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**HON HAI PRECISION INDUSTRY CO., LTD.**

2019 Annual Shareholders' Meeting

Meeting Handbook

June 21, 2019

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2017 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF HON HAI PRECISION INDUSTRY CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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**Hon Hai Precision Industry Co., Ltd.**  
**2019 Annual General Shareholders' Meeting**

**MEETING PROCEDURE**

Time of Meeting: June 21, 2019 (Friday) at 9:00 am

Location of Meeting: No.2 Zihyou Street,  
Tucheng Industrial Park,  
Tucheng Dist., New Taipei City, Taiwan

- I. Report the total number of shares represented at this AGM
- II. Meeting Commencement Announcement
- III. Chairperson's Address
- IV. Report Items
- V. Ratification and Discussion Items
- VI. Extraordinary Motions
- VII. Meeting Adjournment

**Hon Hai Precision Industry Co., Ltd.**

**2019 Annual General Shareholders' Meeting**

**MEETING AGENDA**

- I. Chairman to announce the commencement of meeting
- II. Report Items
  - (1) Report the business of 2018.
  - (2) Statutory Auditor's review of 2018 audited financial statements.
  - (3) Report on the 2018 Employee Compensation Distributions.
  - (4) Status report of Company's indirect investment in Mainland China.
  - (5) Status report of domestic corporate bond issuance.
- III. Ratification, Discussion and Election Items
  - (1) To approve 2018 Business Report and Financial Statements.
  - (2) To approve the proposal for distribution of 2018 earnings.
  - (3) Discussion of amendments to the Company's "Articles of Incorporation."
  - (4) Discussion of amendments to the Company's "Procedures for Asset Acquisition & Disposal".
  - (5) Discussion of the amendments to the Company's "Procedures for Lending Funds to Others."
  - (6) Discussion of the amendments to the Company's "Procedures for Endorsements & Guarantees."
  - (7) Discussion of amendments to the Company's "Policies and Procedures for Financial Derivates Transactions"
  - (8) Director Elections.
  - (9) Discussion to approve the lifting of director of non-competition restrictions.
- IV. Extraordinary Motions
- V. Meeting Adjournment

## **REPORT ITEMS**

**Item 1:**

**2018 Business Report**

**Description:**

1. Please refer to Attachment 1 (pages 20-22) for the Business Report.
2. Please refer to Attachment 3 (pages 24-52) for the Financial Statements.

**Item 2:**

**Audit Committee's Review Report of 2018 audited financial statements**

**Description:**

Please refer to Attachment 2 (page 23) and Attachment 3 (pages 24-52) for the Audit Committee's Review Report and the Accountant's Audit Report, respectively.

**Item 3:**

**Report on the 2018 Employee Compensation Distributions**

**Description:**

1. According to the Articles of Incorporation adopted by the Board, 5-7% of the company profit (if any) is to be set aside for employee remuneration.
2. The employee remuneration totaled NT\$7,662,780,879 in 2018, distributed in cash, taking up 5% of the profit of the year. There is no difference between the above resolution and the ratified cost for 2018.
3. The Chairman is authorized to handle any pending issues related to this item, or any changes needed due to fact changes or as required by the competent authorities.



**Item 4:****Status report of the Company's new indirect investment in Mainland China****Description:**

The 2018 new indirect investments in the Chinese mainland with the company's own capital via the Company itself or its overseas subsidiaries are as follows:

Approval Code	Company Name	Amount Approved (US\$)
10730003620	Polight Technology (Shenzhen) Co., Ltd.	50,000,000
10730003630	Fu Sheng Optoelectronics Technology (Kunshan) Co. Ltd.	11,538,000
10700015290	Fih Electronics Technology (Nanjing) Co., Ltd.	156,950,000
10700015300	Fih (Nanjing) Intelligent Technology Co., Ltd.	75,336,000
10730027260	Jin Ji Full Precision Machinery ( Qin Huang Dao ) Co., Ltd.	1,593,143
10730027250	Ji Zhi Precision Technology ( Shen Zhen ) Co., Ltd.	15,000,000
10730026480	Shunsin Technology (Zhong Shan) Limited	27,297,000
10730050820	Nanning Foxfortune Technology Fund Ltd.	154,530
10730050830	Sharp Fit Automotive Technology (Wuxi) Co. Ltd.	6,105,870
10730063670	Hongfutai Precision Electrons (Yantai) Co., Ltd.	30,000,000
10730055180	Interface Technology (Chengdu) Co., Ltd.	19,159,000
10730058960	Huai An Jia Wei Industrial Development Co., Ltd.	4,745,000
10730061660	Gds Software (Shenzhen) Co., Ltd.	2,983,632
10730070500	Yuan Kang Agricultural Biotechnology Co., Ltd.	856,750
10730062220	Guizhou Funayuanchuang Technology Co., Ltd.	3,891,745
10700222010	Fuding Electronic Technology (Jiashan) Co., Ltd.	100,000,000
10700222000	Fuzhun Precision Tooling (Jiashan) Co., Ltd.	35,000,000

**Item 5:****Status report of domestic corporate bond issuance****Description:**

In order to pay the short-term debt, the Company issued domestic unsecured ordinary corporate bonds. Details as follows:

Unit: NT\$'000

Tranche/Category	The 1 <sup>st</sup> Tranche of Unsecured Ordinary Corporate Bonds, 2018				
Date of Approval	April 27 <sup>th</sup> 2018				
Date of Issuance	May 9 <sup>th</sup> 2018				
Total Issuance Amount	9,000,000				
Face Value	1,000				
Issue Price	NT\$100 (at Par)				
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D	Coupon E
Issuance Amount	1,000,000	3,100,000	200,000	3,200,000	1,500,000
Term	2018.5.9   2021.5.9	2018.5.9   2023.5.9	2018.5.9   2024.5.9	2018.5.9   2025.5.9	2018.5.9   2028.5.9
Coupon Rate (Fixed Rate)	0.76%	0.89%	0.96%	1.05%	1.35%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed once a year per coupon rate				
Principal Payment	100% principal repayment upon maturity				
Trustee	Bank SinoPac				
Debt Service Agency	The Chengchung Branch of Bank SinoPac				
Exercise of the Issuance	Exercised in Q2 2018				

Unit: NT\$'000

Tranche/Category	The 2 <sup>nd</sup> Tranche of Unsecured Ordinary Corporate Bonds, 2018					
Date of Approval	July 18 <sup>th</sup> 2018					
Date of Issuance	July 27 <sup>th</sup> 2018					
Total Issuance Amount	9,000,000					
Face Value	1,000					
Issue Price	NT\$100 (at Par)					
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D	Coupon E	Coupon F
Issuance Amount	700,000	200,000	3,900,000	500,000	2,300,000	1,400,000
Term	2018.7.27   2021.7.27	2018.7.27   2022.7.27	2018.7.27   2023.7.27	2018.7.27   2024.7.27	2018.7.27   2025.7.27	2018.7.27   2028.7.27
Coupon Rate (Fixed Rate)	0.73%	0.80%	0.87%	0.92%	1.00%	1.30%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed once a year					
Principal Payment	100% principal repayment upon maturity					
Trustee	Bank SinoPac					
Debt Service Agency	The Chengchung Branch of Bank SinoPac					
Exercise of the Issuance	Exercised in Q3 2018					

# **RATIFICATION, DISCUSSION AND ELECTION ITEMS**

## **Proposal 1: To approve 2018 Business Report and Financial Statements**

(Proposed by the Board of Directors)

### **Description:**

1. The 2018 Business Report and the Financial Statements have been approved by the Board of Directors, and have been reviewed by the Audit Committee.
2. Please refer to Attachment 1 through Attachment 3 (pages 20-52) for the documents mentioned above.

### **Resolution:**

**Proposal 2: To approve the proposal for distribution of 2018 earnings.**

(Proposed by the Board of Directors)

**Description:**

1. The 2018 Earnings Distribution Plan of the Company has been submitted by the Board of Directors, in accordance with the Company Act and the Company's Articles of Incorporation, as shown in the following table.
2. The Company's net profit after taxes totaled NT\$129,065,104,562 in 2018. After deducting the set-aside legal reserve of NT\$12,906,510,456 and special reserve of NT\$32,770,617,430, adding the accumulated unappropriated earning at the beginning of the period of NT\$641,815,608,551, and IFRS translation adjustment of NT\$7,309,666,011, defined benefit plans remeasurement NT\$173,980,871 and 2018 Disposal of equity instruments through FVTOCI of NT\$1,045,194,599, the earnings available for appropriation at the end of 2018 is NT\$733,732,426,708.
3. The Company plans to distribute dividends of NT\$55,451,962,436. Each common share holder will be entitled to receive cash dividends of NT\$4 per share.
4. The cash dividends will be calculated to the nearest NT dollar. The remainder will be transferred into the account of the Employee Welfare Committee.
5. Subject to the approval of the General Shareholders' Meeting, the Chairman is authorized to determine the ex-dividend date and the distribution date for the cash dividends and other related matters.
6. Prior to the ex-dividend date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., so that the ratio of the cash dividends is changed and needs to be adjusted, the Chairman is authorized to make such adjustments.

**Resolution:**

**Hon Hai Precision Industry Co., Ltd.**  
**2017 Earnings Allocation Table**

Unit: NT\$

Items	Amount	Note
2018 Net Profit	129,065,104,562	
Minus: Appropriated as legal reserve (10%)	12,906,510,456	
Minus: Special reserve	32,770,617,430	
Earnings available for distribution for 2018	83,387,976,676	
Add: Accumulated un-appropriated earnings at the beginning of the period	641,815,608,551	
Add: IFRS translation	7,309,666,011	
Add: 2018 defined employee benefits remeasurement	173,980,871	
Add: 2018 Disposal of equity instruments through FVTOCI	1,045,194,599	
Earnings available for appropriation at the end of 2018	733,732,426,708	
Allocation Items		
Cash Dividends to Shareholders	55,451,962,436	NT\$4 per share
Un-appropriated Earnings	678,280,464,272	

President: Gou, Tai-ming

CEO: Gou, Tai-ming

Accounting Manager: Chou, Joung Kai

**Proposal 3: Discussion of amendments to the Company’s “Articles of Incorporation.”**

(Proposed by the Board of Directors)

**Description:**

Due Company’s future operations requiring a proposed Vice Chairperson, and to adhere to amendments in “The Company Act”, the proposed amendments to the Company’s “Articles of Incorporation” are shown in a comparison table on Attachment 4 (pages 53-60).

**Resolution:**

**Proposal 4: Discussion of amendments to the Company’s “Procedures for Asset Acquisition & Disposal”.**

(Proposed by the Board of Directors)

**Description:**

In accordance with the laws and regulations, the proposed amendments to the Company’s “Procedures for Asset Acquisition & Disposal” are shown in a comparison table on Attachment 5 (pages 61-79).

**Resolution:**



**Proposal 5: Discussion of the amendments to the Company’s “Procedures for Lending Funds to Others.”**

(Proposed by the Board of Directors)

**Description:**

In accordance with the laws and regulations, the proposed amendments to the Company’s “Procedures for Lending Funds to Others” are shown in a comparison table on Attachment 6 (pages 80-84).

**Resolution:**

**Proposal 6: Discussion of the amendments to the Company’s “Procedures for Endorsements & Guarantees.”**

(Proposed by the Board of Directors)

**Description:**

In accordance with the laws and regulations, the proposed amendments to the Company’s “Procedures for Endorsements & Guarantees” are shown in a comparison table on Attachment 7 (pages 85-88).

**Resolution:**

**Proposal 7: Discussion of the amendments to the Company’s “Policies and Procedures for Financial Derivates Transactions”**

**Description:**

In accordance with the laws and regulations, the proposed amendments to the Company’s

“Policies and Procedures for Financial Derivates Transactions” are shown in a comparison table on Attachment 8 (pages 89-90).

**Resolution:**

## **Proposal 8: Director Elections**

### **Description:**

1. The term of the Company's current directors and supervisors will expire by June 30, 2019. In accordance with the Articles of Incorporation, a comprehensive re-election of directors and supervisors shall be conducted during this year's annual general shareholders' meeting.
2. There are nine seats of directors (including three independent directors) for this year. The office term is three years, from July 1, 2019 to June 30, 2022.
3. The candidate nomination system is adopted for this year's election of directors. The list of the director nominees has been approved by the second Board meeting in 2019. Shareholders shall select and appoint directors from the candidate list. Their educations, experience, and other related information are shown in Attachment 9 (pages 94-96).
4. Please elect.

### **Election Results:**

**Proposal 9: Discussion to approve the lifting of director of non-competition restrictions.**

**Description:**

In accordance with the Article 209 of the Company Act, it is proposed to lift the non-competition restrictions to the following directors, so as to assist the company's business development.

<b>Category</b>	<b>Candidate Name</b>	<b>Company Name and Concurrent Position</b>
Director	<b>Lu, Fang-ming</b>	<ul style="list-style-type: none"><li>• Chairman of Asia Pacific Telecom</li><li>• Trust Fund Manager, Asian Pay Television Trust</li></ul>
Director	<b>Liu, Yang-wei</b>	<ul style="list-style-type: none"><li>• Chairperson, Foxsemicon Integrated Technology Inc.</li><li>• Director, Sharp Corporation.</li></ul>
Director	Hon Jin International Investment Co., Ltd. Representative: <b>Li, Chieh</b>	<ul style="list-style-type: none"><li>• Vice Chairperson, Foxconn Industrial Internet Co., Ltd.</li></ul>
Director	Hon Jin International Investment Co., Ltd. Representative: <b>Lu, Sung-ching</b>	<ul style="list-style-type: none"><li>• Chairperson, Foxsemicon Integrated Technology</li></ul>
Director	Fulldream Information Co., Ltd. Representative: <b>Tai, Cheng-wu</b>	<ul style="list-style-type: none"><li>• CEO, Sharp Corporation.</li></ul>
INED	<b>Wang, Kuo-cheng</b>	<ul style="list-style-type: none"><li>• Independent Director, HannStar Board Corporation</li><li>• Independent Director, Apex Medical Corp.</li></ul>

**Election Results:**

## **Extraordinary Motions**

## **Adjournment**

# ATTACHMENTS

## Hon Hai Precision Industry Co., Ltd.

### Attachment 1: Business Report

The Company hereby reports its operation results from 2018 as follows:

#### 1. 2018 Business Achievements:

The Company delivered another year of excellent results in 2018, setting new record in consolidated revenue. The consolidated net revenue for 2018 was NT\$5.294 trillion, compared with NT\$4.707 trillion in 2017, an increase of NT\$587 billion, or 12.47% year-over-year growth. The net profit was NT\$129.07 billion in 2018, compared with NT\$138.734 billion in 2017, a 6.97% year-over-year decline.

#### 2. 2018 Review and 2019 Outlook:

Over the past year, the global economic and political landscape has been dynamic, and the turbulent U.S.-China trade relations have added to the external challenges presented to corporations. Hong Hai / Foxconn Technology Group with the continued commitment and efforts of the staff, have elevated our Fortune Global 500 ranking from 25<sup>th</sup> to 24<sup>th</sup> by the Fortune Magazine. At the same time, the Group continues to lay foundation for growth of R&D: In the 2018 Top 100 Global Innovators report released by Clarivate Analytics only three institutions in Taiwan have been shortlisted, and it's with great honor for Hon Hai's to be included this year. This is an outcome of the relentless effort of the Group in creating influential development of innovation and research in the field of information technology as well as active application of international patents over the past five years. In addition, based on the 2018 Patent Application and Grant List published by the Intellectual Property Office of the Ministry of Economic Affairs, the Group was granted 246 patents in 2018, ranking the Group 6<sup>th</sup> in Taiwan. We are deeply grateful to our shareholders for their guidance and advice, as well as our customers' trust and support from our suppliers.

The outlook for 2019 is foreshadowed by global shifts in economy, with a slowdown in overall

growth. Specifically, Asia is continually being affected by China's supply side structural reform; United States' continued raising of interest rates may lead to a sooner tightening of the global finances, and puts some Asian economies at a disadvantage; complimented by the tense geopolitical landscape with extreme weathers; a lingering threat of terrorism; all have contributed to the precariousness of the road ahead, and the challenges going forward.

Considering these macro trends, we must enforce the Group's global presence with cross-plant and international scale of operations; development of Industrial Internet of Things (IIoT) and its practical applications; to help accelerate the transformation of the Group into a technology platform company. 2019 will be focused on three main facets: "Manufacturing as Foundation, Technology as Fundamentals and Growth for the Group". The Company's core will emphasize real economy, and have identified three main sectors going forward: Intelligent Manufacturing, Internet-based Healthcare, and Data Security. Additionally, to increase competitiveness the Company will focus on increasing quality and efficiency, and lowering costs and stockpiles. The Company will operate on key strategic tenets centered on cloud computing: mobile terminals; Internet of Things (IoT); Big data; artificial intelligence (AI); high-speed networks; and robots; to consolidate industrial big data, cloud intelligence, management of data security, blockchain finance, intelligent manufacturing, and intelligent supply chains and through utilizing the "Six streams" of personnel flow, cargo flow, process flow, coupled with the flow of information, financial and technology as a basis to strive towards a society of Internet of Everything (IoE) and expedite the Company's integration into the global trend of smart industries.

Hong Hai have been leveraging roughly 40 years of our core manufacturing foundation to strive towards applications within the IIoT. Internally, parts of this long-term endeavor have already come into fruition with the help from advancements made by our big data, AI, and automation developments.

Looking forward, Hong Hai will continue to maintain a global outreach and attract the next generation of talents worldwide. Furthermore, increase material commitment in research & development, and endorsement of the latest development technology and tools to provide complete support for our employees to excel. In the next 5 years, Hong Hai will be investing tens of millions globally to establish IIoT research labs; robotics research facilities; and labs catering for IIoT and AI applications. Hong Hai / Foxconn Technology Group advocates a talent acquisition strategy of having a "global sense, being technologically adept, and of youthful vigor", we sincerely welcome ambitious, global, passionate, professional and responsible individuals to join our family and



generate value not only for Hong Hai, but that which improves lives on a global scale. Hong Hai will maintain our unabating commitment to sustainability, social responsibility, and continue to maximize value for all our shareholders.

