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FIT Hon Teng Limited
鴻騰六零八八精密科技股份有限公司

(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)
(Stock code: 6088)

CONNECTED TRANSACTION
ACQUISITION OF ZONE F AND ZONE G LAND USE RIGHTS IN VIETNAM
CONTINUING CONNECTED TRANSACTION
PAYMENT OF ZONE F AND ZONE G ANNUAL MANAGEMENT FEE

References are made to the Zone A Announcement and Zones B to E Announcement in relation to the acquisition of land use rights of Zone A and Zones B to E by New Wing (Bac Giang), a wholly-owned subsidiary of the Company, from Fugiang on January 25, 2019 and March 21, 2019, respectively. To further expand its operations in Vietnam, the Company intends to acquire the land use rights to adjacent Zones F and G for manufacturing and parking purposes, respectively.

ZONE F LAND LEASE AGREEMENT

On March 18, 2021, New Wing (Bac Giang) entered into the Zone F Land Lease Agreement with Fugiang in relation to the acquisition of land use rights of the Zone F.

ZONE G LAND LEASE AGREEMENT

On March 18, 2021, New Wing (Bac Giang) entered into the Zone G Land Lease Agreement with Fugiang in relation to the acquisition of land use rights of the Zone G.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Company is indirectly owned as to approximately 75.15% by Hon Hai, the controlling shareholder of the Company. Fugiang is a 95.52% owned subsidiary of Hon Hai. Therefore, Fugiang is a connected person of the Company by virtue of it being an associate of Hon Hai. Accordingly, each of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction and the payment of the Zone F Annual Management Fee and the Zone G Annual Management Fee constitutes a connected transaction or a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The payment of the Zone F Annual Management Fee and the Zone G Annual Management Fee will be covered under the Framework General Services and Costs Sharing (Expense) Agreement pursuant to which the Group will share the costs of certain services of subsidiaries of Hon Hai including general administrative and other services. Accordingly, the amount of the Zone F Annual Management Fee and the Zone G Annual Management Fee will be covered under and included in the annual caps for the transactions under the Framework General Services and Costs Sharing (Expense) Agreement. Please refer to the announcement of the Company dated November 25, 2019 for further details of the Framework General Services and Costs Sharing (Expense) Agreement and the respective annual caps.

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction (when aggregated with the Zone A Land Lease Transaction and the Zones B to E Land Lease Transaction) is more than 0.1% but less than 5%, each of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

References are made to the Zone A Announcement and Zones B to E Announcement in relation to the acquisition of land use rights of the Zone A and Zones B to E by New Wing (Bac Giang), a wholly-owned subsidiary of the Company, from Fugiang on January 25, 2019 and March 21, 2019 respectively.

The Board is pleased to announce on March 18, 2021, New Wing (Bac Giang) entered into the Zone F Land Lease Agreement and the Zone G Land Lease Agreement with Fugiang in relation to the acquisition of land use rights of the Zone F and the Zone G respectively.

Due to Vietnam legal system, the transactions contemplated under the Zone F Land Lease Agreement and the Zone G Land Lease Agreement are in substance a land use rights acquisition of the Zone F and the Zone G instead of a leasing transaction as suggested by the name. For the same reason, the Zone F Land Rental Fee and the Zone G Land Rental Fee (as defined hereinafter) are in substance the consideration for acquisition of land use rights of the Zone F and the Zone G pursuant to the Zone F Land Lease Agreement and the Zone G Land Lease Agreement, as more particularly disclosed in the sections headed "Consideration" below.

MAJOR TERMS OF THE ZONE F LAND LEASE AGREEMENT

Date

March 18, 2021

Parties

- (i) Fugiang, as the transferor; and
- (ii) New Wing (Bac Giang), as the transferee.

As of the date of this announcement, the Company is indirectly owned as to approximately 75.15% by Hon Hai, the controlling shareholder of the Company. Fugiang is a 95.52% owned subsidiary of Hon Hai. Fugiang is a connected person of the Company by virtue of it being an associate of Hon Hai.

