended on May 15, 2018. The purpose of the First Restricted Share Award Scheme is to recognize the contributions by the selected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. The selected participants under the First Restricted Share Award Scheme include any individual being an employee, officer, agent or consultant of the Company or any subsidiary of the Company, who is not (i) a core connected person of the Company (as defined under the Listing Rules) or (ii) a person who is not recognized by the Hong Kong Stock Exchange as a member of “the public” under Rule 8.24 of the Listing Rules.

The maximum number of Shares which may be administered under the First Restricted Share Award Scheme shall not exceed 673,385,488 Shares, representing approximately 10% of the share capital of the Company as of the date of the Board’s approval of the First Restricted Share Award Scheme and approximately 9.24% of the share capital of the Company as of the Latest Practicable Date, or such other limit as determined by the administration committee of the First Restricted Share Award Scheme at its sole discretion. The maximum number of Shares which may be granted to a selected participant at any one time or in aggregate may not exceed 67,338,548 Shares, being 1% of the issued share capital of the Company as of the date of the Board’s approval of the First Restricted Share Award Scheme.

The First Restricted Share Award Scheme remains valid and effective for a period of ten years from the date of the Board’s approval of the First Restricted Share Award Scheme, up to (and including) January 31, 2028, and can be terminated or extended by a resolution of the Board. As of the Latest Practicable Date, the remaining life of the First Restricted Share Award Scheme is approximately three years and six months.

Other Information

Please refer to the Company's announcement dated May 21, 2018 for further details of the First Restricted Share Award Scheme.

As of January 1, 2024, there were no outstanding Shares under the First Restricted Share Award Scheme. During the six months ended June 30, 2024, no Shares had been acquired under the First Restricted Share Award Scheme or granted to any selected participants. Therefore, as of June 30, 2024, there were no outstanding Shares under the First Restricted Share Award Scheme.

The Second Restricted Share Award Scheme

The Second Restricted Share Award Scheme was approved and adopted by the Company on February 11, 2019. The purpose of the Second Restricted Share Award Scheme is to recognize the contributions by the selected participants, to give them incentives to achieve performance goals, and to attract suitable personnel for further development of the Group. The selected participants under the Second Restricted Share Award Scheme include any individual being a Director (including executive and non-executive Director), employee, officer, agent or consultant of the Company or any subsidiary of the Company.

The maximum number of Shares which may be administered under the Second Restricted Share Award Scheme shall not exceed 674,353,688 Shares, representing approximately 10% of the share capital of the Company as of the date of the adoption of the Second Restricted Share Award Scheme and approximately 9.25% of the share capital of the Company of the Latest Practicable Date, or such other limit as determined by the administration committee of the Second Restricted Share Award Scheme at its sole discretion. The maximum number of Shares which may be granted to a selected participant at any one time or in aggregate may not exceed 67,435,368 Shares, being 1% of the issued share capital of the Company as of the date of the adoption of the Second Restricted Share Award Scheme.

The Second Restricted Share Award Scheme remains valid and effective for a period of ten years from the adoption of the Second Restricted Share Award Scheme, up to (and including) November 13, 2028, and can be terminated or extended by a resolution of the Board. As of the Latest Practicable Date, the remaining life of the Second Restricted Share Award Scheme is approximately four years and three months.

Please refer to the Company's announcement dated March 26, 2019 for further details of the Second Restricted Share Award Scheme.

As of January 1, 2024, there were no outstanding Shares under the Second Restricted Share Award Scheme. During the six months ended June 30, 2024, no Shares had been acquired under the Second Restricted Share Award Scheme or granted to any selected participants. Therefore, as of June 30, 2024, there were no outstanding Shares under the Second Restricted Share Award Scheme.

Save as disclosed above, the Company has not entered into any other share award schemes.

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the six months ended June 30, 2024 divided by the weighted average number of Shares in issue (excluding treasury Shares) for the six months ended June 30, 2024 was 0.22%.

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

During the six months ended June 30, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares). As of June 30, 2024, the Company did not hold any treasury Shares.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards.

During the six months ended June 30, 2024, the Company had applied the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules which are applicable to the Company, and had complied with all applicable code provisions as set out in the CG Code, except the code provision as mentioned below.