President: Terry Gou (Gou Tai-ming)

CEO: Terry Gou (Gou Tai-ming)

Accounting Manager: Chou, Joung Kai

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 2: Audit Committee's Review Report**

The Board of Directors has prepared the Company's Financial Statements, 2018 Business Report and proposal for distribution of 2018 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The Financial Statements, 2018 Business Report and proposal for distribution of 2018 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

**Hon Hai Precision Industry Co., Ltd.**

Chairman of the Audit Committee:

On the date of May 10, 2019

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 3: Independent Auditors' Report and 2018 Financial Statements**

HON HAI PRECISION INDUSTRY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND AUDIT

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(STOCK CODE: 2317)

## Audit Reports of Independent Accountants

Financial Review No. 18004661 (2019)

To Hon Hai Precision Industry Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Hon Hai Precision Industry Co., Ltd. (referred to as ‘Hon Hai’ hereinafter) as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows for the years then ended, and notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit reports of other public accountants, the above-mentioned parent company only financial statements present fairly, in all material aspects, the parent company only financial position of Hon Hai as of December 31, 2018 and 2017, and its parent company only financial performance and parent company only cash flows then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

### **Basis for Opinion**

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibility under such standards will be further explained in the section titled “Independent accountant’s responsibilities for the audit of the parent company only financial statements” We are independent of Hon Hai in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Codes”), and we have fulfilled our other ethical responsibilities in accordance with the Codes. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters refer to those matters that, in our professional judgment, were of most significance in the audit of Hon Hai’s 2018 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole

and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of Hon Hai's 2018 parent company only financial statements are as follows:

### **Cut-off of hub sales revenue**

#### Description

For accounting policies on revenue recognition, please refer to Note IV (XXXIII) in the Parent Company Only Financial Statements.

Hon Hai's revenue from hub sales, among other sales patterns, is recognized when customers pick up goods from the hub (i.e. when control over goods is transferred). For pick-ups from hub, Hon Hai recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in accounting records.

As there are numerous daily sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of hub sales revenue was identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over cut-off of hub sales revenue for a specific time prior to and after the balance sheet date, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognizing movements of inventories and respective transfer of cost of goods sold.
2. Confirmed by letter or conducted physical count of inventory quantities held at hubs and agreed to accounting records.

### **Allowance for inventory valuation losses**

#### Description

Refer to Note IV(XIII) for accounting policies on inventory valuation, Note V(II) for uncertainty of accounting estimates and assumptions in relation to inventory valuation , and Note VI(VI) for details of inventories. As of December 31, 2018, Hon Hai's inventories and allowance for inventory valuation losses amounted to NT\$81,942,904 thousand and NT\$2,540,128 thousand, respectively.

Hon Hai is primarily engaged in manufacturing and sales of electronic products. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses arising from market value decline or obsolescence. Inventories sold in the ordinary course of business are measured at the lower of cost and net realizable value; the net realizable value for goods aged over a certain period of time or identified individually as obsolete is derived based on the historical experience of dealing with obsolete inventories. The aforementioned allowance for inventory valuation loss mainly comes from goods aged over a certain period of time or identified individually as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

We performed the following procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time.
3. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.
4. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and re-performed the calculation.

## **Other matters – Reference to audits of other independent accountants**

Investment accounted for under the equity method included in the Parent Company Only Financial Statements of Hon Hai Precision Industry Co., Ltd. was not audited by us, but by other independent accountants. Therefore, among our opinion on the aforementioned Parent Company Only Financial Statements, the stated amounts and other related information disclosed in Note XIII were based on the audit reports of other independent accountants. As of December 31, 2018 and 2017, the investment accounted for under the equity method amounted to NT\$40,748,228 thousand and NT\$59,283,666 thousand, respectively. Based on the financial statements for 2018 and 2017 audited by other independent accountants, the recognized comprehensive income (comprising share of profit or loss in subsidiaries, associates and joint ventures accounted for under the equity method, and share of other comprehensive income in subsidiaries, associates and joint ventures accounted for under the equity method) amounted to a loss of NT\$19,716,390 thousand and a loss of NT\$ 5,876,016 thousand, respectively.

## **Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Hon Hai’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Hon Hai or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Hon Hai’s financial reporting process.

## **Independent accountant’s responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Such misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

1. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hon Hai's internal controls.
2. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
3. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hon Hai's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause Hon Hai to cease to continue as a going concern.
4. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



5. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hon Hai to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and for forming an audit opinion on the parent company only financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters for Hon Hai's 2018 parent company only financial statements. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

Hsu, Yung-Chien

CPA

Chou, Chien-Hung

Former Securities Commission of the Ministry of Finance

Approval No.: (84) Taiwan-Finance-Securities (6) 13377

Approval No.: (88) Taiwan-Finance-Securities (6) 95577

March 29, 2019

**HON HAI PRECISION INDUSTRY CO., LTD.**

**Parent Company Only Balance Sheets**

**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

Assets	Notes	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 82,890,081	3	\$ 96,472,358	3
1100	Financial assets at fair value through profit or loss - current	6 (2) and 12 (4)	1,815,192	-	4,603,310	-
1136	(ii) Financial assets at amortized cost - current	6 (4)	3,500,000	-	-	-
1170	Accounts receivable, net	6(5)	412,897,027	13	561,587,033	17
1180	Net accounts receivable - related parties	7	131,024,172	4	102,273,855	3
1200	Other receivables		793,049	-	2,165,318	-
1210	Other receivables - related parties	7	972,167,126	32	1,146,997,460	35
130X	Inventory	6(6)	79,402,776	3	76,272,062	3
1410	Prepayments	7	447,837	-	537,608	-
1470	Other current assets	12(4)	-	-	7,000,000	-
11XX	<b>Total current assets</b>		<u>1,684,937,260</u>	<u>55</u>	<u>1,997,909,004</u>	<u>61</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6 (3)	1,775,858	-	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	2,204,770	-
1535	Financial assets at amortized cost - non-current	6 (4)	330,571	-	-	-
1543	Financial assets carried at cost - non-current	12(4)	-	-	105,789	-
1550	Investments accounted for under equity method	6(7)	1,388,494,765	45	1,212,720,236	37
1600	Property, plant and equipment	6(8)	4,513,316	-	5,570,886	-
1840	Deferred income tax assets	6 (25)	3,377,118	-	4,285,778	-
1900	Other non-current assets	7 and 8	1,034,485	-	47,817,381	2
15XX	<b>Total non-current assets</b>		<u>1,399,526,113</u>	<u>45</u>	<u>1,272,704,840</u>	<u>39</u>
1XXX	<b>Total assets</b>		<u>\$ 3,084,463,373</u>	<u>100</u>	<u>3,270,613,844</u>	<u>100</u>

(Continued)

**HON HAI PRECISION INDUSTRY CO., LTD.**

**Parent Company Only Balance Sheets**

**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

Liabilities and equity	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
<b>Current liabilities</b>					
2100 Short-term loans	6 (9)	\$ 153,762,200	5	\$ 149,095,740	5
2110 Short-term notes and bills payable	6 (10)	18,482,242	1	9,490,744	-
2120 Financial liabilities at fair value through profit or loss - current	6 (2) and 12 (4)	453,041	-	6,309,365	-
2170 Accounts payable		60,824,150	2	19,613,523	1
2180 Accounts payable - related parties	7	1,028,246,780	33	1,123,263,334	34
2200 Other payables	7	405,050,274	13	671,600,574	21
2230 Current income tax liabilities	6 (25)	16,281,028	1	19,133,727	1
2250 Provisions for liabilities - current	6 (14)	5,998,169	-	1,266,067	-
2300 Other current liabilities	6 (11) and (12)	29,875,805	1	47,150,598	1
<b>21XX Total current liabilities</b>		<u>1,713,573,689</u>	<u>56</u>	<u>2,046,923,672</u>	<u>63</u>
<b>Non-current liabilities</b>					
2530 Bonds payable	6(11)	132,712,842	4	125,491,989	4
2540 Long-term loans	6 (12)	20,018,288	1	6,645,815	-
2570 Deferred income tax liabilities	6 (25)	4,846,240	-	5,652,212	-
2600 Other non-current liabilities	6(13)	1,433,845	-	1,679,341	-
<b>25XX Total non-current liabilities</b>		<u>159,011,215</u>	<u>5</u>	<u>139,469,357</u>	<u>4</u>
<b>2XXX Total liabilities</b>		<u>1,872,584,904</u>	<u>61</u>	<u>2,186,393,029</u>	<u>67</u>
<b>Equity</b>					
<b>Share capital</b>					
3110 Share capital - common stock	6(15)	138,629,906	5	173,287,383	5
<b>Capital surplus</b>					
3200 Capital surplus	6(16)	190,018,456	6	97,872,884	3
<b>Retained earnings</b>					
3310 Legal reserve	6(17)	136,606,364	4	122,732,924	4
3320 Special reserve		27,539,310	1	-	-
3350 Unappropriated retained earnings		779,409,554	25	717,885,835	22
<b>Other equity interest</b>					
3400 Other equity interest	6(18)	( 60,309,927 )	( 2 )	( 27,539,310 )	( 1 )
3500 Treasury stocks	6(15)	( 15,194 )	-	( 18,901 )	-
<b>3XXX Total equity</b>		<u>1,211,878,469</u>	<u>39</u>	<u>1,084,220,815</u>	<u>33</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>					
<b>Significant events after the balance sheet date</b>					
	11	\$ 3,084,463,373	100	\$ 3,270,613,844	100
<b>3X2X Total liabilities and equity</b>		<u>\$ 3,084,463,373</u>	<u>100</u>	<u>\$ 3,270,613,844</u>	<u>100</u>

**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars  
(Except for earnings per share expressed in New Taiwan Dollar)

Item	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(19)	\$ 2,867,948,593	100	\$ 3,118,085,676	100
5000 <b>Operating costs</b>	6(6) (22) (23) and 7	( 2,807,155,298 )	( 98 )	( 3,022,856,189 )	( 97 )
5900 <b>Operating profit - gross</b>		<u>60,793,295</u>	<u>2</u>	<u>95,229,487</u>	<u>3</u>
<b>Operating expenses</b>	6 (22) (23) and 12 (2)				
6100 Selling expenses		( 2,962,754 )	-	( 5,571,385 )	-
6200 General and administrative expenses		( 7,028,521 )	-	( 9,329,634 )	-
6300 Research and development expenses		( 9,967,987 )	( 1 )	( 13,738,242 )	( 1 )
6000 <b>Total operational expenses</b>		<u>( 19,959,262 )</u>	<u>( 1 )</u>	<u>( 28,639,261 )</u>	<u>( 1 )</u>
6900 <b>Operating profit</b>		<u>40,834,033</u>	<u>1</u>	<u>66,590,226</u>	<u>2</u>
<b>Non-operating income and expenses</b>					
7010 Other income	6 (20)	2,475,442	-	3,279,624	-
7020 Other gains and losses	6 (21)	16,009,809	1	39,667,137	1
7050 Finance cost	6 (24)	( 4,497,891 )	-	( 2,900,786 )	-
7070 Shares of profit(loss) of subsidiaries, associates and joint ventures accounted for under the equity method		<u>90,771,444</u>	<u>3</u>	<u>53,780,898</u>	<u>2</u>
7000 <b>Total non-operating income and expenses</b>		<u>104,758,804</u>	<u>4</u>	<u>93,826,873</u>	<u>3</u>
7900 <b>Profit before income tax</b>		<u>145,592,837</u>	<u>5</u>	<u>160,417,099</u>	<u>5</u>
7950 Income tax expense	6 (25)	( 16,527,732 )	-	( 21,682,698 )	-
8200 <b>Net income for the period</b>		<u>\$ 129,065,105</u>	<u>5</u>	<u>\$ 138,734,401</u>	<u>5</u>

**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars  
(Except for earnings per share expressed in New Taiwan Dollar)

Item	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
<b>Other comprehensive income - net</b>					
<b>Components not to be reclassified to profit or loss</b>					
8311	Remeasurement of defined benefit plan	6(13)			
			\$ 217,476	-	(\$ 54,572)
8316	Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income	6(18)	( 512,501 )	-	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method - components not to be reclassified to profit or loss	6(18)	( 16,527,402 )	( 1 )	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	6 (25)	( 43,495 )	-	9,277
8310	<b>Components not to be reclassified to profit or loss - total</b>		( 16,865,922 )	( 1 )	( 45,295 )
<b>Components that may be reclassified to profit or loss</b>					
8361	Exchange difference arising from translation of foreign operation financial statements	6(18)	( 8,957,127 )	-	( 44,879,628 )
8362	Unrealized gains or losses on valuation of available-for-sale financial assets	6(18)	-	-	( 36,786,283 )
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method - components that may be reclassified to profit or loss	6(18)	( 121,619 )	-	15,426,200
8399	Income tax related to components that may be reclassified to profit or loss	6 (25)	-	-	6,192,134
8360	<b>Components that may be reclassified to profit or loss - total</b>		( 9,078,746 )	-	( 60,047,577 )
8300	<b>Other comprehensive income - net</b>		( \$ 25,944,668 )	( 1 )	( \$ 60,092,872 )
8500	<b>Total comprehensive income</b>		<u>\$ 103,120,437</u>	<u>4</u>	<u>\$ 78,641,529</u>
<b>Earnings per share</b>					
9750	<b>Basic earnings per share</b>	6 (26)	\$	8.03	\$ 8.01
9850	<b>Diluted earnings per share</b>		\$	7.95	\$ 7.91

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	Retained earnings					Other equity interest			Treasury stocks	Total
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets		
<u>2017</u>											
Balance - January 1, 2017		\$ 173,287,383	\$ 93,046,611	\$ 107,866,626	\$ -	\$ 672,059,408	( \$ 7,741,467 )	\$ -	\$ 40,249,734	( \$ 18,901 )	\$ 1,078,749,394
Net income for the period		-	-	-	-	138,734,401	-	-	-	-	138,734,401
Other comprehensive income	6(18)	-	-	-	-	( 45,295 )	( 48,578,970 )	-	( 11,468,607 )	-	( 60,092,872 )
Total comprehensive income		-	-	-	-	138,689,106	( 48,578,970 )	-	( 11,468,607 )	-	78,641,529
Earnings allocation and distribution in 2016	6(17)										
Legal reserve		-	-	14,866,298	-	( 14,866,298 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 77,979,322 )	-	-	-	-	( 77,979,322 )
Changes in equity of associates and joint ventures accounted for under the equity method	6(16)	-	1,594,859	-	-	( 17,059 )	-	-	-	-	1,577,800
Adjustments arising from changes in percentage of ownership in subsidiaries	6(16)	-	2,132,161	-	-	-	-	-	-	-	2,132,161
Due to recognition of equity component of convertible bonds issued	6(11) and (16)	-	1,099,253	-	-	-	-	-	-	-	1,099,253
Balance - December 31, 2017		<u>\$ 173,287,383</u>	<u>\$ 97,872,884</u>	<u>\$ 122,732,924</u>	<u>\$ -</u>	<u>\$ 717,885,835</u>	<u>( \$ 56,320,437 )</u>	<u>\$ -</u>	<u>\$ 28,781,127</u>	<u>( \$ 18,901 )</u>	<u>\$ 1,084,220,815</u>

(continued)

**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest			Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets		
2018											
Balance - January 1, 2017		\$ 173,287,383	\$ 97,872,884	\$ 122,732,924	\$ -	\$ 717,885,835	( \$ 56,320,437 )	\$ -	\$ 28,781,127	\$ 18,901	\$ 1,084,220,815
Effects of retrospective application and retrospective restatement	12(4)	-	-	-	-	7,309,666	-	23,174,353	( 28,781,127 )	-	1,702,892
Balance after restatement, January 1, 2018		<u>173,287,383</u>	<u>97,872,884</u>	<u>122,732,924</u>	<u>-</u>	<u>725,195,501</u>	<u>( 56,320,437 )</u>	<u>23,174,353</u>	<u>-</u>	<u>( 18,901 )</u>	<u>1,085,923,707</u>
Net income (loss)		-	-	-	-	129,065,105	-	-	-	-	129,065,105
Other comprehensive income	6(18)	-	-	-	-	173,981	( 9,078,746 )	( 17,039,903 )	-	-	( 25,944,668 )
Total comprehensive income		-	-	-	-	129,239,086	( 9,078,746 )	( 17,039,903 )	-	-	103,120,437
Earnings allocation and distribution in 2017	6(17)										
Legal reserve		-	-	13,873,440	-	( 13,873,440 )	-	-	-	-	-
Special reserve		-	-	-	27,539,310	( 27,539,310 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 34,657,477 )	-	-	-	-	( 34,657,477 )
Cash capital reduction	6(15)	( 34,657,477 )	-	-	-	-	-	-	-	3,707	( 34,653,770 )
Changes in equity of associates and joint ventures accounted for under the equity method	6(16)	-	6,572,078	-	-	-	-	-	-	-	6,572,078
Adjustments arising from changes in percentage of ownership in subsidiaries	6(16)	-	85,573,494	-	-	-	-	-	-	-	85,573,494
Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	1,045,194	-	( 1,045,194 )	-	-	-
Balance - December 31, 2017		<u>\$ 138,629,906</u>	<u>\$ 190,018,456</u>	<u>\$ 136,606,364</u>	<u>\$ 27,539,310</u>	<u>\$ 779,409,554</u>	<u>( \$ 65,399,183 )</u>	<u>\$ 5,089,256</u>	<u>\$ -</u>	<u>( \$ 15,194 )</u>	<u>\$ 1,211,878,469</u>

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Cash Flows**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1, 2018 to December 31, 2018 Amount	January 1, 2017 to December 31, 2017 Amount
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 145,592,837	\$ 160,417,099
Adjustments			
Adjustments to reconcile profit(loss)			
Effect of foreign exchange on foreign currency cash		( 78,508 )	( 689,768 )
Depreciation	6 (22)	556,693	3,008,400
Amortization	6 (22)	366,339	473,627
Gain on expected credit losses		( 1,282,235 )	-
Gain on disposal or retirement of property, plant and equipment	6 (21)	( 21,688 )	( 12,858 )
Net (Gain) loss on financial assets or liabilities measured at fair value through profit or loss	6 (2) (21)	( 16,087,808 )	29,090,567
Share of profit or loss of associates and joint ventures accounted for under the equity method		( 90,771,444 )	( 53,780,898 )
Valuation of long-term loans in foreign currency		24,226	( 18,991 )
Interest expense	6 (24)	3,931,926	2,648,518
Interest income	6 (20)	( 1,145,274 )	( 2,547,721 )
Dividend income	6 (20)	( 126,207 )	( 38,772 )
Gain on disposal of investments	6 (21)	-	( 63,642,188 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		-	( 20,477,075 )
Financial assets mandatorily measured at fair value through profit or loss		8,500,552	-
Notes receivable		714	( 12,276 )
Accounts receivable		149,974,584	( 175,917,653 )
Accounts receivable - related parties		( 28,843,214 )	10,991,765
Other receivables		( 9,381,815 )	( 953,897 )
Inventory		( 3,130,714 )	11,424,684
Prepayments		89,771	( 55,164 )
Changes in operating liabilities			
Accounts payable		41,210,627	( 38,829,959 )
Accounts payable - related parties		( 95,016,554 )	79,205,990
Other payables		( 30,388,529 )	( 4,408,728 )
Other current liabilities		( 181,998 )	( 1,752,000 )
Provisions for liabilities - current		( 667,898 )	( 370,489 )
Accrued pension liabilities		( 28,020 )	( 84,948 )
Cash infolow (outflow) generated from operating activities		73,096,363	( 66,332,735 )
Income taxes paid		( 19,321,238 )	( 13,735,025 )
Cash infolow (outflow) generated from operating activities, net		53,775,125	( 80,067,760 )