Subject Matter

The Zone F is a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of 6,650 square meters, with its land use right expiring on November 12, 2065. The original cost of the Zone F is approximately US\$551,950, which mainly comprised the fees paid to the government of Viet Yen District, Bac Giang Province, Vietnam by Fugiang.

The book value of the Zone F is US\$551,950.

The Group currently expects to develop the Zone F into manufacturing facilities.

As background information, Fuhua, an independent third party of the Group, previously acquired the land use rights of the Zone F from Fugiang on September 6, 2018. Due to Vietnam legal system as explained above, although the land use rights of the Zone F had been acquired by Fuhua, the infrastructure investment owner of the Zone F remained to be Fugiang. As such, New Wing (Bac Giang) is required under local law to enter into the Zone F Land Lease Agreement with Fugiang. To reflect the commercial reality of this transaction, on March 18, 2021, New Wing (Bac Giang), Fugiang and Fuhua entered into a triparty agreement pursuant to which the parties thereto acknowledged that Fuhua had the land use rights of the Zone F and that New Wing (Bac Giang) shall pay the Zone F Land Rental Fee (as defined below) to Fuhua directly.

Consideration

New Wing (Bac Giang) is required to pay a land rental fee of US\$551,950 (excluding value-added tax) (the “**Zone F Land Rental Fee**”) to Fuhua, which was calculated based on US\$83 per square meter of the Zone F. In addition, New Wing (Bac Giang) is required to pay rates and rental (if any) to the local government on the unit price and prevailing requirements stipulated by the local government. As of the date of this announcement, no such rates and rental is payable by New Wing (Bac Giang) to the local government.

The Zone F Land Rental Fee was determined after arm’s length negotiation between Fugiang and Fuhua with reference to the original acquisition cost and the recent land cost per square meter in the industrial zone in Viet Yen District, Bac Giang Province, Vietnam.

The Zone F Land Rental Fee will be paid in cash in VND and satisfied by the Group’s internal resources.

Zone F Annual management fee

Upon acquisition of land use rights of the Zone F, Fugiang will provide property management services to New Wing (Bac Giang) regarding the Zone F and accordingly New Wing (Bac Giang) will pay to Fugiang an annual management fee of VND80,072,650 (excluding value-added tax), equivalent to approximately US\$3,455.9 (the “**Zone F Annual Management Fee**”), which was calculated based on VND12,041 per square meter per year with reference to comparable management fee in the industrial zone in Viet Yen District, Bac Giang Province, Vietnam, subject to an adjustment every two years based on local consumer price index accumulated changes with a cap of 10% for each adjustment.

The payment of the Zone F Annual Management Fee is subject to a term of three years ending December 31, 2023, which will be renewed automatically for another three years successively upon every expiry subject to the Company’s compliance with all applicable laws, rules and regulatory requirements (including those under the Listing Rules). The automatic renewal of such arrangement is also subject to the renewal of and the re-negotiation of commercial terms in the Framework General Services and Costs Sharing (Expense) Agreement between the Group and Hon Hai.

The Zone F Annual Management Fee shall accrue from the handover of the manufacturing facilities on the Zone F and be payable every six months.

Other principal terms of the Zone F Land Lease Agreement

Fugiang shall assist New Wing (Bac Giang) on the application for land use right certificate and warrant that the Zone F shall be free of any dispute.

MAJOR TERMS OF THE ZONE G LAND LEASE AGREEMENT

Date

March 18, 2021

Parties

- (i) Fugiang, as the transferor; and
- (ii) New Wing (Bac Giang), as the transferee.

Subject Matter

The Zone G is a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of 9,586.9 square meters, with its land use right expiring on November 12, 2065. The original cost of the Zone G is approximately US\$811,720.5, which mainly comprised the fees paid to the government of Viet Yen District, Bac Giang Province, Vietnam by Fugiang.

The book value of the Zone G is US\$814,886.5.

The Group currently expects to develop the Zone G into transportation facilities.