Code provision C.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LU Sung-Ching is both the Company's chairman and chief executive officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. Given the current stage of development of our Group, the Board believes that vesting the two roles in the same person provides our Company with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategies. Also, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board shall nevertheless review the structure from time to time in light of the prevailing circumstances. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer in due course after taking into account the then overall circumstances of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended June 30, 2024.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' biographical details from the publication of the Company's 2023 annual report up to the Latest Practicable Date, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of Changes
Mr. TRAINOR-DEGIROLAMO Sheldon	Resigned as a non-executive Director, a member of the Remuneration Committee and a member of the Environmental, Social and Governance Committee with effect from June 21, 2024 upon the conclusion of the annual general meeting of the Company held on June 21, 2024.
Ms. HUANG Pi-Chun (黃碧君)	<p>Appointed as a member of the Environment, Social and Governance Committee with effect from June 21, 2024 upon the conclusion of the annual general meeting of the Company held on June 21, 2024.</p> <p>Appointed as a non-executive director of Maxnerva Technology Services Limited, a company listed on the Stock Exchange (stock code: 1037) in March 2024.</p> <p>Entered into a deed of amendment to the letter of appointment with the Company on May 21, 2024, pursuant to which her annual director's fee has been increased from US\$1 to US\$75,000 with effect from March 12, 2024.</p>
Mr. CHANG Chuan-Wang (張傳旺)	Appointed as a non-executive Director and a member of the Remuneration Committee with effect from June 21, 2024 upon the conclusion of the annual general meeting of the Company held on June 21, 2024. The biography details of Mr. CHANG Chuan-Wang were set out in the Company's announcement dated June 21, 2024.

Save as disclosed above, there is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2023 annual report.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. TANG Kwai Chang, CURWEN Peter D, and CHAN Wing Yuen Hubert. The unaudited interim condensed consolidated financial information of our Group for the six months ended June 30, 2024 and this interim report have been reviewed by the Audit Committee.

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

APPENDIX D2 TO THE LISTING RULES

According to paragraph 40 of Appendix D2 to the Listing Rules headed “Disclosure of Financial Information”, save as disclosed herein, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not been changed significantly from the information disclosed in the Company’s 2023 annual report.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the section headed “Waivers from Compliance with the Listing Rules — Waiver in relation to Public Float” in the Prospectus which states that the Company’s minimum public float will be the higher of (a) 15% of the total issued share capital of the Company; (b) such percentage of Shares held by the public immediately after completion of the Global Offering (as defined in the Prospectus) (assuming the Over-allotment Option (as defined in the Prospectus) is not exercised); or (c) such percentage of Shares to be held by the public after the exercise of the Over-allotment Option (as defined in the Prospectus), of the enlarged issued share capital of the Company. The applicable minimum public float for the Shares is 20.48%. Based on the information made publicly available to the Company and to the best of the Directors’ knowledge, information and belief, the Company had maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules throughout the six months ended June 30, 2024.

Definitions

“Audit Committee”	the audit committee of the Board;
“Board” or “Board of Directors”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
“China” or “PRC”	the People’s Republic of China; for the purpose of this interim report only, references to “China” or the “PRC” do not include Taiwan, the Macau Special Administrative Region and Hong Kong;
“Company”	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the Shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	director(s) of the Company;
“Environmental, Social and Governance Committee”	the environmental, social and governance committee of the Board;
“EUR”	Euro, the lawful currency of the member states of the European Union;
“First Restricted Share Award Scheme”	the restricted share award scheme approved and adopted by the Company on January 31, 2018 and amended on May 15, 2018 (as restated, supplemented and amended from time to time);
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries;
“Hon Hai”	Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), a limited liability company established in Taiwan and listed on the Taiwan Stock Exchange (Stock Code: 2317), which is 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 interim report, excluding the Group;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IFRS”	International Financial Reporting Standards;
“Latest Practicable Date”	August 12, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules;
“Prospectus”	the prospectus dated June 29, 2017 issued by the Company;
“Remuneration Committee”	the remuneration committee of the Board;
“Restricted Share Award Schemes”	the First Restricted Share Award Scheme and the Second Restricted Share Award Scheme;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Restricted Share Award Scheme”	the restricted share award scheme approved and adopted by the Company on February 11, 2019 (as restated, supplemented and amended from time to time);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) with nominal value of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Option Scheme”	the share option scheme of the Company, which was conditionally approved and adopted by our Shareholders on December 19, 2017 and expired on December 31, 2018;

Definitions

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“treasury Shares”	has the meaning as ascribed to it under the Listing Rules;
“U.S.” or “United States”	the United States of America;
“US\$”, “USD” or “U.S. dollar(s)”	United States dollars, the lawful currency of the United States;
“Vietnam”	the Socialist Republic of Vietnam;
“VND”	Vietnamese dong, the lawful currency of Vietnam; and
“%”	percent.