(Continued)



**HON HAI PRECISION INDUSTRY CO., LTD.**  
**Parent Company Only Statements of Cash Flows**  
**December 31, 2018 and 2017**

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1, 2018 to December 31, 2018 Amount	January 1, 2017 to December 31, 2017 Amount
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of available-for-sale financial assets		\$ -	\$ 434,523
Share proceeds refunded due to capital reduction of financial assets carried at cost		-	16,844
Acquisition of investments accounted for under the equity method	6(8)	( 21,920,357 )	( 45,404,620 )
Acquisition of financial assets designated as at fair value through profit or loss at initial recognition		4,519,050	252,450
Acquisition of property, plant and equipment	6 (27)	( 3,518,422 )	( 4,067,647 )
Decrease (increase) in other assets		( 51,871 )	64,062
Other receivables - related parties		44,271,673	-
Decrease (increase) in other financial assets - current		-	37,047,742
Decrease in financial assets at amortized cost - current		3,500,000	-
Disposal of property, plant and equipment	6 (27)	24,895,721	4,537,499
Decrease (increase) in receivables arising from purchase of raw materials on behalf of others		( 68,925,835 )	10,808,066
Interest received		1,196,125	2,496,790
dividend received		4,662,282	1,019,998
Share proceeds refunded due to capital reduction of financial assets measured through other comprehensive income		22,200	-
Cash inflow (outflow) generated from investing activities, net		( 11,349,434 )	7,205,707
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term loans		4,666,460	73,216,990
Increase (decrease) in short-term notes and bills payables		9,000,000	( 6,500,000 )
Repayments of corporate bonds		( 28,100,000 )	( 25,800,000 )
Issuance of long-term loans		13,500,000	6,400,000
Repayments of long-term loans		( 145,780 )	( 140,441 )
Cash dividends paid	6(17)	( 34,657,477 )	( 77,979,322 )
Interest Paid		( 3,692,202 )	( 2,583,555 )
Issuance of corporate bonds payable		18,000,000	42,058,260
Cash capital reduction	6(15)	( 34,657,477 )	-
Cash inflow (outflow) generated from financing activities, net		( 56,086,476 )	8,671,932
Effects of foreign exchange rates		78,508	689,768
Decrease in cash and cash equivalents		( 13,582,277 )	( 63,500,353 )
Cash and cash equivalents, beginning of period		96,472,358	159,972,711
Cash and cash equivalents, end of period		\$ 82,890,081	\$ 96,472,358

The accompanying notes are an integral part of these parent company only financial statements.  
Please refer to it as well.

HON HAI PRECISION INDUSTRY CO., LTD.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT ACCOUNTANTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Hon Hai Precision Industry Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the Independent Accountant’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2018 were as follows:

#### **Cut-off of hub sales revenue**

##### Description

Refer to Note 4(34) for accounting policies on revenue recognition.

The Group recognises revenue upon acceptance of the goods by the customers (when control of the products is transferred) if picked up from hub. For pick-ups from hub, the Group recognises sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between the physical inventory quantities in the hubs and the quantities as reflected in accounting records.

As there are numerous daily sales revenue transactions from hubs and the transaction

amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of hub sales revenue was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed and tested the appropriateness of internal controls over cut-off of hub sales revenue for a specific period prior to and after the balance sheet date, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognising movements of inventories and respective transfer of cost of goods sold.
- B. Confirmed or conducted physical count of inventory quantities held at hubs and agreed to accounting records.

**Allowance for inventory valuation losses**

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(7) for details of inventories. As at December 31, 2018, the Group's inventories and allowance for inventory valuation losses amounted to NT\$649,181,868 thousand and NT\$24,156,074 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of 3C electronic products. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses arising from market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain time period and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

- A. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
- B. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.
- C. Evaluated the reasonableness of inventories individually identified as obsolete or damaged by checking the related supporting documents and comparing with the information obtained from physical inventory.
- D. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation.

**Financial assets and financial liabilities offsetting agreement with financial institutions**

Description

Refer to Note 4(27) for accounting policies on offsetting of financial instruments, Note 5(1)2 for significant judgement on applying accounting policies on offsetting of financial instruments, and Note 6(14) for details of offsetting of financial instruments. As of December 31, 2018, the financial instruments that were offset amounted to NT\$1,347,892,969 thousand.

The Group has entered into financial assets and financial liabilities offsetting agreements, which are in compliance with IAS 32, 'Financial instruments: Presentation', whereby financial assets and liabilities are offset and reported in the net amount since the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

As the determination of whether the Group meets the criteria for offsetting prescribed in IAS 32, 'Financial instruments: Presentation' is subject to management's judgment, and the Group has entered into various individually significant financial assets and financial liabilities offsetting agreements, which would have a material effect on the financial statements should the financial assets and financial liabilities be presented separately, we consider offsetting of financial assets and liabilities a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed and tested internal controls over financial assets and financial liabilities offsetting agreements with financial institutions, including control processes in determining whether such agreements meet the criteria under IAS 32, 'Financial instruments: Presentation', and ascertained whether the offsetting made in the financial statements was properly approved and accounted for in compliance with the guidance in IAS 32.
- B. Obtained and reviewed the terms of the above agreements and confirmed whether the criteria under IAS 32, 'Financial instruments: Presentation' were met and the accounting treatment was prescribed in the guidance.
- C. Confirmed the existence and the rights and obligations of financial assets and financial liabilities offsetting agreements with respective financial institutions.

**Purchase price allocation for acquisition of Belkin International Inc.**

Description

Refer to Note 4(36) for the accounting policy on business combinations and Note 6(36) for the details of business combination during the year.

The Group acquired 100% equity interest in Belkin International Inc. ("Belkin") for a consideration of NT\$27,031,880 thousand and recognised goodwill of NT\$13,563,157 thousand in 2018.

The Group is required to determine the fair values of the identifiable assets acquired and liabilities assumed of Belkin at the date of acquisition. Management engaged an independent professional appraiser to perform a fair valuation using different valuation models for different types of assets. For details of purchase price allocation, refer to Note 6(36).

As the amount of this acquisition is material and the determination of the valuation of identified intangible assets required significant management's judgement and estimates, we consider the purchase price allocation for the acquisition of Belkin a key audit matter.

#### How our audit addressed the matter

- A. Assessed the competence and objectivity of the independent professional appraiser.
- B. Assessed management's identification of Belkin's identifiable assets acquired and liabilities assumed at the date of acquisition based on investment contracts, Belkin's financial information and the relevant accounting standards.
- C. Reviewed the appropriateness of the valuation models adopted by management, as well as the reasonableness of key assumptions, e.g. remaining useful life, royalty rate and discount rate, by comparing with the market information.
- D. Assessed the reasonableness of key assumptions underlying cash flow projections prepared by management used in the valuation models, e.g. sales growth rates and gross profit margin, by comparing these assumptions to Belkin's historical performance, market data and approved budget.

#### **Other matter – Reference to audits of other independent accountants**

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT\$271,749,166 thousand and NT\$254,358,470 thousand, constituting 8.04% and 7.47% of the consolidated total assets as of December 31, 2018 and 2017, respectively, and total operating revenues amounted to NT\$458,975,381 thousand and NT\$359,947,049 thousand, constituting 8.67% and 7.65% of the consolidated total operating revenues for the years then ended, respectively.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion on the parent company only financial statements of Hon Hai Precision Industry Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

### **Independent accountant's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Yung-Chien   Chou, Chien-Hung  
for and on behalf of PricewaterhouseCoopers, Taiwan  
March 29, 2019

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.  
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**YEARS ENDED DECEMBER 31**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Assets	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 788,662,325	23	\$ 642,496,059	19
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	5,016,365	-	7,009,541	-
1125	Available-for-sale financial assets - current	12(4)	-	-	290	-
1136	Current financial assets at amortised cost, net	6(4) and 8	78,944,139	2	-	-
1170	Accounts receivable, net	6(5)	1,009,364,152	30	1,150,428,069	34
1180	Accounts receivable - related parties	7	48,172,268	1	80,066,388	2
1200	Other receivables	6(6)	73,996,367	2	67,700,725	2
1210	Other receivables - related parties	7	57,705,076	2	82,627,493	2
130X	Inventory	6(7)	625,025,794	19	560,954,855	17
1410	Prepayments	7	19,596,260	1	20,328,111	1
1470	Other current assets	8 and 12(4)	-	-	134,524,586	4
11XX	<b>Total current assets</b>		<u>2,706,482,746</u>	<u>80</u>	<u>2,746,136,117</u>	<u>81</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 12(4)	74,887,490	2	3,040,601	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	66,634,395	2	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	70,868,132	2
1535	Non-current financial assets at amortised cost, net	6(4) and 8	16,240,740	1	-	-
1543	Financial assets carried at cost - non-current	12(4)	-	-	49,861,639	2
1546	Investments in debt instrument without active market - non-current	12(4)	-	-	4,571,100	-
1550	Investments accounted for under equity method	6(8)	160,316,664	5	151,000,283	4
1600	Property, plant and equipment	6(9) and 8	277,860,012	8	278,204,005	8
1760	Investment property - net	6(10)	2,523,963	-	2,422,523	-
1780	Intangible assets	6(11)	30,357,025	1	9,552,444	-
1840	Deferred income tax assets	6(34)	16,229,304	-	15,048,377	1
1900	Other non-current assets	6(12), 7 and 8	29,823,088	1	76,511,392	2
15XX	<b>Total non-current assets</b>		<u>674,872,681</u>	<u>20</u>	<u>661,080,496</u>	<u>19</u>
1XXX	<b>Total assets</b>		<u>\$ 3,381,355,427</u>	<u>100</u>	<u>\$ 3,407,216,613</u>	<u>100</u>

(Continued)

**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**YEARS ENDED DECEMBER 31**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term loans	6(14)	\$ 532,315,377	16	\$ 418,835,146	12
2110	Short-term notes and bills payable	6(13)	19,283,228	1	10,960,269	1
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12(4)	651,426	-	6,486,348	-
2170	Accounts payable		905,682,505	27	1,119,169,644	33
2180	Accounts payable - related parties	7	42,340,749	1	97,315,119	3
2200	Other payables	6(15) and 7	228,985,231	7	255,696,126	8
2230	Current income tax liabilities	6(34)	36,400,157	1	38,439,140	1
2250	Provisions for liabilities - current	6(22)	5,652,147	-	4,796,498	-
2300	Other current liabilities	6(16)	38,550,736	1	73,803,977	2
21XX	<b>Total current liabilities</b>		<u>1,809,861,556</u>	<u>54</u>	<u>2,025,502,267</u>	<u>60</u>
	<b>Non-current liabilities</b>					
2500	Financial liabilities at fair value through profit or loss - non-current	6(2) and 12(4)	22,835	-	-	-
2530	Corporate bonds payable	6(17)	178,794,577	5	168,495,189	5
2540	Long-term loans	6(18)	36,483,791	1	19,984,818	1
2570	Deferred income tax liabilities	6(34)	14,649,508	1	12,541,548	-
2600	Other non-current liabilities	6(21)	9,109,272	-	8,900,336	-
25XX	<b>Total non-current liabilities</b>		<u>239,059,983</u>	<u>7</u>	<u>209,921,891</u>	<u>6</u>
2XXX	<b>Total liabilities</b>		<u>2,048,921,539</u>	<u>61</u>	<u>2,235,424,158</u>	<u>66</u>
	<b>Equity</b>					
	<b>Equity attributable to owners of parent</b>					
	<b>Share capital</b>	6(23)				
3110	Share capital - common stock		138,629,906	4	173,287,383	5
	<b>Capital reserve</b>	6(24)				
3200	Capital surplus		190,018,456	6	97,872,884	3
	<b>Retained earnings</b>	6(25)				
3310	Legal reserve		136,606,364	4	122,732,924	4
3320	Special reserve		27,539,310	1	-	-
3350	Unappropriated retained earnings		779,409,554	23	717,885,835	21
	<b>Other equity interest</b>	6(26)				
3400	Other equity interest		( 60,309,927)	( 2)	( 27,539,310)	( 1)
3500	Treasury stocks	6(23)	( 15,194)	-	( 18,901)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,211,878,469</u>	<u>36</u>	<u>1,084,220,815</u>	<u>32</u>
36XX	<b>Non-controlling interest</b>	6(27)	<u>120,555,419</u>	<u>3</u>	<u>87,571,640</u>	<u>2</u>
3XXX	<b>Total equity</b>		<u>1,332,433,888</u>	<u>39</u>	<u>1,171,792,455</u>	<u>34</u>
	<b>Commitments and Contingent Liabilities</b>	9				
	<b>Subsequent Events</b>	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,381,355,427</u>	<u>100</u>	<u>\$ 3,407,216,613</u>	<u>100</u>

**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLL)**

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(28) and 7	\$ 5,293,803,022	100	\$ 4,706,736,096	100
5000	<b>Operating costs</b>	6(7)(31)(32) and 7	( 4,961,773,118)	( 94)	( 4,403,729,149)	( 94)
5900	<b>Net operating margin</b>		<u>332,029,904</u>	<u>6</u>	<u>303,006,947</u>	<u>6</u>
	<b>Operating expenses</b>	6(31)(32)				
6100	Selling expenses		( 32,690,093)	( 1)	( 29,501,197)	-
6200	General and administrative expenses	12(2)	( 78,762,853)	( 1)	( 79,154,165)	( 2)
6300	Research and development expenses		( 84,430,083)	( 2)	( 81,781,154)	( 2)
6000	<b>Total operating expenses</b>		<u>( 195,883,029)</u>	<u>( 4)</u>	<u>( 190,436,516)</u>	<u>( 4)</u>
6900	<b>Operating profit</b>		<u>136,146,875</u>	<u>2</u>	<u>112,570,431</u>	<u>2</u>
	<b>Non-operating income and expenses</b>					
7010	Other income	6(29)	74,415,499	2	52,830,252	1
7020	Other gains and losses	6(30)	( 997,809)	-	45,649,591	1
7050	Finance costs	6(33)	( 55,544,836)	( 1)	( 38,994,404)	( 1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>16,231,713</u>	<u>-</u>	<u>10,816,753</u>	<u>1</u>
7000	<b>Total non-operating income and expenses</b>		<u>34,104,567</u>	<u>1</u>	<u>70,302,192</u>	<u>2</u>
7900	<b>Profit before income tax</b>		170,251,442	3	182,872,623	4
7950	Income tax expense	6(34)	( 40,416,017)	-	( 47,498,095)	( 1)
8200	<b>Profit for the year</b>		<u>\$ 129,835,425</u>	<u>3</u>	<u>\$ 135,374,528</u>	<u>3</u>

(Continued)

**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLL)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Gains (losses) on defined benefit plans	6(19)	\$ 217,476	-	(\$ 54,572)	-
8316	Unrealised loss on valuation of financial assets at fair value through other comprehensive income	6(3)(26)(27)	( 4,687,419)	-	-	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(26)	( 12,700,347)	( 1)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(34)	( 43,495)	-	9,277	-
8310	<b>Other comprehensive loss that will not be reclassified to profit or loss</b>		( 17,213,785)	( 1)	( 45,295)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(26)(27)	( 11,603,077)	-	( 47,527,350)	( 1)
8362	Unrealised loss on valuation of available-for-sale financial assets	6(26)(27)	-	-	( 19,885,300)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method	6(26)	( 121,619)	-	4,873,253	-
8399	Income tax relating to components of other comprehensive income	6(34)	-	-	6,192,134	-
8360	<b>Other comprehensive loss that will be reclassified to profit or loss</b>		( 11,724,696)	-	( 56,347,263)	( 1)
8300	<b>Other comprehensive loss for the year</b>		( \$ 28,938,481)	( 1)	( \$ 56,392,558)	( 1)
8500	<b>Total comprehensive income for the year</b>		\$ 100,896,944	2	\$ 78,981,970	2
<b>Profit (loss) attributable to:</b>						
8610	Owners of the parent		\$ 129,065,105	3	\$ 138,734,401	3
8620	Non-controlling interest		770,320	-	( 3,359,873)	-
			\$ 129,835,425	3	\$ 135,374,528	3
<b>Comprehensive income (loss) attributable to:</b>						
8710	Owners of the parent		\$ 103,120,437	2	\$ 78,641,529	2
8720	Non-controlling interest		( 2,223,493)	-	340,441	-
			\$ 100,896,944	2	\$ 78,981,970	2
<b>Earnings per share</b>						
9750	<b>Basic earnings per share</b>	6(35)	\$ 8.03		\$ 8.01	
9850	<b>Diluted earnings per share</b>		\$ 7.95		\$ 7.91	