Consideration

New Wing (Bac Giang) is required to pay a land rental fee of US\$814,886.5 (excluding value-added tax) (the “**Zone G Land Rental Fee**”) to Fugiang, which was calculated based on US\$85 per square meter of the Zone G. In addition, New Wing (Bac Giang) is required to pay rates and rental (if any) to the local government on the unit price and prevailing requirements stipulated by the local government. As of the date of this announcement, no such rates and rental is payable by New Wing (Bac Giang) to the local government.

The Zone G Land Rental Fee was determined after arm’s length negotiation between Fugiang and New Wing (Bac Giang) with reference to the original acquisition cost and the recent land cost per square meter in the industrial zone in Viet Yen District, Bac Giang Province, Vietnam.

The Zone G Land Rental Fee will be paid in cash in VND and satisfied by the Group’s internal resources.

Zone G Annual management fee

Upon acquisition of land use rights of the Zone G, Fugiang will provide property management services to New Wing (Bac Giang) regarding the Zone G and accordingly New Wing (Bac Giang) will pay to Fugiang an annual management fee of VND122,118,048 (excluding value-added tax), equivalent to approximately US\$5,272.8, (the “**Zone G Annual Management Fee**”), which was calculated based on US\$0.55 per square meter per year with reference to comparable management fee in the industrial zone in Viet Yen District, Bac Giang Province, Vietnam, subject to an adjustment every two years based on local consumer price index accumulated changes with a cap of 10% for each adjustment.

The payment of the Zone G Annual Management Fee is subject to a term of three years ending December 31, 2023, which will be renewed automatically for another three years successively upon every expiry subject to the Company’s compliance with all applicable laws, rules and regulatory requirements (including those under the Listing Rules). The automatic renewal of such arrangement is also subject to the renewal of and the re-negotiation of commercial terms in the Framework General Services and Costs Sharing (Expense) Agreement between the Group and Hon Hai.

The Zone G Annual Management Fee shall accrue from the handover of the transportation facilities on the Zone G and be payable every six months.

Other principal terms of the Zone G Land Lease Agreement

Fugiang shall assist New Wing (Bac Giang) on the application for land use right certificate and warrant that the Zone G shall be free of any dispute.

GENERAL INFORMATION

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

Fugiang is a limited liability company established in Vietnam and is principally engaged in development of industrial land. Fugiang is a 95.52% owned subsidiary of Hon Hai.

New Wing (Bac Giang) is a limited liability company established in Vietnam and is principally engaged in manufacturing of data cable, earphones and 3C accessories. It is a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO ZONE F LAND LEASE AGREEMENT AND ZONE G LAND LEASE AGREEMENT

As mentioned in the Zone A Announcement and Zones B to E Announcement, with a view to expanding the Group's production capacity for future growth, the Group has purchased from Fugiang the land use rights of certain land lots within the Van Trung Industrial Park. Having considered the concentration of the resources and other issues, the Group decides to further purchase the land use rights of separate parcels of land in the vicinity of the existing site in order to further expand the production base.

Taking into account the above reasons and the terms of the Zone F Land Lease Agreement and the Zone G Land Lease Agreement, all Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Zone F Land Lease Agreement and the Zone G Land Lease Agreement are fair and reasonable; (ii) the Zone F Land Lease Transaction and the Zone G Land Lease Transaction are on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Zone F Land Lease Transaction and the Zone G Land Lease Transaction are in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in the Zone F Land Lease Agreement and the Zone G Land Lease Agreement.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Company is indirectly owned as to approximately 75.15% by Hon Hai, the controlling shareholder of the Company. Fugiang is a 95.52% owned subsidiary of Hon Hai. Therefore, Fugiang is a connected person of the Company by virtue of it being an associate of Hon Hai. Accordingly, each of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction and the payment of the Zone F Annual Management Fee and the Zone G Annual Management Fee constitutes a connected transaction or a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The payment of the Zone F Annual Management Fee and the Zone G Annual Management Fee will be covered under the Framework General Services and Costs Sharing (Expense) Agreement pursuant to which the Group will share the costs of certain services of subsidiaries of Hon Hai including general administrative and other services. Accordingly, the amount of the Zone F Annual Management Fee and the Zone G Annual Management Fee will be covered under and included in the annual caps for the transactions under the Framework General Services and Costs Sharing (Expense) Agreement. Please refer to the announcement of the Company dated November 25, 2019 for further details of the Framework General Services and Costs Sharing (Expense) Agreement and the respective annual caps.