**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Equity attributable to owners of the parent

Notes	Share capital - common stock	Total capital reserve, additional paid-in capital	Retained Earnings		Unappropriated retained earnings	Other Equity Interest			Treasury stocks	Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve		Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets				
<b>the year ended December 31, 2017</b>												
	\$ 173,287,38	\$ 93,046,61	\$ 107,866,62	\$	\$ 672,059,40	(\$ 7,741,46)	\$	\$ 40,249,73	(\$ 18,90)	\$ 1,078,749,39	\$ 55,039,20	\$ 1,133,788,59
	-	-	-	-	138,734,401	-	-	-	-	138,734,401	( 3,359,873)	135,374,528
6(26)	-	-	-	-	( 45,295)	( 48,578,970)	-	( 11,468,607)	-	( 60,092,872)	3,700,314	( 56,392,558)
	-	-	-	-	138,689,106	( 48,578,970)	-	( 11,468,607)	-	78,641,529	340,441	78,981,970
6(25)	-	-	14,866,298	-	( 14,866,298)	-	-	-	-	-	-	-
	-	-	-	-	( 77,979,322)	-	-	-	-	( 77,979,322)	-	( 77,979,322)
6(24)	-	1,594,859	-	-	( 17,059)	-	-	-	-	1,577,800	-	1,577,800
6(24)	-	2,132,161	-	-	-	-	-	-	-	2,132,161	15,182,942	17,315,103
6(17)	-	1,099,253	-	-	-	-	-	-	-	1,099,253	-	1,099,253
6(27)	-	-	-	-	-	-	-	-	-	-	17,009,053	17,009,053
	\$ 173,287,38	\$ 97,872,88	\$ 122,732,92	\$	\$ 717,885,83	(\$ 56,320,43)	\$	\$ 28,781,12	(\$ 18,90)	\$ 1,084,220,81	\$ 87,571,64	\$ 1,171,792,45
<b>For the year ended December 31, 2018</b>												
	\$ 173,287,38	\$ 97,872,88	\$ 122,732,92	\$	\$ 717,885,83	(\$ 56,320,43)	\$	\$ 28,781,12	(\$ 18,90)	\$ 1,084,220,81	\$ 87,571,64	\$ 1,171,792,45
12(4)	-	-	-	-	7,309,666	-	23,174,353	( 28,781,127)	-	1,702,892	( 297,228)	1,405,664
	173,287,383	97,872,884	122,732,924	-	725,195,501	( 56,320,437)	23,174,353	-	( 18,901)	1,085,923,707	87,274,412	1,173,198,119
	-	-	-	-	129,065,105	-	-	-	-	129,065,105	770,320	129,835,425
6(26)	-	-	-	-	173,981	( 9,078,746)	( 17,039,903)	-	-	( 25,944,668)	( 2,993,813)	( 28,938,481)
	-	-	-	-	129,239,086	( 9,078,746)	( 17,039,903)	-	-	103,120,437	( 2,223,493)	100,896,944
6(25)	-	-	13,873,440	-	( 13,873,440)	-	-	-	-	-	-	-
	-	-	-	27,539,310	( 27,539,310)	-	-	-	-	-	-	-
	( 34,657,477)	-	-	-	( 34,657,477)	-	-	-	( 3,707)	( 34,653,770)	-	( 34,653,770)
6(24)	-	6,572,078	-	-	-	-	-	-	-	6,572,078	-	6,572,078
6(24)	-	85,573,494	-	-	-	-	-	-	-	85,573,494	251,608	85,825,102
6(27)	-	-	-	-	-	-	-	-	-	-	35,252,892	35,252,892
6(3)	-	-	-	-	1,045,194	-	( 1,045,194)	-	-	-	-	-
	\$ 138,629,90	\$ 190,018,45	\$ 136,606,36	\$ 27,539,31	\$ 779,409,55	(\$ 65,399,18)	\$ 5,089,25	\$	(\$ 15,19)	\$ 1,211,878,46	\$ 120,555,41	\$ 1,332,433,88

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 170,251,442	\$ 182,872,623
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(31)	58,210,706	59,736,585
Amortisation	6(31)	1,715,151	1,263,825
Expected credit loss	12(2)	195,147	2,056,114
Impairment loss	6(30)	5,124,948	6,542,022
Loss on disposal of property, plant and equipment, net	6(30)	824,918	22,420
(Gain) loss on financial assets or liabilities at fair value through profit or loss, net	6(30)	( 12,202,000 )	21,402,244
Share of profit of associates and joint ventures accounted for using equity method		( 16,231,713 )	( 10,816,753 )
Gain on disposal of investments	6(30)	( 1,666,502 )	( 66,182,488 )
Interest expense	6(33)	54,978,871	38,742,136
Interest income	6(29)	( 60,400,627 )	( 46,305,757 )
Dividend income	6(29)	( 3,543,981 )	( 1,202,077 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		-	( 6,191,988 )
Financial assets mandatorily measured at fair value through profit or loss		( 2,011,528 )	-
Notes receivable		( 302,417 )	33,912
Accounts receivable		143,814,705	( 449,242,401 )
Accounts receivable due from related parties		31,879,664	( 51,527,913 )
Other receivables		2,888,426	( 30,688,932 )
Inventories		( 58,738,438 )	( 173,680,794 )
Prepayments		731,851	( 7,242,608 )
Changes in operating liabilities			
Accounts payable		( 220,012,620 )	440,114,387
Accounts payable to related parties		( 54,974,370 )	66,707,190
Other payables		( 37,530,727 )	24,668,730
Provisions for liabilities - current		855,649	1,813,462
Other current liabilities		( 1,747,794 )	( 2,164,466 )
Accrued pension liabilities		( 123,752 )	( 26,561 )
Cash inflow generated from operations		1,985,009	702,912
Income taxes paid		( 42,141,231 )	( 40,044,225 )
Net cash flows used in operating activities		( 40,156,222 )	( 39,341,313 )

(Continued)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of property, plant and equipment	6(37)	( \$	65,532,812 )	( \$	60,384,846 )
Proceeds from disposal of property, plant and equipment	6(37)		27,883,428		9,994,734
Acquisition of financial assets at fair value through profit or loss		(	4,405,425 )		-
Acquisition of subsidiaries	6(36)	(	26,112,000 )		-
Proceeds from disposal of financial assets at fair value through profit or loss			112,953		-
Acquisition of financial assets at fair value through other comprehensive income		(	7,514,778 )		-
Proceeds from disposal of financial assets at fair value through other comprehensive income			2,794,477		-
Proceeds from repayments of financial assets at amortised cost-current			55,580,447		-
Acquisition of financial assets at amortised cost - non-current		(	14,312,960 )		-
Proceeds from disposal of financial assets at amortised cost			1,379,850		-
Other investing activities		(	312,983 )	(	92,074 )
Other receivables due from related parties			44,992,310		330,498
Acquisition of investments accounted for using equity method		(	3,937,967 )	(	731,379 )
Decrease (increase) in other prepayment			241,377	(	545,816 )
Interest received			54,451,751		43,690,301
Dividends received			6,290,869		5,464,796
Acquisition of available-for-sale financial assets			-	(	154,752 )
Increase in other financial assets - current			-	(	27,760,384 )
(Increase) decrease in other non-current assets		(	167,081 )		757,069
Acquisition of financial assets at cost			-	(	26,843,966 )
Acquisition of financial assets at fair value through profit			-	(	10,679,250 )
Proceeds from capital reduction of investments accounted for using equity method			-		964,799
Proceeds from disposal of financial assets carried at cost			-		1,354,203
Proceeds from disposal of available-for-sale financial assets			-		4,232,224
Increase in other financial assets - non-current			-	(	15,809 )
Acquisition of investments in debt instrument without active market - non-market			-	(	4,571,100 )
Net cash flows from (used in) investing activities			<u>71,431,456</u>	(	<u>64,990,752</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in short-term loans	6(37)		113,480,231		247,363,003
Increase (decrease) in short-term notes and bills payable	6(37)		8,340,928	(	5,030,000 )
Proceeds from issuing bonds	6(37)		19,500,000		54,202,207
Repayments of bonds	6(37)	(	38,617,729 )	(	58,589,080 )
Proceeds from long-term debt	6(37)		17,585,680		12,896,069
Repayments of long-term debt	6(37)	(	7,440,627 )	(	9,159,975 )
Increase in other non-current liabilities			645,671		367,786
Changes in non-controlling interests	6(27)		251,608		17,009,053
Interest paid		(	48,346,530 )	(	34,839,842 )
Capital reduction payments to shareholders	6(23)	(	34,653,770 )		-
Cash dividends paid	6(25)	(	34,657,477 )	(	77,979,322 )
Cash received from investment of non-controlling interests in subsidiary's new shares			<u>122,882,261</u>		<u>-</u>
Net cash flows from financing activities			<u>118,970,246</u>		<u>146,239,899</u>
Net effect of changes in foreign currency exchange rates		(	<u>4,079,214</u> )	(	<u>32,567,076</u> )
Net increase in cash and cash equivalents			146,166,266		9,340,758
Cash and cash equivalents at beginning of year			642,496,059		633,155,301
Cash and cash equivalents at end of year		\$	<u>788,662,325</u>	\$	<u>642,496,059</u>

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 4: Articles of Incorporation Amendment Comparison Table**

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 1:</p> <p>The Company, organized under the Company Act as a Company limited by shares, and shall be named Hon Hai Precision Industry Co., Ltd. (hereinafter, “the Company”).</p>	<p>Article 1:</p> <p>The Company, organized under the Company Act as a Company limited by shares, and shall be named <u>鴻海精密工業股份有限公司 in Chinese, and Hon Hai Precision Industry Co., Ltd. in English</u> (hereinafter, “the Company”).</p>	<p>In accordance with amendments made to “The Company Act” (Only applicable to the Chinese version of Articles of Incorporation).</p>
<p>Article 6:</p> <p>The authorized capital of the Company is NT\$180 billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p>	<p>Article 6:</p> <p>The authorized capital of the Company is NT\$180 billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p> <p><b><u>Directors are empowered to authorize the recipients of employee stock options; recipients of employee restricted shares plan; recipients of issuance of shares (cash capitalization) reserved for subscription by employees; the means of issuance and subscription of the above, furthermore, recipients must qualify as an employee of the Company.</u></b></p>	<p>In accordance with amendments made to “The Company Act”.</p>



Before Amendments	After Amendments	Description
<p>Article 7:</p> <p>The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of, <b><u>at least three directors</u></b>, and authenticated by <b><u>the competent governmental authority</u></b> upon issuance. Shares issued by the Company need not be in certificate form.</p>	<p>Article 7:</p> <p>The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of a <b><u>Company representative Director</u></b>, and authenticated by <b><u>securities certification bank</u></b> upon issuance. Shares issued by the Company need not be in certificate form, <b><u>but need to be registered through the centralized securities depository.</u></b></p>	
<p>Article 17:</p> <p>The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. <b><u>The chairman of the board of directors shall</u></b> represent the Company in external matters. <b><u>If the chairman of the board is on leave or cannot perform his duties for some reason, the chairman shall designate a director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the directors shall nominate one from among themselves to act on behalf of the chairman.</u></b></p>	<p>Article 17:</p> <p>The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors, <b><u>and also elect a vice chairman of the board in the same manner. Internally, the chairman of the board of directors shall preside the shareholders' meeting and the meeting of the board of directors, and also</u></b> represent the Company in external matters. <b><u>In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the resulting procedures will be pursuant to Article 208 of the Company Act.</u></b></p>	<p>Addition of the vice chairman and in accordance with amendments made to “The Company Act”</p>
<p>Article 19:</p> <p>The authorities of the board of directors are as follows:</p> <ol style="list-style-type: none"> <li>1. The Company’s business focus, business and long term development plans shall be decided by the board of directors.</li> <li>2. Propose the Company’s annual</li> </ol>	<p>Article 19:</p> <p>The authorities of the board of directors are as follows:</p> <ol style="list-style-type: none"> <li>1. The Company’s business focus, business and long term development plans shall be decided by the board of directors.</li> <li>2. Propose the Company’s annual</li> </ol>	<p>In accordance with amendments made to “The Company Act”.</p>

Before Amendments	After Amendments	Description
<p>budget plan.</p> <p>3. Propose to increase or decrease Company capital.</p> <p>4. Propose profit distribution or a plan for recovery of losses.</p> <p>5. Propose major contracts.</p> <p>6. Propose to revise the Articles of Incorporation.</p> <p>7. Set up Company organizational structures and business rules.</p> <p>8. Setup, dissolution, re-organization and dismissal of branch offices.</p> <p>9. Commissioning and decommissioning of the Company's <b><u>CEO, deputy general managers and</u></b> managers.</p> <p>10. Convening of the shareholders' meeting.</p> <p>11. Propose the acquisition or disposal of the Company's major assets.</p> <p>12. Propose external endorsements and guarantees or schedule foreign investments.</p> <p>13. Propose to increase the Company's capital plan by dividends, bonus or reserves.</p> <p>14. The authorities pursuant to Article 202 of the Company Act.</p>	<p>budget plan.</p> <p>3. Propose to increase or decrease Company capital.</p> <p>4. Propose profit distribution or a plan for recovery of losses.</p> <p>5. Propose major contracts.</p> <p>6. Propose to revise the Articles of Incorporation.</p> <p>7. Set up Company organizational structures and business rules.</p> <p>8. Setup, dissolution, re-organization and dismissal of branch offices.</p> <p>9. Commissioning and decommissioning of the Company's managers.</p> <p>10. Convening of the shareholders' meeting.</p> <p>11. Propose the acquisition or disposal of the Company's major assets.</p> <p>12. Propose external endorsements and guarantees or schedule foreign investments.</p> <p>13. Propose to increase the Company's capital plan by dividends, bonus or reserves.</p> <p>14. The authorities pursuant to Article 202 of the Company Act.</p> <p><b><u>15. Resolutions regarding shareholder cash bonuses, legal reserve, and additional paid-in capital.</u></b></p>	
<p>Article 26:</p> <p>The Company may appoint one <b><u>Chief Executive Officer</u></b>, whose commissioning, decommissioning and pay rate shall be as pursuant to Article 29 of the Company Act.</p>	<p>Article 26:</p> <p>The Company may appoint one <b><u>manager</u></b>, whose commissioning, decommissioning and pay rate shall be as pursuant to Article 29 of the Company Act.</p>	<p>In accordance with amendments made to "The Company Act" and practicality.</p>

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 28:</p> <p>If the Company reports a surplus (Surplus refers to profit before tax deducted appropriated employee compensation), 5%-7% of which shall be set aside as employee compensation. If the Company has accumulated losses, the Company shall reserve an amount to offset it. Employee compensations mentioned in preceding paragraph shall be distributed in stocks or in cash. The payment shall apply to employees in the subsidiaries <b><u>as well whoever meets criteria developed by the Board of Directors.</u></b> The proceeding two paragraphs shall be based on resolutions by the Board of Directors, and reported to the shareholders' meeting.</p>	<p>Article 28:</p> <p>If the Company reports a surplus (Surplus refers to profit before tax deducted appropriated employee compensation), 5%-7% of which shall be set aside as employee compensation. If the Company has accumulated losses, the Company shall reserve an amount to offset it. Employee compensations mentioned in preceding paragraph shall be distributed in stocks or in cash. The payment shall apply to employees in the subsidiaries <b><u>and must qualify as an employee of the Company along with criteria of issuance and eligibility developed by the Board of Directors.</u></b> The proceeding two paragraphs shall be based on resolutions by the Board of Directors, and reported to the shareholders' meeting.</p>	<p>In accordance with amendments made to "The Company Act"</p>
<p>Article 28-1:</p> <p>The annual net income of the Company shall be appropriated in accordance with the priorities listed as follows:</p> <ol style="list-style-type: none"> <li>1. Recovering of Losses.</li> <li>2. Appropriation of 10% for legal capital reserve.</li> <li>3. Appropriate or return to Special capital reserve pursuant to applicable law or regulation.</li> </ol> <p>As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy in Section 3 of this Article. The Company is currently at a developing stage. The Company's dividend distribution policy is subject to the Company's current</p>	<p>Article 28-1:</p> <p>The annual net income of the Company shall be appropriated in accordance with the priorities listed as follows:</p> <ol style="list-style-type: none"> <li>1. Recovering of Losses.</li> <li>2. Appropriation of 10% for legal capital reserve, <b><u>where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</u></b></li> <li>3. Appropriate or return to Special capital reserve pursuant to applicable law or regulation.</li> </ol> <p>As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy in Section <b><u>4</u></b> of this Article. <b><u>The Company authorizes the</u></b></p>	<p>In accordance with amendments made to "The Company Act"</p>

Before Amendments	After Amendments	Description
<p>and future investment environment, fund requirements, competition from local and abroad, and capital budgets, as well as taking into consideration of the interests of shareholders and the long-term financial planning. Shareholder dividends are set aside on accumulated un-appropriated earnings, which shall not be less than 15% of earnings available for appropriation for the year and cash dividends shall not be less 10% of total dividends.</p>	<p><b><u>distributable dividends and bonuses, legal or capital reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting, in this case the aforesaid resolution at the meeting of shareholders in the previous section will not apply.</u></b>  The Company is currently at a developing stage. The Company’s dividend distribution policy is subject to the Company’s current and future investment environment, fund requirements, competition from local and abroad, and capital budgets, as well as taking into consideration of the interests of shareholders and the long-term financial planning. Shareholder dividends are set aside on accumulated un-appropriated earnings, which shall not be less than 15% of earnings available for appropriation for the year and cash dividends shall not be less 10% of total dividends.</p>	
<p>Article 29:  The Company may transfer stock to employees at a price that is lower than the actual average price of the shares, or the Company may issue employee stock options at a price that is lower than the common stock closing price of the issue date, pursuant to a resolution approved by the majority of total issued shares represented at the shareholders’ meeting and the consent of more than two-thirds of the attending shareholders’ voting rights.</p>	<p>Article 29:  The Company may transfer stock to employees at a price that is lower than the actual average price of the shares, or the Company may issue employee stock options at a price that is lower than the common stock closing price of the issue date, pursuant to a resolution approved by the majority of total issued shares represented at the shareholders’ meeting and the consent of more than two-thirds of the attending shareholders’ voting rights. <b><u>The aforesaid stock purchases, the recipient must qualify as an</u></b></p>	<p>In accordance with amendments made to “The Company Act”</p>

Before Amendments	After Amendments	Description
	<u>employee of the Company along with criteria of issuance and eligibility developed by the Board of Directors.</u>	
<p>Article 31:</p> <p>These Articles of Incorporation were enacted on January 5, 1974.</p> <p>The 1st amendment was made on January 20, 1974.</p> <p>The 2nd amendment was made on November 30, 1974.</p> <p>The 3rd amendment was made on July 28, 1975.</p> <p>The 4th amendment was made on August 19, 1975.</p> <p>The 5th amendment was made on January 5, 1976.</p> <p>The 6th amendment was made on February 23, 1976.</p> <p>The 7th amendment was made on November 29, 1977.</p> <p>The 8th amendment was made on August 25, 1978.</p> <p>The 9th amendment was made on April 15, 1982.</p> <p>The 10th amendment was made on March 10, 1983.</p> <p>The 11th amendment was made on April 24, 1984.</p> <p>The 12th amendment was made on September 1, 1984.</p> <p>The 13th amendment was made on April 10, 1986.</p> <p>The 14th amendment was made on December 10, 1986.</p> <p>The 15th amendment was made on November 6, 1987.</p> <p>The 16th amendment was made on April 29, 1989.</p> <p>The 17th amendment was made on October 2, 1989.</p> <p>The 18th amendment was made on October 24, 1989.</p>	<p>Article 31:</p> <p>These Articles of Incorporation were enacted on January 5, 1974.</p> <p>The 1st amendment was made on January 20, 1974.</p> <p>The 2nd amendment was made on November 30, 1974.</p> <p>The 3rd amendment was made on July 28, 1975.</p> <p>The 4th amendment was made on August 19, 1975.</p> <p>The 5th amendment was made on January 5, 1976.</p> <p>The 6th amendment was made on February 23, 1976.</p> <p>The 7th amendment was made on November 29, 1977.</p> <p>The 8th amendment was made on August 25, 1978.</p> <p>The 9th amendment was made on April 15, 1982.</p> <p>The 10th amendment was made on March 10, 1983.</p> <p>The 11th amendment was made on April 24, 1984.</p> <p>The 12th amendment was made on September 1, 1984.</p> <p>The 13th amendment was made on April 10, 1986.</p> <p>The 14th amendment was made on December 10, 1986.</p> <p>The 15th amendment was made on November 6, 1987.</p> <p>The 16th amendment was made on April 29, 1989.</p> <p>The 17th amendment was made on October 2, 1989.</p> <p>The 18th amendment was made on October 24, 1989.</p>	<p>Updated to reflect amendment dates of this revision.</p>

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
The 19th amendment was made on December 20, 1989.	The 19th amendment was made on December 20, 1989.	
The 20th amendment was made on December 31, 1989.	The 20th amendment was made on December 31, 1989.	
The 21st amendment was made on May 19, 1990.	The 21st amendment was made on May 19, 1990.	
The 22nd amendment was made on April 28, 1991.	The 22nd amendment was made on April 28, 1991.	
The 23rd amendment was made on May 27, 1992.	The 23rd amendment was made on May 27, 1992.	
The 24th amendment was made on June 21, 1993.	The 24th amendment was made on June 21, 1993.	
The 25th amendment was made on May 21, 1994.	The 25th amendment was made on May 21, 1994.	
The 26th amendment was made on June 10, 1995.	The 26th amendment was made on June 10, 1995.	
The 27th amendment was made on June 24, 1996.	The 27th amendment was made on June 24, 1996.	
The 28th amendment was made on June 21, 1997.	The 28th amendment was made on June 21, 1997.	
The 29th amendment was made on October 7, 1997.	The 29th amendment was made on October 7, 1997.	
The 30th amendment was made on June 15, 1998.	The 30th amendment was made on June 15, 1998.	
The 31st amendment was made on June 1, 1999.	The 31st amendment was made on June 1, 1999.	
The 32nd amendment was made on June 2, 2000.	The 32nd amendment was made on June 2, 2000.	
The 33rd amendment was made on May 31, 2001.	The 33rd amendment was made on May 31, 2001.	
The 34th amendment was made on June 10, 2002.	The 34th amendment was made on June 10, 2002.	
The 35th amendment was made on December 24, 2003.	The 35th amendment was made on December 24, 2003.	
The 36th amendment was made on June 10, 2004.	The 36th amendment was made on June 10, 2004.	
The 37th amendment was made on June 14, 2005.	The 37th amendment was made on June 14, 2005.	
The 38th amendment was made on June 14, 2006.	The 38th amendment was made on June 14, 2006.	
The 39th amendment was made on June 8, 2007.	The 39th amendment was made on June 8, 2007.	
The 40th amendment was made on June 2, 2008.	The 40th amendment was made on June 2, 2008.	
The 41st amendment was made on April 16, 2009.	The 41st amendment was made on April 16, 2009.	
The 42nd amendment was made on June 8, 2010.	The 42nd amendment was made on June 8, 2010.	
The 43rd amendment was made on	The 43rd amendment was made on	

Before Amendments	After Amendments	Description
<p>June 8, 2011.  The 44th amendment was made on June 18, 2012.  The 45th amendment was made on June 26, 2013.  The 46th amendment was made on June 25, 2014.  The 47th Amendment was made on June 25, 2015  The 48th Amendment was made on June 22, 2016.</p>	<p>June 8, 2011.  The 44th amendment was made on June 18, 2012.  The 45th amendment was made on June 26, 2013.  The 46th amendment was made on June 25, 2014.  The 47th Amendment was made on June 25, 2015  The 48th Amendment was made on June 22, 2016.  <u><b>The 49th Amendment was made on June 21, 2019.</b></u></p>	

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 5: Amendments to the Company’s “Procedures for Asset Acquisition & Disposal” Comparison Table**

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 2: Statutory Basis</p> <p>It is based on the content of Article 36 of Securities and Exchange Act (hereafter referred to as “the Act”), <b><u>FSC Document No. 1060001296 issued on February 9, 2017 and FSC Document No. 1060004523 issued on February 13, 2017</u></b> Standards for Public Company Acquisition or Disposal of Assets.</p>	<p>Article 2: Statutory Basis</p> <p>It is based on the content of Article 36 of Securities and Exchange Act (hereafter referred to as “the Act”), Standards for Public Company Acquisition or Disposal of Assets.</p>	<p>Adjusted content in accordance with amendments in related laws.</p>
<p>Article 3: Scope of Assets</p> <p>1.Stocks, bonds, corporate bonds, financial bonds, beneficiary certificates, depository receipt, call/put warrant, beneficial securities, asset-backed securitization, etc.</p> <p>2.Real estate (including land, buildings, investment property, <b><u>land usage rights</u></b>) and equipment.</p> <p>3.Membership card.</p> <p>4.Patent, copyright, trademark right, franchise and other intangible assets.</p> <p><u>5</u>.Derivatives.</p> <p><u>6</u>.Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law.</p> <p><u>7</u>.Other important assets.</p>	<p>Article 3: Scope of Assets</p> <p>1.Stocks, bonds, corporate bonds, financial bonds, beneficiary certificates, depository receipt, call/put warrant, beneficial securities, asset-backed securitization, etc.</p> <p>2.Real estate (including land, buildings, investment property) and equipment.</p> <p>3.Membership card.</p> <p>4.Patent, copyright, trademark right, franchise and other intangible assets.</p> <p><b><u>5.Right-of-use assets</u></b></p> <p><u>6</u>.Derivatives.</p> <p><u>7</u>.Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law.</p> <p><u>8</u>.Other important assets.</p>	<p>Adjusted content in accordance with amendments in related laws.</p>



Before Amendments	After Amendments	Description
<p>Article 4 Definition of Terms</p> <p>1. Derivatives: Refers to forward contracts, option contracts, futures contracts, leverage contracts, exchange contracts derived from <b><u>assets, interest rates, exchange rates, index and other similar commodities, and complicate contracts from combination of them.</u></b> Forward contracts are excluded from insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts and long-term purchasing (selling) goods contracts.</p> <p>2. Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law: Those acquired or disposed of through merger, division and acquisition in accordance with the Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws, or by acquisitions or share transfer of new stocks of other companies (hereafter referred to as “share exchange”) under <b><u>Clause 8</u></b> of Article 156 of the Company Act.</p> <p>(omitted below)</p>	<p>Article 4 Definition of Terms</p> <p>1. Derivatives: Refers to forward contracts, option contracts, futures contracts, leverage contracts, exchange contracts derived from <b><u>specified interest rate, financial instrument price, commodity price, exchange rates, index of prices or rates, credit rating or credit index, or other variable, and complicated contracts consisting of a combination of the above.</u></b> Forward contracts are excluded from insurance contracts, performance contracts, post-sale service contracts, long-term lease contracts and long-term purchasing (selling) goods contracts.</p> <p>2. Assets acquired or disposed of through merger, division, acquisitions or share transfer in accordance with the law: Those acquired or disposed of through merger, division and acquisition in accordance with the Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws, or by acquisitions or share transfer of new stocks of other companies (hereafter referred to as “share exchange”) under <b><u>Article 156-3</u></b> of the Company Act.</p> <p>(omitted below)</p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p>Article 5 The limit of non-business real estate and securities that are invested by the Company and its subsidiaries shall be in accordance with following provisions:</p> <p>1. Investment limits of the Company:</p> <p>(a) The investment for <b><u>non-business real estate</u></b> shall be no more than 20% net value of the Company.</p> <p>(b) The total investment of securities shall be no more than 60% net value of the Company, and the amount that is invested in an individual security shall be no more than 30% net value of the Company.</p> <p>2. Investment limits of subsidiaries:</p> <p>(a) The investment for <b><u>non-business real estate</u></b> shall be no more than 20% of net value of the parent company.</p> <p>(b) The total investment of securities shall be no more than 60% net value of the parent company, and the amount that is invested in an individual security shall be no more than 30% net value of the parent company.</p> <p>3. The total amount of the investment in securities is calculated based on the original cost of the investment.</p>	<p>Article 5 The limit of non-business real estate and securities that are invested by the Company and its subsidiaries shall be in accordance with following provisions:</p> <p>1. Investment limits of the Company:</p> <p>(a) The investment for <b><u>non-business real estate and right-of-use assets</u></b> shall be no more than 20% net value of the Company.</p> <p>(b) The total investment of securities shall be no more than 60% net value of the Company, and the amount that is invested in an individual security shall be no more than 30% net value of the Company.</p> <p>2. Investment limits of subsidiaries:</p> <p>(a) The investment for <b><u>non-business real estate and right-of-use assets</u></b> shall be no more than 20% of net value of the parent company.</p> <p>(b) The total investment of securities shall be no more than 60% net value of the parent company, and the amount that is invested in an individual security shall be no more than 30% net value of the parent company.</p> <p>3. The total amount of the investment in securities is calculated based on the original cost of the investment.</p>	<p>Adjusted content in accordance with amendments in related laws.</p>
<p>Article 6 Appraisal Report or Opinions</p> <p>1. Where the Company receives an appraisal report or opinion from accountants, lawyers or securities underwriters, <b><u>neither any of these professional agents nor their</u></b></p>	<p>Article 6 Appraisal Report or Opinions</p> <p>1. Where the Company receives an appraisal report or opinion from accountants, lawyers or securities underwriters, <b><u>all of these professional agents nor their</u></b></p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p><u>appraisers, accountants, lawyers or securities underwriters shall be related parties to any transaction.</u> (omitted below)</p>	<p><u>appraisers, accountants, lawyers or securities underwriters shall meet the following requirements:</u></p> <p>(a) <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>(b) <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>(c) <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>(a) <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>(b) <u>When examining a case, they shall appropriately plan</u></p>	

Before Amendments	After Amendments	Description
	<p><b><u>and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></b></p> <p><b><u>(c) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></b></p> <p><b><u>(d) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></b></p> <p>(omitted below)</p>	
<p>Article 7: Procedures for Acquisition or Disposal of <b><u>Real Estate or Equipment</u></b></p> <p>1. Evaluating Procedure: The Company's assessment of the acquisition or disposal of <b><u>real estate of equipment</u></b> shall be conducted by the asset-carrying department for the feasibility assessment report and shall be approved by the management department and the Company's approval authority.</p> <p>2. Operating Procedure:</p>	<p>Article 7: Procedures for Acquisition or Disposal of <b><u>Real Estate, Equipment or Right-of-use Assets</u></b></p> <p>1. Evaluating Procedure: The Company's assessment of the acquisition or disposal of real estate, <b><u>equipment or right-of-use assets</u></b> shall be conducted by the asset-carrying department for the feasibility assessment report and shall be approved by the management department and the Company's approval authority.</p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p>(a) In acquiring or disposing of real estate <b><u>or equipment</u></b>, where the transaction amounts to 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event unless the A&amp;D is made with a government agency, or engages others to build on its own land, or engages others to build on a rental land or the A&amp;D asset is business equipment. The A&amp;D transaction shall further comply with the following provisions:</p> <p>(1) The transaction shall be addressed to and pass the board resolution if it takes limit price, specific price or special price as the reference basis of the transaction price, <b><u>and it shall be done in accordance with the above procedures in case of change of terms of exchange in future.</u></b></p> <p>(omitted below)</p>	<p>2. Operating Procedure:</p> <p>(a) In acquiring or disposing of real estate, <b><u>equipment or right-of-use assets</u></b>, where the transaction amounts to 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event unless the A&amp;D is made with a <b><u>domestic</u></b> government agency, or engages others to build on its own land, or engages others to build on a rental land or the A&amp;D asset is business equipment <b><u>or right-of-use asset</u></b>. The A&amp;D transaction shall further comply with the following provisions:</p> <p>(1) The transaction shall be addressed to and pass the board resolution if it takes limit price, specific price or special price as the reference basis of the transaction price; <b><u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></b></p> <p>(omitted below)</p>	
<p>Article 9 Procedure for Acquisition or Disposal of Intangible Assets</p> <p>1. Appraisal Procedure The appraisal of intangible assets that are acquired or disposed of by the Company shall be done in the form of a feasibility report conducted by the requesting department, and submitted to Intellectual Property Unit.</p> <p>2. Operational Procedure Professional appraisal institutes shall be invited to issue appraisal reports before any acquisition or</p>	<p>Article 9 Procedure for Acquisition or Disposal of Intangible Assets <b><u>or right-of-use assets thereof or memberships</u></b></p> <p>1. Appraisal Procedure The appraisal of intangible assets <b><u>or right-of-use assets thereof or memberships</u></b> that are acquired or disposed of by the Company shall be done in the form of a feasibility report conducted by the requesting department, and submitted to Intellectual Property Unit.</p> <p>2. Operational Procedure</p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p>disposal of intangible assets; except for transactions with governmental agencies, opinions from accountants on the rationality of the transaction price shall be obtained before closing a transaction when the transaction amount is more than 20% of the paid-up capital or NTD 300 million.</p> <p>(omitted below)</p>	<p>Professional appraisal institutes shall be invited to issue appraisal reports before any acquisition or disposal of intangible assets <b><u>or right-of-use assets thereof or memberships</u></b>; except for transactions with <b><u>domestic</u></b> governmental agencies, opinions from accountants on the rationality of the transaction price shall be obtained before closing a transaction when the transaction amount is more than 20% of the paid-up capital or NTD 300 million.</p> <p>(omitted below)</p>	
<p><b><u>Article 9-1</u></b> Calculation of Transaction Amount</p> <p>The calculation of transaction amount in Articles 7, 8, and 9 shall be performed according to the provisions of Section <b><u>2(e)</u></b> of <b><u>Article 13</u></b>.</p> <p>The referred “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or opinion from accountant which is done accordance with provisions of these procedures is excluded.</p>	<p><b><u>Article 10</u></b> Calculation of Transaction Amount</p> <p>The calculation of transaction amount in Articles 7, 8, and 9 shall be performed according to the provisions of Section <b><u>2(g)</u></b> of <b><u>Article 14</u></b>.</p> <p>The referred “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or opinion from accountant which is done accordance with provisions of these procedures is excluded.</p>	<p>Amendment to article order.</p>
<p>Article <b><u>10</u></b> Procedure for Related Party Transactions</p> <p>1. Appraisal Procedure and Operation Procedures</p> <p>(a) Appraisal procedures and operation procedures by which the Company acquires or disposes of assets from a related party shall be in accordance with Articles 7, 8 or 9 respectively, based on the nature of the assets. Furthermore, if the transaction amount is more than 10% of the paid-up capital of the Company, appraisal reports shall</p>	<p>Article <b><u>11</u></b> Procedure for Related Party Transactions</p> <p>1. Appraisal Procedure and Operation Procedures</p> <p>(a) Appraisal procedures and operation procedures by which the Company acquires or disposes of assets from a related party shall be in accordance with Articles 7, 8 or 9 respectively, based on the nature of the assets. Furthermore, if the transaction amount is more than 10% of the paid-up capital of the Company, appraisal reports shall</p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p>be obtained from professional appraisers or opinions from accountants in accordance with Articles 7, 8, or 9 respectively.</p> <p>(b) If the assets disposed of or acquired by the Company from a related party are real estate or not real estate but with the transaction amount up to 20% of the paid-up capital, or 10% of the total assets or above NTD 300 million, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds are not subject to this limit, it is necessary to make appraisals for them and prepare all data according to Section 2(a) of this Article and submit them to the board for approval and the supervisors for recognition</p> <p>(c) The calculation of transaction amounts in the two former items shall be performed according to the provisions of <b><u>Section 2(e) of Article 13</u></b>. The referred to “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or the opinion of the accountant performed in accordance with the provisions of these procedures or submitted the board for approval and the supervisor for recognition is excluded.</p> <p>(d) To judge if the transaction counterpart is within the range of related party or not, substantial relationship shall be considered in addition to the legal form.</p> <p>2. Determination Procedure for Authorization Limit</p> <p>(a) If the real estate or non-real estate transaction amount up to</p>	<p>be obtained from professional appraisers or opinions from accountants in accordance with Articles 7, 8, or 9 respectively.</p> <p>(b) If the assets disposed of or acquired by the Company from a related party are real estate <b><u>or real property right-of-use assets</u></b> or not real estate <b><u>or real property right-of-use assets</u></b> but with the transaction amount up to 20% of the paid-up capital, or 10% of the total assets or above NTD 300 million, trading of <b><u>domestic</u></b> bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds are not subject to this limit, it is necessary to make appraisals for them and prepare all data according to Section 2(a) of this Article and submit them to the board for approval and the supervisors for recognition</p> <p>(c) The calculation of transaction amounts in the two former items shall be performed according to the provisions of <b><u>Section 2(g) of Article 14</u></b>. The referred to “within one year” shall start from the transaction date and trace back one year. The part calculated in the appraisal report from professional appraisers or the opinion of the accountant performed in accordance with the provisions of these procedures or submitted the board for approval and the supervisor for recognition is excluded.</p> <p>(d) To judge if the transaction counterpart is within the range of related party or not, substantial relationship shall be considered in addition to the legal form.</p> <p>2. Determination Procedure for Authorization Limit</p>	