As the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction (when aggregated with the Zone A Land Lease Transaction and the Zones B to E Land Lease Transaction) is more than 0.1% but less than 5%, each of the Zone F Land Lease Transaction and the Zone G Land Lease Transaction is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Company”	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6088.HK);
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	directors of the Company;

“Framework General Services and Costs Sharing (Expense) Agreement”	the framework general services and costs sharing (expense) agreement entered into between the Company and Hon Hai on November 25, 2019;
“Fugiang”	Fugiang Co., Ltd, a limited liability company established in Vietnam and a 95.52% owned subsidiary of Hon Hai;
“Fuhua”	Fuhua Co., Ltd, a limited liability company established in Vietnam and an independent third party of the Group;
“Group”	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), the controlling shareholder of the Company;
“Hon Hai Group”	Hon Hai and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Land”	a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of approximately 254,710 square meters, which is divided in to Zone A, Zone B, Zone C, Zone D and Zone E;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Wing (Bac Giang)”	New Wing Interconnect Technology (Bac Giang) Co., Ltd, a limited liability company established in Vietnam and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“US\$”	United States dollar(s), the lawful currency of the United States;

“Vietnam”	the Socialist Republic of Vietnam;
“VND”	Vietnamese dong, the lawful currency of Vietnam;
“Zone A”	zone A of the Land with a site area of approximately 73,682 square meters;
“Zone A Announcement”	the announcement of the Company dated January 25, 2019 in relation to the Zone A Land Lease Transaction;
“Zone A Land Lease Agreement”	the land lease agreement, dated January 25, 2019, entered into between New Wing (Bac Giang) and Fugiang, as further disclosed in the Zone A Announcement;
“Zone A Land Lease Transaction”	the transaction contemplated under the Zone A Land Lease Agreement;
“Zone B”	zone B of the Land with a site area of approximately 86,973 square meters;
“Zones B to E”	Zone B, Zone C, Zone D and Zone E;
“Zones B to E Announcement”	the announcement of the Company dated March 21, 2019 in relation to the Zones B to E Land Lease Transaction;
“Zones B to E Land Lease Agreements”	the land lease agreements, dated March 21, 2019, entered into between New Wing (Bac Giang) and Fugiang, as further described in the Zones B to E Announcement;
“Zones B to E Land Lease Transaction”	the transaction contemplated under the Zones B to E Land Lease Agreements;
“Zone C”	zone C of the Land with a site area of approximately 21,386 square meters;
“Zone D”	zone D of the Land with a site area of approximately 2,735 square meters;
“Zone E”	zone E of the Land with a site area of approximately 69,934 square meters;

“Zone F”	a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of approximately 6,650 square meters;
“Zone F Land Lease Agreement”	the land lease agreement, dated March 18, 2021, entered into between New Wing (Bac Giang) and Fugiang, as further described in the section headed “Major Terms of the Zone F Land Lease Agreement” of this announcement;
“Zone F Land Lease Transaction”	the transaction contemplated under the Zone F Land Lease Agreement;
“Zone G”	a parcel of industrial land located at Van Trung Industrial Park, Viet Yen District, Bac Giang Province, Vietnam with a site area of approximately 9,586.9 square meters;
“Zone G Land Lease Agreement”	the land lease agreement, dated March 18, 2021, entered into between New Wing (Bac Giang) and Fugiang, as further described in the section headed “Major Terms of the Zone G Land Lease Agreement” of this announcement;
“Zone G Land Lease Transaction”	the transaction contemplated under the Zone G Land Lease Agreement; and
%	percent.

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

Hong Kong, March 18, 2021

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

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