Before Amendments	After Amendments	Description
<p>20% of the paid-up capital or 10% of the total assets or above NTD 300 million is acquired from or disposed of with a related party, it shall submit following data to the board for approval and the supervisor for recognition before signing any trade contract or making any payment. However, for equipment acquired or disposed between the Company and its subsidiaries of less than 10% of the paid-up capital, it is permissible to be approved first by the chairman and then ratified at the next board of directors meeting by submitting the proposal:</p> <ol style="list-style-type: none"> <li>(1) Purposes, necessity and expected benefit for/from the acquisition or disposal of assets.</li> <li>(2) Reasons for choosing the related party as the transaction counterpart.</li> <li>(3) If any real estate is to be acquired from the related party, evaluation materials to assess the reasonableness of the conditions of scheduled transactions shall be provided in accordance with Sections 3(a), 3(b), 3(c), 3(d) and 3(f) of this Article.</li> <li>(4) Date and price of original acquisition by the related party, the original transaction counterpart of the related party, and the relationship between the original counterpart and the Company as well as the related party.</li> <li>(5) Estimates of the balance sheet for every month of the coming year starting from contract establishment month, and evaluations of the necessity of the transaction and</li> </ol>	<p>(a) If the real estate <b><u>or real property right-of-use assets</u></b> or non-real estate <b><u>or real property right-of-use assets</u></b> transaction amount up to 20% of the paid-up capital or 10% of the total assets or above NTD 300 million is acquired from or disposed of with a related party, it shall submit following data to the board for approval and the supervisor for recognition before signing any trade contract or making any payment. However, for equipment acquired or disposed, <b><u>right-of-use assets or real property right-of-use assets held for business use</u></b>, between the Company and its subsidiaries of less than 10% of the paid-up capital <b><u>or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u></b>, it is permissible to be approved first by the chairman and then ratified at the next board of directors meeting by submitting the proposal:</p> <ol style="list-style-type: none"> <li>(1) Purposes, necessity and expected benefit for/from the acquisition or disposal of assets.</li> <li>(2) Reasons for choosing the related party as the transaction counterpart.</li> <li>(3) If any real estate <b><u>or right-of-use asset</u></b> is to be acquired from the related party, evaluation materials to assess the reasonableness of the conditions of scheduled transactions shall be provided in accordance with Sections 3(a), 3(b), 3(c), 3(d) and 3(f) of this Article.</li> <li>(4) Date and price of original acquisition by the related party,</li> </ol>	



Before Amendments	After Amendments	Description
<p>the reasonableness of the use of funds.</p> <p>(6) The appraisal report from professional appraisers or the opinion from the accountant shall be performed accordance with Section 1 of this Article.</p> <p>(7) Restrictions and other important covenants for the transaction</p> <p>(b) The calculation of transaction amount provided herein above shall be done according to provisions of <b><u>Section 2(e) of Article 13</u></b>. The referred to “within one year” shall start from the transaction date and trace back to one year. The part which has been submitted the board for approval and the supervisor for recognition is excluded.</p> <p>(c) Acquiring assets beyond the mentioned in Section 2(a)(1) from the related party or disposing of them shall be done in accordance with the first three Articles.</p> <p>3. Reasonable Assessment of Transaction Cost</p> <p>(a) When the Company acquires real estate from related parties it shall appraise the reasonableness of the transaction cost in accordance with the following procedures:</p> <p>(1) It is based on the trading price of the related party plus necessary interests of the capital and necessary costs on the buyer. The so-called necessary interests of capital are calculated based on weighted average interests of annual loans for purchasing the Company’s assets, but it cannot be higher than the highest lending rate of non-financial industry issued by Ministry of</p>	<p>the original transaction counterpart of the related party, and the relationship between the original counterpart and the Company as well as the related party.</p> <p>(5) Estimates of the balance sheet for every month of the coming year starting from contract establishment month, and evaluations of the necessity of the transaction and the reasonableness of the use of funds.</p> <p>(6) The appraisal report from professional appraisers or the opinion from the accountant shall be performed accordance with Section 1 of this Article.</p> <p>(7) Restrictions and other important covenants for the transaction</p> <p>(b) The calculation of transaction amount provided herein above shall be done according to provisions of <b><u>Section 2(g) of Article 14</u></b>. The referred to “within one year” shall start from the transaction date and trace back to one year. The part which has been submitted the board for approval and the supervisor for recognition is excluded.</p> <p>(c) Acquiring assets beyond the mentioned in Section 2(a)(1) from the related party or disposing of them shall be done in accordance with the first three Articles.</p> <p>3. Reasonable Assessment of Transaction Cost</p> <p>(a) When the Company acquires real estate <b><u>or real property right-of-use assets</u></b> from related parties it shall appraise the reasonableness of the transaction cost in accordance with the following procedures:</p>	

Before Amendments	After Amendments	Description
<p>Finance.</p> <p>(2) If the related party once made any loan through pledging this object to a financial institution, and the financial institution has appraised the total value of this object for loan granting, the value can be recognized as long as the actual loan has exceeded 70% of the total loan value of this object and the loan period has exceeded 1 year. However, this is not applicable if the financial institution is related to one of the transaction parties.</p> <p>(b) When jointly purchasing land and houses placed thereon, one of the methods mentioned above shall be adopted to appraise the transaction cost respectively for the land and the houses.</p> <p>(c) In the case that the real estate is acquired from a related party, the cost shall be appraised in accordance with Sections 3(a) and 3(b) of this Article and accountants shall be invited to review and issue specific opinions.</p> <p>(d) When the appraised values of real estate acquired by the Company from the related party according Sections 3(a) and 3(b) of this Article are all relatively lower, it shall be handled according to Section 3(f) of this Article. Subject to the following situations and combined with objective evidence and reasonable opinions obtained from professional appraisers of real estate and accountants, the limit herein will be excluded:</p> <p>(1) In the case that the related party obtains undeveloped land or leases the land for</p>	<p>(1) It is based on the trading price of the related party plus necessary interests of the capital and necessary costs on the buyer. The so-called necessary interests of capital are calculated based on weighted average interests of annual loans for purchasing the Company's assets, but it cannot be higher than the highest lending rate of non-financial industry issued by Ministry of Finance.</p> <p>(2) If the related party once made any loan through pledging this object to a financial institution, and the financial institution has appraised the total value of this object for loan granting, the value can be recognized as long as the actual loan has exceeded 70% of the total loan value of this object and the loan period has exceeded 1 year. However, this is not applicable if the financial institution is related to one of the transaction parties.</p> <p>(b) When jointly purchasing <b><u>or leasing</u></b> land and houses placed thereon, one of the methods mentioned above shall be adopted to appraise the transaction cost respectively for the land and the houses.</p> <p>(c) In the case that the real estate <b><u>or right-of-use asset</u></b> is acquired from a related party, the cost shall be appraised in accordance with Sections 3(a) and 3(b) of this Article and accountants shall be invited to review and issue specific opinions.</p> <p>(d) When the appraised values of real estate <b><u>or real property right-of-use asset</u></b> acquired by the</p>	

Before Amendments	After Amendments	Description
<p>construction, the evidences put forward by the related party shall be in accordance with one of the following requirements:</p> <p>(i) The undeveloped land was appraised according to the provisions of the preceding Article, but the buildings have been appraised based on the related party's construction costs plus reasonable construction profit and in combination with the land, the total exceeds the actual transaction price. The referred to reasonable construction profit shall be calculated based on the average operating margin of the construction sector of the related party in last three years or the latest average operating margin issued by the Ministry of Finance, whichever is lower.</p> <p>(ii) There are cases of completed transactions by unrelated parties within the preceding year involving other floors of the same property or property in an adjacent area in which the properties are similar in area and the terms of the transactions in those cases are found to be similar after assessment of reasonable discrepancies in the prices of different floors or districts in accordance with standard property <b><u>market practices.</u></b></p> <p><b><u>(iii) There are cases of leasing transactions completed by unrelated parties for other floors of the same property within</u></b></p>	<p>Company from the related party according Sections 3(a) and 3(b) of this Article are all relatively lower, it shall be handled according to Section 3(f) of this Article. Subject to the following situations and combined with objective evidence and reasonable opinions obtained from professional appraisers of real estate and accountants, the limit herein will be excluded:</p> <p>(1) In the case that the related party obtains undeveloped land or leases the land for construction, the evidences put forward by the related party shall be in accordance with one of the following requirements:</p> <p>(i) The undeveloped land was appraised according to the provisions of the preceding Article, but the buildings have been appraised based on the related party's construction costs plus reasonable construction profit and in combination with the land, the total exceeds the actual transaction price. The referred to reasonable construction profit shall be calculated based on the average operating margin of the construction sector of the related party in last three years or the latest average operating margin issued by the Ministry of Finance, whichever is lower.</p> <p>(ii) There are cases of completed transactions by unrelated parties within the preceding year involving other floors of the same property or property in an adjacent area in which the</p>	

Before Amendments	After Amendments	Description
<p><b><u>the preceding year in which the transaction terms are estimated to be similar based on reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></b></p> <p>(2) If the Company can prove that the transaction conditions are similar to those of other <b><u>transaction cases</u></b> of similar areas in the vicinity between other parties when the Company purchased real estate from the related party. The above-mentioned <b><u>nearby transactions</u></b> refer to those which are on the same street or nearby streets within the distance of 500 meters of the target transaction or with similar current value as reported; the similar area acreage refers to that its acreage shall not be less than 50% of the <b><u>target transaction</u></b> in area; the above mentioned “within one year” shall start from the transaction date to trace back to one year.</p> <p>(e) When the appraised values of real estate acquired by the Company from related parties according to Sections 3(a) and 3(b) of this Article is lower than the transaction price, the situation shall be handled in following manner. Moreover, if the Company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it</p>	<p>properties are similar in area and the terms of the transactions in those cases are found to be similar after assessment of reasonable discrepancies in the prices of different floors or districts in accordance with standard property <b><u>market sale or leasing practices.</u></b></p> <p>(2) If the Company can prove that the transaction conditions are similar to those of other <b><u>transaction cases</u></b> of similar areas in the vicinity between other parties when the Company purchased real estate from the related party. The above-mentioned <b><u>nearby transactions</u></b> refer to those which are on the same street or nearby streets within the distance of 500 meters of the target transaction or with similar current value as reported; the similar area acreage refers to that its acreage shall not be less than 50% of the <b><u>target transaction</u></b> in area; the above mentioned “within one year” shall start from the transaction date to trace back to one year.</p> <p>(e) When the appraised values of real estate <b><u>or real property right-of-use assets</u></b> acquired by the Company from related parties according to Sections 3(a) and 3(b) of this Article is lower than the transaction price, the situation shall be handled in following manner. Moreover, if the Company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it may not utilize the special reserve until it has</p>	

Before Amendments	After Amendments	Description
<p>purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission of the Executive Yuan has given its consent.</p> <p>(1) In accordance with the provisions of Clause 1 of Article 41 of the Securities and Exchange Act, a special reserve shall be set aside based on the difference between the transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) Supervisors shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to Sections 3(e)(1) and 3(e)(2) of this Article shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and prospectuses.</p> <p>(f) Acquisition by the Company of real estate from a related party shall be performed in accordance with the provisions relating to appraisal procedures and</p>	<p>recognized a loss on decline in market value of the assets it purchased <b><u>or leased</u></b> at a premium, or they have been disposed of <b><u>or lease terminated</u></b>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission of the Executive Yuan has given its consent.</p> <p>(1) In accordance with the provisions of Clause 1 of Article 41 of the Securities and Exchange Act, a special reserve shall be set aside based on the difference between the transaction price and the appraised cost <b><u>of the real estate or real property right-of-use assets</u></b>, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) Supervisors shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to Sections 3(e)(1) and 3(e)(2) of this Article shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and prospectuses.</p> <p>(f) Acquisition by the Company</p>	

Before Amendments	After Amendments	Description
<p>operational procedures set forth in Section 2 of this Article; the provisions relating to appraisal procedures and operational procedures in Sections 3(a), 3(b) and 3(c) of this Article are not applicable.</p> <p>(1) Real estate that the related party obtained through inheritance or as a gift.</p> <p>(2) More than five years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.</p> <p>(3) The real estate is acquired by the signing of a joint development contract with the related party or ask related party to construct real estate as prefectural construction or rental prefectural construction on behalf of the Company.</p> <p>(g) When the Company acquires real estate from a related party and any evidence indicates that the acquisition was not performed in accordance with operational conventions, then it shall comply with Section 3(e) of this Article.</p>	<p>of real estate <b><u>or real property right-of-use assets</u></b> from a related party shall be performed in accordance with the provisions relating to appraisal procedures and operational procedures set forth in Section 2 of this Article; the provisions relating to appraisal procedures and operational procedures in Sections 3(a), 3(b) and 3(c) of this Article are not applicable.</p> <p>(1) Real estate <b><u>or real property right-of-use assets</u></b> that the related party obtained through inheritance or as a gift.</p> <p>(2) More than five years will have elapsed from the time the related party signed the contract to obtain the real estate <b><u>or real property right-of-use assets</u></b> to the signing date for the current transaction.</p> <p>(3) The real estate is acquired by the signing of a joint development contract with the related party or ask related party to construct real estate as prefectural construction or rental prefectural construction on behalf of the Company.</p> <p><b><u>(4) Acquisition of real property right-of-use assets held for business use between the Company and subsidiaries or subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></b></p> <p>(g) When the Company acquires real estate <b><u>or real property right-of-use assets</u></b> from a related party and any evidence indicates that the acquisition was not performed in accordance with operational conventions, then it shall comply with Section 3(e) of</p>	

Before Amendments	After Amendments	Description
	this Article.	
<p><b>Article 11</b> Procedure for Acquisition or Disposal of Derivatives</p> <p>(omitted below)</p>	<p><b>Article 12</b> Procedure for Acquisition or Disposal of Derivatives</p> <p>(omitted below)</p>	Amendment to article order.
<p><b>Article 12</b> Procedures for Merger, Division, Acquisitions or Transfer of Shares</p> <p>(omitted below)</p>	<p><b>Article 13</b> Procedures for Merger, Division, Acquisitions or Transfer of Shares</p> <p>(omitted below)</p>	Amendment to article order.
<p><b>Article 13:</b> Procedures for Public Disclosure of Information</p> <p>1. Disclosure Timeline</p> <p>(omitted)</p> <p>2. Disclosure Items and Standards</p> <p>(1) Acquisition or disposal of real estate with a related party regardless of its transaction price, or of assets other than real estate with a related party for the transaction price over 20 percent of the Company’s paid-in capital, 10 percent of the Company’s total assets or above NT\$300 million. Trading of government bonds, bonds with call or put options and subscription or redemption of money market funds issued by domestic securities investment trust companies are excluded herein.</p> <p>(2) Merger, Division, Acquisitions or Shares Transfer</p> <p>(3) The loss in derivatives reaches to upper loss limit, including in total or of an individual contract as regulated in the procedure.</p> <p>(4) Acquisition or disposal of equipment/machinery used for operation, the trading counterparty is not a related party, and the transaction amount is above and inclusive of NT\$1</p>	<p><b>Article 14:</b> Procedures for Public Disclosure of Information</p> <p>1. Disclosure Timeline</p> <p>(omitted)</p> <p>2. Disclosure Items and Standards</p> <p>(1) Acquisition or disposal of real estate <b><u>or real property right-of-use assets</u></b> with a related party regardless of its transaction price, or of assets other than real estate <b><u>or real property right-of-use assets</u></b> with a related party for the transaction price over 20 percent of the Company’s paid-in capital, 10 percent of the Company’s total assets or above NT\$300 million. Trading of government bonds, bonds with call or put options and subscription or redemption of money market funds issued by domestic securities investment trust companies are excluded herein.</p> <p>(2) Merger, Division, Acquisitions or Shares Transfer</p> <p>(3) The loss in derivatives reaches to upper loss limit, including in total or of an individual contract as regulated in the procedure.</p> <p>(4) Acquisition or disposal of equipment/machinery <b><u>or respective right-of-use</u></b> used for</p>	Adjusted content in accordance with amendments in related laws.

Before Amendments	After Amendments	Description
<p>billion.</p> <p>(5) <b><u>Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</u></b></p> <p>(6) Real estates acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.</p> <p>(7) Any transaction, other than those referred in the preceding six subparagraphs including disposal of receivables by a financial institution or investment in mainland China that reaches 20 percent of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>a. Trading of government bonds.</p> <p><b><u>b. Securities trading by investment professionals on foreign or domestic securities exchanges, over-the-counter markets, and trading of securities and bonds in the domestic primary market.</u></b></p> <p>c. Trading of bonds with call or put options, or subscription or redemption of money market funds issued by domestic securities investment trust companies.</p> <p>(8) "Within the preceding year" as used in the preceding four</p>	<p>operation, the trading counterparty is not a related party, and the transaction amount is above and inclusive of NT\$1 billion.</p> <p>(5) Real estates acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <b><u>and respective transaction is not with a related party,</u></b> and the amount the company expects to invest in the transaction is above and inclusive of NT\$500 million.</p> <p>(6) Any transaction, other than those referred in the preceding six subparagraphs including disposal of receivables by a financial institution or investment in mainland China that reaches 20 percent of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>a. Trading of <b><u>domestic</u></b> government bonds.</p> <p>b. Trading of bonds with call or put options, or subscription or redemption of money market funds issued by domestic securities investment trust companies.</p> <p>(7) "Within the preceding year" as used in the preceding four paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>a. The amount of any individual transaction.</p>	



Before Amendments	After Amendments	Description
<p>paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(omitted below)</p>	<p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of real property <b><u>or real property right-of-use asset</u></b> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(omitted below)</p>	
<p><b><u>Article 14</u></b> Subsidiaries of the Company shall behave according to following regulations:</p> <p>1. Subsidiaries shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets in establishing and implementing “Procedures for Acquiring or Disposal of Assets.” If the subsidiary is not a public company, the formation of a procedure and its amendment shall be passed by the board of directors of the subsidiary; if the subsidiary is a public company, the formation of these procedures shall be in</p>	<p><b><u>Article 15</u></b> Subsidiaries of the Company shall behave according to following regulations:</p> <p>1. Subsidiaries shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets in establishing and implementing “Procedures for Acquiring or Disposal of Assets.” If the subsidiary is not a public company, the formation of a procedure and its amendment shall be passed by the board of directors <b><u>and shareholder approval</u></b> of the subsidiary; if the subsidiary is a public company, the formation of</p>	<p>Adjusted content in accordance with amendments in related laws.</p>

Before Amendments	After Amendments	Description
<p>accordance with Standards for Public Company Acquisition or Disposal of Assets.</p> <p>2. If the subsidiary is not a public company but reaches to the standards of announcement and report regulated in <b>Article 12</b> of “Standards for Public Company Acquisition or Disposal of Assets,” the Company shall make an announcement for the subsidiary.</p> <p>3. In the subsidiary’s standards of announcement and report, <b><u>the referred to “20% of the Company’s paid-up capital,” or “10% of the Company’s total assets” is based on the Company’s paid-up capital or total assets.</u></b></p>	<p>these procedures shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets.</p> <p>2. If the subsidiary is not a public company but reaches to the standards of announcement and report regulated in <b>Article 31</b> of “Standards for Public Company Acquisition or Disposal of Assets,” the Company shall make an announcement for the subsidiary.</p> <p>3. In the subsidiary’s standards of announcement and report, “Company’s paid-up capital,” “Company’s total assets” should be evaluated.</p>	
<p><b>Article 15</b> Penalty (omitted below)</p>	<p><b>Article 16</b> Penalty (omitted below)</p>	<p>Amendment to article order.</p>
<p><b>Article 16</b> Implementation and Revision (omitted below)</p>	<p><b>Article 17</b> Implementation and Revision (omitted below)</p>	<p>Amendment to article order.</p>
<p><b>Article 17</b> Supplementary Articles (omitted below)</p>	<p><b>Article 18</b> Supplementary Articles (omitted below)</p>	<p>Amendment to article order.</p>

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 6: Amendments to the Company’s “Operational Procedures for Lending Funds to Others” Comparison Table**

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 3 Definitions</p> <p>1. The subsidiaries and parent company referred to in these procedures shall be recognized according to, unless regulated otherwise, the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall <b>refers</b> to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</p> <p>3. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p>4. The term “date of occurrence” in this procedure, which means the <b>transaction signing date</b>, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the <b>transaction object</b> and the date of the transaction amount, whichever is earlier.</p>	<p>Article 3 Definitions</p> <p>1. The subsidiaries and parent company referred to in these procedures shall be recognized according to, unless regulated otherwise, the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall <b>refer</b> to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</p> <p>3. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p>4. The term “date of occurrence” in this procedure, which means the <b>signing date</b>, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the <b>counterparts of the loan</b> and the date of the transaction amount, whichever is earlier.</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>
<p>Article 4 Lending Counterparts</p> <p>1. The Company shall not lend its funds to shareholders or any other persons, except with respect to the</p>	<p>Article 4 Lending Counterparts</p> <p>1. The Company shall not lend its funds to shareholders or any other persons, except with respect to the</p>	<p>In accordance with amendments made to the “Regulations</p>

Before Amendments	After Amendments	Description
<p>following circumstances:</p> <p>(a) Companies or firms that have business relationship with the Company.</p> <p>(b) Companies or firms in need of short-term financing. The amount of financing shall not exceed forty percent (40%) of the net asset value of the Company</p> <p>2. The phrase “short-term” mentioned above shall mean within one year. However, if the Company’s business cycle is more than one year, such business cycle shall prevail.</p> <p>3. The “amount of financing” mentioned in Section 1(b) means the accumulated balance of the Company’s short-term financing.</p> <p>4. Foreign companies, of which the Company directly or indirectly controls 100% of the voting shares, if engaged in the <b><u>lending business</u></b>, will be exempt from the restrictions referred to in the preceding Section 1(b).</p>	<p>following circumstances:</p> <p>(a) Companies or firms that have business relationship with the Company.</p> <p>(b) Companies or firms in need of short-term financing. The amount of financing shall not exceed forty percent (40%) of the net asset value of the Company</p> <p>2. The phrase “short-term” mentioned above shall mean within one year. However, if the Company’s business cycle is more than one year, such business cycle shall prevail.</p> <p>3. The “amount of financing” mentioned in Section 1(b) means the accumulated balance of the Company’s short-term financing.</p> <p>4. Foreign companies, of which the Company directly or indirectly controls 100% of the voting shares, if engaged in the lending business, <b><u>or when lending to the Company</u></b>, will be exempt from the restrictions referred to in the preceding Section 1(b).</p>	<p>Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>
<p>Article 5 Total Lending Amount and Financing Limit for Individual Entities</p> <p>1. Total Lending Amount: Total loans to others shall not exceed 50% of the net value of the Company including:</p> <p>(a) For companies or firms which have a business relationship with the Company, the total lending amount shall not exceed 10% of the net value of the Company.</p> <p>(b) For companies or firms in need of short-term financing, the total lending amount shall not exceed 40% of the net value of the Company.</p>	<p>Article 5 Total Lending Amount and Financing Limit for Individual Entities</p> <p>1. Total Lending Amount: Total loans to others shall not exceed 50% of the net value of the Company including:</p> <p>(a) For companies or firms which have a business relationship with the Company, the total lending amount shall not exceed 10% of the net value of the Company.</p> <p>(b) For companies or firms in need of short-term financing, the total lending amount shall not exceed 40% of the net value of the Company.</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>

Before Amendments	After Amendments	Description
<p>2. Financing Limit to Individual Entities</p> <p>(a) In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower. The “total amount of the business transactions” refers the amount of purchases or sales during the recent year or the estimate for the next year, whichever is higher, but shall not exceed 10% of the net value of the Company.</p> <p>(b) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 10% of the net value of the Company.</p> <p>3. The foreign subsidiaries engaged in lending funds between each other which the Company has held wholly owned voting shares directly or indirectly, the total amount shall not <b>exceeding 20%</b> of the net worth of the Company. For individual company shall limit not to exceed <b>10 percent</b> of the Company’s net worth.</p> <p>4. The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>	<p>2. Financing Limit to Individual Entities</p> <p>(a) In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower. The “total amount of the business transactions” refers the amount of purchases or sales during the recent year or the estimate for the next year, whichever is higher, but shall not exceed 10% of the net value of the Company.</p> <p>(b) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 10% of the net value of the Company.</p> <p>3. The foreign subsidiaries engaged in lending funds between each other which the Company has held wholly owned voting shares directly or indirectly, the total amount shall not <b>exceed 40%</b> of the net worth of the Company. For individual company shall limit not to exceed <b>20%</b> of the Company’s net worth.</p> <p><b><u>4. Foreign companies, of which the Company directly or indirectly controls 100% of the voting shares, if engaged in the lending to the Company, such financing amount shall not exceed 40% of the Company’s net worth, or individually not exceed 20% of the Company’s net worth.</u></b></p> <p>5. The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>	

Before Amendments	After Amendments	Description
<p>Article 11 Penalty</p> <p>In accordance with the Company’s personnel management regulations and employee handbook, managers and persons-in-charge who violate these procedures shall be punished based on the severity of violation.</p>	<p>Article 11 Penalty</p> <p>1. In accordance with the Company’s personnel management regulations and employee handbook, managers and persons-in-charge who violate these procedures shall be punished based on the severity of violation.</p> <p><b><u>2. The responsible person of a company who has violated Article 4 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</u></b></p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>
<p>Article 12 Other Matters</p> <p>1. These procedures and their amendments shall be approved by the board of directors and then sent to all supervisors and proposed at the shareholders’ meeting for approval. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the supervisors and the shareholders’ meeting for discussion.</p> <p><b><u>2. If the Company has established independent directors, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the board of directors.</u></b></p> <p>3. A subsidiary subject to Article 2 of these procedures shall have its operational procedures for lending practices and any amendments thereto approved by a <b><u>resolution of the board of directors</u></b> of the subsidiary.</p>	<p>Article 12 Other Matters</p> <p>1. These procedures and their amendments shall be approved <b><u>by one-half or more of the audit committee members and approved by the</u></b> board of directors and then proposed at the shareholders’ meeting for approval. If any director expresses objection on the record or in a written statement, the Company shall submit the objection to the <b><u>audit committee</u></b> and the shareholders’ meeting for discussion.</p> <p><b><u>2. If a matter set out previously has not been consented to by one-half or more of the entire membership of the audit committee, it may be adopted with the consent of two-thirds or more of all directors, and the audit committee’s resolution recorded in the board meeting minutes.</u></b></p> <p>3. The terms "audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>

Before Amendments	After Amendments	Description
	<p>4. A subsidiary subject to Article 2 of these procedures shall have its operational procedures for lending practices and any amendments thereto approved by a <b><u>resolution of the board of directors of the subsidiary, and proposed for shareholder approval.</u></b></p>	

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 7: Amendments to the Company’s “Procedures for Endorsement & Guarantees”  
Comparison Table**

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 3 Definitions 1.</p> <p>1. The subsidiaries and parent company referred in these operating procedures shall be recognized according to, unless regulated otherwise, the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2. The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall refer to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</p> <p>3. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p>4. The term “date of occurrence” in these procedures means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the <b>transaction object</b> and the date of the transaction amount, whichever is the earlier.</p>	<p>Article 3 Definitions 1.</p> <p>1.The subsidiaries and parent company referred in these operating procedures shall be recognized according to, unless regulated otherwise, the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2.The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall refer to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</p> <p>3.Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p>4.The term “date of occurrence” in these procedures means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the <b><u>endorsement &amp; guarantees counterpart</u></b> and the date of the transaction amount, whichever is the earlier.</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>



Before Amendments	After Amendments	Description
<p>Article 6 Limits on Endorsements and Guarantees</p> <p>1. The total amount of the endorsements/guarantees provided by the Company to others shall not exceed 100% of the Company's net value.</p> <p>2. The amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 50% of the Company's net value.</p> <p>3. The total amount of the endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 100% of the Company's net value.</p> <p>4. The amount of endorsement/guarantee provided by the Company and its subsidiaries to any single entity shall not exceed 50% of the Company's net value.</p> <p><b>5.</b> The net value mentioned above is subject to the latest financial statements most recently reviewed by the CPA.</p>	<p>Article 6 Limits on Endorsements and Guarantees</p> <p>1. The total amount of the endorsements/guarantees provided by the Company to others shall not exceed 100% of the Company's net value.</p> <p>2. The amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 50% of the Company's net value.</p> <p>3. The total amount of the endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 100% of the Company's net value.</p> <p>4. The amount of endorsement/guarantee provided by the Company and its subsidiaries to any single entity shall not exceed 50% of the Company's net value.</p> <p><b><u>5. In the event that an endorsement/guarantee is made due to needs arising out of business transaction, the amount of any single endorsement/guarantee shall not exceed the amount of the business transaction between the parties. The phrase "amount of the business transaction" shall mean the amount of purchases or sales between the parties in the most recent year, whichever is higher, and shall not exceed 20% of the net worth as stated in the latest financial statements of the Company.</u></b></p> <p><b>6.</b> The net value mentioned above is subject to the latest financial statements most recently reviewed by the CPA.</p>	<p>Addition of Clause 5 for clarity and in accordance of applicable laws.</p>
<p>Article 9 Information Disclosure</p> <p>1. The Company shall announce and report the balance of endorsements and/or guarantees made by itself and</p>	<p>Article 9 Information Disclosure</p> <p>1. The Company shall announce and report the balance of endorsements and/or guarantees</p>	<p>In accordance with amendments made to the "Regulations Governing Loaning of Funds and Making of</p>

Before Amendments	After Amendments	Description
<p>its subsidiaries for the previous month by the 10th day of each month.</p> <p>2. If the balance of endorsements and/or guarantees meets one of the following levels, the Company shall announce and report such event within two days of the occurrence, the date of occurrence to be counted as the first day:</p> <p>(a) The aggregate balance of endorsements and/or guarantees by the Company and its subsidiaries reaches 50% or more of the Company’s net value as stated in the latest financial statement.</p> <p>(b) The balance of endorsements and/or guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company’s net value as stated in the latest financial statement.</p> <p>(c) The balance of endorsements and/or guarantees by the Company and its subsidiaries for an individual enterprise is more than NT\$10 million or the aggregate amount of all endorsements and/or guarantees for <b><u>long-term nature of investments in</u></b>, and balance of loans to, such enterprise reaches 30% of the Company’s net value as stated in its latest financial statement.</p> <p>(omitted below)</p>	<p>made by itself and its subsidiaries for the previous month by the 10th day of each month.</p> <p>2. If the balance of endorsements and/or guarantees meets one of the following levels, the Company shall announce and report such event within two days of the occurrence, the date of occurrence to be counted as the first day:</p> <p>(a) The aggregate balance of endorsements and/or guarantees by the Company and its subsidiaries reaches 50% or more of the Company’s net value as stated in the latest financial statement.</p> <p>(b) The balance of endorsements and/or guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company’s net value as stated in the latest financial statement.</p> <p>(c) The balance of endorsements and/or guarantees by the Company and its subsidiaries for an individual enterprise is more than NT\$10 million or the aggregate amount of all endorsements and/or guarantees for <b><u>amounts accounted for using the equity method</u></b>, and balance of loans to, such enterprise reaches 30% of the Company’s net value as stated in its latest financial statement.</p> <p>(omitted below)</p>	<p>Endorsements/Guarantees by Public Companies” by the FSC.</p>
<p>Article 12 Other Matters</p> <p>1. These procedures shall be approved by <b><u>the board of directors, all supervisors and</u></b> the shareholders’ meeting. Any amendment hereto is subject to the same procedures. If any director expresses objection on the record or in a written statement, the Company shall submit</p>	<p>Article 12 Other Matters</p> <p>1. These procedures shall be approved by <b><u>half or more of all Audit Committee members, the Board of Directors for and</u></b> the shareholders’ meeting. Any amendment hereto is subject to the same procedures. If any director expresses objection on the record or in a written statement,</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” by the FSC.</p>

Before Amendments	After Amendments	Description
<p>the objection to the <u>supervisors</u> and the shareholders' meeting for discussion.</p> <p><b><u>2. If the Company has established independent directors, it shall consider the dissenting opinions from all independent directors fully and list the consenting and objecting opinions and their reasons in the meeting minutes of the board of directors.</u></b></p> <p><b><u>3.</u></b> A subsidiary subject to Article 2 of these procedures shall have its procedures for endorsements and guarantees and any amendments thereto approved by a resolution of the board of directors of the subsidiary.</p>	<p>the Company shall submit the objection to the <u>Audit Committee</u> and the shareholders' meeting for discussion.</p> <p><b><u>2. When, in accordance with relevant rules and regulations, endorsement/guarantee transaction is required to submit to the Board of Directors for resolution, such case shall be approved by half or more of all Audit Committee members before submitting to the Board of Directors for a resolution. If approval of half or more of all Audit Committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u></b></p> <p><b><u>3. The terms "all audit committee members" and "all directors" in clause 1 shall be counted as the actual number of persons currently holding those positions.</u></b></p> <p><b><u>4.</u></b> A subsidiary subject to Article 2 of these procedures shall have its procedures for endorsements and guarantees and any amendments thereto approved by a resolution of the board of directors of the subsidiary, <b><u>then approved by the shareholders' meeting before implementation.</u></b></p>	

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 8: Amendments to the Company’s “Policies and Procedures for Financial Derivates Transactions” Comparison Table**

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>Article 2 Statutory Basis</p> <p><b><u>1. “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by “Financial Supervisory Commission” order #1020053073 on December 30, 2013</u></b></p> <p><b><u>2. “International Accounting Standard No. 39 “Financial Instruments: Recognition and Measurement” approved by “Financial Supervisory Commission” order #1030010325 on April 3, 2014</u></b></p> <p><b><u>3. “International Accounting Standard No. 32 “Financial Instruments: Expression” approved by “Financial Supervisory Commission” order #1030010325 on April 3, 2014</u></b></p> <p><b><u>4. “International Accounting Standard No. 7 “Financial Instruments: Expose” approved by “Financial Supervisory Commission” order #1030010325 on April 3, 2014.</u></b></p>	<p>Article 2 Statutory Basis</p> <p><u>Pursuant to standards set forth by Article 36-1 of the Securities and Exchange Act, and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</u></p>	<p>Amended in accordance of relevant regulations.</p>
<p>Article 4 Principles and Guidelines</p> <p>1. Category of trade: categories of the derivatives transactions the Company can engage in can be divided as follows:</p> <p>(omitted below)</p> <p>3. Division of Responsibilities</p> <p>a. Board of Directors:</p> <p>i. Make decisions concerning</p>	<p>Article 4 Principles and Guidelines</p> <p>1. Category of trade: categories of the derivatives transactions the Company can engage in can be divided as follows:</p> <p>(omitted below)</p> <p>3. Division of Responsibilities</p> <p>a. Board of Directors:</p> <p>i. Make decisions</p>	<p>Clear definitions of supervisory and control roles.</p>

<b>Before Amendments</b>	<b>After Amendments</b>	<b>Description</b>
<p>formulation and amendment of these procedures.</p> <p>ii. Assign senior executives to supervise and control the risks of derivatives trading described herein at any time, <b><u>and to sign the relevant contracts and handle account matters on behalf of the Company.</u></b></p>	<p>concerning formulation and amendment of these procedures.</p> <p>ii. Assign senior executives to supervise and control the risks of derivatives trading described herein at any time.</p>	

**Hon Hai Precision Industry Co., Ltd.**

**Attachment 9: Directors and Independent Directors Candidates List**

<b>Type</b>	<b>Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Position</b>	<b>Shares Held</b>
Director	<b>Gou, Tai-ming</b> (Terry Gou)	<ul style="list-style-type: none"> <li>Chinese Maritime College</li> </ul>	<ul style="list-style-type: none"> <li>Director, Taiwan Electrical Equipment Association</li> <li>Chairperson, Taiwan Mold&amp; Die Industry Association</li> </ul>	<ul style="list-style-type: none"> <li>President &amp; CEO, Hon Hai Precision Industry Co., Ltd.</li> </ul>	1,334,668,518
Director	<b>Lu, Fang-ming</b>	<ul style="list-style-type: none"> <li>Master's Degree of Institute of Applied Physics, Chung Yuan Christian University</li> </ul>	<ul style="list-style-type: none"> <li>Taiwan General Manager of Asia-Pacific Region, Lingyun Science and Technology Co. Ltd.;</li> <li>General Manager of Taiwan Computer System, Hewlett Packard</li> </ul>	<ul style="list-style-type: none"> <li>Director and General Manager of Business Group of Hon Hai Precision Industry Co., Ltd.</li> <li>Chairman of Asia Pacific Telecom</li> <li>Trust Fund Manager, Asian Pay Television Trust</li> </ul>	6,177,580
Director	<b>Liu, Yang-wei</b>	<ul style="list-style-type: none"> <li>Master's Degree of Electrical Engineering and Computer Science, University of Southern California.</li> <li>Bachelor of Electrophysics, National Chiao Tung University.</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson, Socle Technology Corporation.</li> <li>Executive Assistant to the Chairperson, Hon Hai Precision Industry Co., Ltd.</li> <li>CEO, Princeton Technology Corp.</li> <li>Founder, ADSL IC Design House.</li> <li>Founder, Integrated Telecom Express Inc.</li> <li>Founder, ITE Tech Inc.</li> <li>Founder, Young Micro.</li> </ul>	<ul style="list-style-type: none"> <li>CEO of S Group, Hon Hai Precision Industry Co., Ltd.</li> <li>Director, Sharp Corporation.</li> <li>Chairperson, Foxsemicon Integrated Technology Inc.</li> <li>Director, Socle Technology Corporation.</li> </ul>	656,219
Director	Hon Jin International Investment Co., Ltd. Representative: <b>Li, Chieh</b>	<ul style="list-style-type: none"> <li>PhD of Electrical Engineering, The George Washington University.</li> <li>PhD of Electrical Engineering, Columbia University</li> </ul>	<ul style="list-style-type: none"> <li>Senior Consultant, McKinsey &amp; Company</li> <li>Founding Director, Industry/University Cooperative Research Center for Intelligent Maintenance Systems (IMS)</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairperson, Foxconn Industrial Internet Co., Ltd.</li> <li>Ohio Eminent Scholar and L.W. Scott Alter Chair Professor, University of Cincinnati</li> </ul>	1,483,078

Type	Name	Education	Past Experiences	Current Position	Shares Held
Director	Hon Jin International Investment Co., Ltd. Representative: <b>Lu, Sung-ching</b>	<ul style="list-style-type: none"> <li>Bachelor of Liberal Arts and Science in Mathematics, University of Illinois at Urbana-Champaign</li> <li>Bachelor of Science in Mechanical Engineering, University of Illinois at Urbana-Champaign</li> </ul>	<ul style="list-style-type: none"> <li>Director, Hon Hai Precision Industry Co., Ltd.</li> <li>TE Connectivity Ltd. (Previously known as AMP Incorporated)</li> <li>Packard Electric Division, General Motors Corporation</li> </ul>	<ul style="list-style-type: none"> <li>CEO of L Group, Hon Hai Precision Industry Co., Ltd.</li> <li>Chairperson, Foxconn Interconnect Technology Ltd.</li> </ul>	1,483,078
Director	Fulldream Information Co., Ltd. Representative: <b>Tai, Cheng-wu</b>	<ul style="list-style-type: none"> <li>Tatung University</li> </ul>	<ul style="list-style-type: none"> <li>Director, Hon Hai Precision Industry Co., Ltd.</li> <li>Director, Unimicron Corporation</li> </ul>	<ul style="list-style-type: none"> <li>CEO, Sharp Corporation.</li> </ul>	10,560
INED	<b>Wang, Kuo-cheng</b>	<ul style="list-style-type: none"> <li>EMBA, School of Business Administration, National Taiwan University.</li> <li>Bachelor of Business Administration, College of Management, National Taiwan University.</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson, Les enphants Co.,Ltd.</li> <li>Executive Director, Taiwan Chain Stores and Franchise Association</li> <li>Executive Director, Marketing Communication Executives International (Taiwan)</li> <li>Executive Director, Taiwan Excellent Brand Association.</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director, Audit and Remuneration Committee Member, Hon Hai Precision Industry Co., Ltd.</li> <li>Independent Director, Audit and Remuneration Committee Member, HannStar Board Corporation</li> <li>Independent Director, Audit and Remuneration Committee Member, Apex Medical Corp.</li> <li>Remuneration Committee Member, E &amp; E Recycling</li> <li>Supervisor, GGA Corp.</li> </ul>	0
INED	<b>Kuo, Ta-wei</b>	<ul style="list-style-type: none"> <li>PhD of Computer Science, The University of Texas at Austin.</li> <li>Master of Computer Science, The University of Texas at Austin.</li> <li>Bachelor of Information Engineering, National Taiwan University.</li> </ul>	<ul style="list-style-type: none"> <li>Acting Principal, National Taiwan University.</li> <li>Academic Vice President, National Taiwan University.</li> <li>Distinguished Researcher and Director, Research Center for Information Technology Innovation</li> <li>Chairperson of Information Engineering Discipline, National</li> </ul>	<ul style="list-style-type: none"> <li>Distinguished Professor, Department of Information Engineering, National Taiwan University.</li> </ul>	0

Type	Name	Education	Past Experiences	Current Position	Shares Held
			Science Council (Formerly Ministry of Science and Technology) <ul style="list-style-type: none"> <li>• Professor and Dean, Department of Information Engineering, National Taiwan University.</li> </ul>		
INED	<b>Kung, Kuo-chuan</b>	<ul style="list-style-type: none"> <li>• MBA, Harvard Business School.</li> <li>• Bachelor of Arts in Economics and Engineering, Dartmouth College.</li> </ul>	<ul style="list-style-type: none"> <li>• Partner and Person in Charge of Greater China Region, MBK Partners.</li> <li>• Director, The Carlyle Group</li> </ul>	<ul style="list-style-type: none"> <li>• Managing Partner, Nexus Point Advisors (HK) Limited.</li> </ul>	0



# APPENDICES

## Hon Hai Precision Industry Co., Ltd.

### Appendix 1: Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
2. The shareholders or their representatives present shall wear identification and may hand in attendance cards in lieu of signing the attendance book. The number of shares shall be counted based on the certificate of attendance as furnished plus the quantity of shares for which the voting power is exercised via electronic transmission.
3. The participation and voting by shareholders shall be duly calculated based on the number of shares they hold. If shareholders propose to count the attendance, the chairperson may not proceed. In the resolution, if the attendance has reached the statutory quota, the proposal is considered approved.
4. The location of shareholders meeting shall be the Company's current location or such other place that is convenient for shareholders to attend. The meeting shall not commence earlier than 9AM or later than 3PM.
5. If a shareholders' meeting is convened by the board, the chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the vice chairman shall preside at the meeting on the chairman's behalf; if the Company does not have a vice chairman or the vice chairman is on leave or cannot perform his duties for some reason, the chairman shall designate one managing director to act on his behalf. If the Company does not have a managing director, the chairman shall designate one director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the meeting chair shall be elected from among the directors present.  
If the meeting is convened by any other person besides the board of directors who is entitled to convene the meeting, such person shall be the chairman to preside at the meeting. If there are more than two persons convening the meeting, then shall be the one elected by the other.
6. The Company may appoint designated attorneys, certified public accounts or other relevant persons to attend shareholders' meetings. The staff members who take charge of the shareholders' meeting affairs shall wear identification certificates or armbands.
7. The Company shall record the shareholders' meetings by audio or video and keep the recording for at least one year.
8. The chairman shall call the meeting to order at the time scheduled for the meeting, provided, however, that if during such a shareholders' meeting a majority of the total number of outstanding shares ceases to be present, the chairman may postpone the shareholders' meeting to a later time, provided, however, that the maximum number of times a shareholder meeting may be postponed shall be two and total time of postponement shall not exceed one hour. If after two postponements no quorum can yet be constituted but the shareholders present at the meeting represent more than one third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act.

If before the end of the meeting and at enough shares become present to constitute a quorum, the chairman may then re-submit the tentative resolutions to the meeting for approval, in accordance with Article 174 of the Company Act.

9. The agenda for the shareholders' meetings shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall be conducted in accordance with the agenda, which may not be altered without a resolution adopted at the shareholders' meeting. The preceding provisions of this Article apply mutatis mutandis to cases where shareholders' meetings are convened by any person(s), other than the Board of Directors, entitled to convene the meeting.  
Unless otherwise resolved at the shareholders' meeting, the chairman may not announce adjournment of the meeting unless the scheduled agenda items (including Extemporaneous Motions) set forth in the preceding provisions of this Article are concluded.  
If the chairman announces adjournment of the meeting and violates these rules of procedure, the meeting may be continued after electing one of the attendees to be the meeting chairman in accordance to the approval of the majority of the votes represented by the attending shareholders. After the meeting is adjourned, shareholders may not separately elect a chairman and resume the meeting at the original or another venue.
10. When a shareholder attending the meeting wishes to speak, he or she shall first fill out a speaker's card, specifying therein the major points of his or her speech, account number (or number appeared on attendance pass) and account name. The chairman shall determine sequence of shareholders' speeches.  
A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. In the case where the contents of a shareholder's speech differ from those specified on the speaker's card, the contents of the actual speech shall prevail.  
Unless otherwise permitted by the chairman and speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder; the chairman shall stop any such interruptions.
11. A shareholder may not speak more than twice on the same resolution without the chairman's consent, with five minutes maximum for each speech.  
The chairman may stop any shareholder who violates the above rules or exceeds the scope of the agenda item.
12. Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting.  
If a corporate shareholder designates two or more representatives to attend the meeting, only one of the representatives so designated may speak on any one motion.
13. The chairman may respond or designate other persons to respond after an attending shareholder's speech.
14. When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
15. The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.
16. During the process of the meeting, the chairman may announce a recess at an

appropriate time.

17. Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.
18. Unless listed in the handbook, the contents of new proposals shall ask the chairman or master of ceremonies to be read to attending shareholders. If there is an amendment or replacement proposal to the original proposal, the chairman shall decide the sequence of voting for such proposals, provided that if any one of the proposals has been approved, the others shall be deemed vetoed and no further voting is required.
19. The chairman may direct disciplinary officers (or security personnel) to maintain the order of the Meeting. For identification purposes, they shall wear a badge bearing the words of “disciplinary officer.”
20. If the matters do not apply to these rules, they shall be pursuant to the Company Act and other laws and regulations.
21. These rules and procedures shall be effective after ratification at the shareholders’ meetings. The same applies to modifications.

**Hon Hai Precision Industry Co., Ltd.**

**Appendix 2: Articles of Incorporation**

**Chapter I**

**General Provisions**

Article 1 The Company, organized under the Company Act as a Company limited by shares, and shall be named Hon Hai Precision Industry Co., Ltd. (hereinafter, “the Company”).

Article 2 The Company’s scope of business is as follows:

1. The development, design, manufacture and sale of computer system equipment, connectors for peripherals, cable assemblies chassis and frames.
2. The development, design, manufacture and sale of connectors, cable assemblies and parts for computer networking systems, telecommunications, fiber optical and optoelectronic products.
3. The development, design, manufacture and sale of parts or assembly work for consumer electronic products, automobile and aerospace industry equipment.
4. The development, design, manufacture and sale of precision molds, mold parts and assemblies and molding equipment.
5. Metal and plastic parts manufacture and sale.
6. Metal surface treatment, machining and equipment manufacture and sale.
7. Machining and hardware tools and equipment business.
8. The development, design, manufacture and sale of automated machineries and their peripherals.
9. Computer network and industrial computer software agent development, design, sales and after-sales service.
10. Measurement and inspection services for machineries, electronic parts and molds.
11. The development, manufacture, or sale of testing equipment or acting as a sale agent thereof.
12. Plastic materials and metal materials import and export.
13. The development, design, manufacture, processing and sale of constructions materials.
14. Shipping centers and bonded warehouse business.
15. The development, design, manufacture, sale and sale services of prevention and control of air pollution, noise and vibration control, prevention and control of water pollution, waste disposal, environmental testing and monitoring equipment.
16. Construction of industrial plants, residential and commercial real estate business.
17. Construction materials and machineries business or as an agent thereof.
18. Illumination and telecommunication system design and installation.

19. Health and safety system and interior remodeling design and installation.
20. Operation of real estate property management, trading broker, lease, contract and agency businesses.
21. The development, design, manufacture, assembly, processing, testing and trading of integrated circuit and the docking stations.
22. The development, design, manufacture, processing and trading of CD-ROM drives.
23. The development, design, manufacture and trading of CD-ROM disks.
24. The manufacture, processing and trading of gold potassium cyanide.
25. Research and development of engineering plastics, blending, mixing, and processing applications, technology transfer and trading.
26. Import and export trade business of the products listed above.
27. CC01020 Wire and cable manufacturing.
28. CC01080 Electronic parts and components manufacturing.
29. CB01020 Office machines manufacturing.
30. CC01010 Power generation, transmission, and distribution equipment manufacturing.
31. CB01010 Machinery and equipment manufacturing.
32. CD01030 Automotive and parts manufacturing.
33. CD01060 Aircraft and parts manufacturing.
34. CA01990 Other non-ferrous metal industries. (Mg)
35. C805050 Industrial plastic products manufacturing.
36. CC01050 Data storage and processing equipment manufacturing.
37. F119010 Electronic materials wholesale trading.
38. F219010 Electronic materials retail sales.
39. CA01090 Aluminum foundry.
40. CA01130 Copper secondary processing.
41. CC01060 Wired communication machinery and equipment manufacturing.
42. CC01070 Wireless communication machinery and equipment manufacturing.
43. CC01101 Restricted telecommunications RF equipment manufacturing.
44. F401021 Restricted telecommunications RF equipment importers.
45. ZZ99999 In addition to licensed businesses, the Company may operate any other businesses that are not prohibited or restricted by law.

Article 3 The Company may provide endorsements and guarantees and act as a guarantor.

Article 4 The Company is headquartered in New Taipei City, Taiwan and when necessary may establish branches or subsidiaries at home and abroad according to resolutions by the board of directors.

By a resolution of the board of directors, the Company may engage in domestic

or foreign investment in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40 percent of paid-up capital described in Article 13 of the Company Act.

Article 5 Public announcements of the Company shall be made in accordance with the provisions of Article 28 of the Companies Act.

## **Chapter II**

### **Shares**

Article 6 The authorized capital of the Company is NT\$180 billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.

Article 7 The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority upon issuance. Shares issued by the Company need not be in certificate form.

Article 8 All stock processing and related activities, unless otherwise specified by laws and regulations, shall follow the "Guidelines for Stock Operations for Public Companies" issued by the Financial Supervisory Commission.

Article 9 All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

## **Chapter III**

### **Shareholders' Meeting**

Article 10 Shareholders' meetings of the Company are of two kinds: regular shareholders meetings and extraordinary shareholders meetings. The regular shareholders' meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.

Electronic voting is one of the voting methods adopted by the Shareholders' Meeting. The voting procedures shall follow the related provisions issued by the competent authorities.

Article 11 The shareholders' meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, pursuant to Article 208 of the Company Act, the shareholders' meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is

more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.

- Article 12 For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.
- Article 13 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.
- Article 14 Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.
- Article 15 The resolutions of the shareholders meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Company and announced to all shareholders within 20 days.

#### **Chapter IV**

##### **Board of Directors and the Audit Committee**

- Article 16 The Company shall have seven to eleven directors, with three-year office term. Directors are elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of Article 192-1 of the Company Act. Candidate(s) may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.
- Article 16-1 Pursuant to Article 14-2 and Article 183 of the Securities and Exchange Act, the Company's board of directors shall include at least two independent directors, and independent directors should be no less than 1/5 of the total number of directors.
- Article 17 The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters. If the chairman of the board is on leave or cannot perform his duties for some reason, the chairman shall designate a director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the directors shall nominate one from among themselves to act on behalf of the chairman.
- Article 18 Except for the first meeting of the board of directors of every new term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. Directors shall

attend meetings of the board of directors. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting pursuant to Article 205 of the Company Act. Meetings of the board of directors shall be called once per quarter, and extraordinary sessions may be convened only when necessary.

Article 18-1 Pursuant to Article 14-2 and Article 183 of the Securities and Exchange Act, the Company's board of directors shall include at least two independent directors, and independent directors should be no less than 1/5 of the total number of directors.

Article 19 The authorities of the board of directors are as follows:

1. The Company's business focus, business and long-term development plans shall be decided by the board of directors.
2. Propose the Company's annual budget plan.
3. Propose to increase or decrease Company capital.
4. Propose profit distribution or a plan for recovery of losses.
5. Propose major contracts.
6. Propose to revise the Articles of Incorporation.
7. Set up Company organizational structures and business rules.
8. Setup, dissolution, re-organization and dismissal of branch offices.
9. Commissioning and decommissioning of the Company's CEO, deputy general managers and managers.
10. Convening of the shareholders' meeting.
11. Propose the acquisition or disposal of the Company's major assets.
12. Propose external endorsements and guarantees or schedule foreign investments.
13. Propose to increase the Company's capital plan by dividends, bonus or reserves.
14. The authorities pursuant to Article 202 of the Company Act.

Article 20 If there is a shortfall of one-third of directors, the Board of Directors shall convene a shareholders' meeting for the by-election. The term of newly elected directors shall continue for the original term of the directors replaced, except in the case of a comprehensive re-election of all directors.

Article 21 The resolutions of the meetings of the board of directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list, shall be filed and kept at the head office of the Company and announced to all directors within 20 days.

Article 22 (deleted)

Article 23 (deleted)

Article 24 When the term of the board of the directors has expired and no time to hold the re-election, the term of the directors shall be extended until the newly elected



directors take office.

The Board of Directors shall set up functional committees. The Committee members' qualifications, duties and related matters shall be defined by the Board of Directors in accordance with the related laws and regulations. The company sets up the Audit Committee to replace the role of Supervisors. The Audit Committee shall be comprised of all independent directors, whose number shall be no less than three, and one of whom will be the convener.

Article 25 The Board of Directors is authorized to decide the compensation to all directors at a rate consistent with general practices in the industry.

The Board of Directors is authorized to purchase liability insurance for directors, in accordance with a resolution of the board of directors adopted by consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting.

## **Chapter V**

### **Manager**

Article 26 The Company may appoint one Chief Executive Officer, whose commissioning, decommissioning and pay rate shall be as pursuant to Article 29 of the Company Act.

## **Chapter VI**

### **Accounting**

Article 27 After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the regular shareholders' meeting for ratification.

1. Business Report.
2. Financial Statements.
3. Proposal Concerning Appropriation of Net Profits or Recovering of Losses.

Article 28 If the Company reports a surplus (Surplus refers to profit before tax deducted appropriated employee compensation), 5%-7% of which shall be set aside as employee compensation. If the Company has accumulated losses, the Company shall reserve an amount to offset it.

Employee compensations mentioned in preceding paragraph shall be distributed in stocks or in cash. The payment shall apply to employees in the subsidiaries as well whoever meets criteria developed by Directors.

The proceeding two paragraphs shall be based on resolutions by the Board of Directors, and reported to the shareholders' meeting.

Article 28-1 The annual net income of the Company shall be appropriated in accordance with the priorities listed as follows:

1. Recovering of Losses.
2. Appropriation of 10% for legal capital reserve.

3. Appropriate or return to Special capital reserve pursuant to applicable law or regulation.

As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy in Section 3 of this Article.

The Company is currently at a developing stage. The Company's dividend distribution policy is subject to the Company's current and future investment environment, fund requirements, competition from local and abroad, and capital budgets, as well as taking into consideration of the interests of shareholders and the long-term financial planning. Shareholder dividends are set aside on accumulated un-appropriated earnings, which shall not be less than 15% of earnings available for appropriation for the year and cash dividends shall not be less 10% of total dividends.

- Article 29 The Company may transfer stock to employees at a price that is lower than the actual average price of the shares, or the Company may issue employee stock options at a price that is lower than the common stock closing price of the issue date, pursuant to a resolution approved by the majority of total issued shares represented at the shareholders' meeting and the consent of more than two-thirds of the attending shareholders' voting rights.

## **Chapter VI**

### **Accounting**

- Article 30 Any matters not sufficiently provided for in these Articles of Incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

- Article 31 These Articles of Incorporation were enacted on January 5, 1974.

The 1<sup>st</sup> amendment was made on January 20, 1974.

The 2<sup>nd</sup> amendment was made on November 30, 1974.

The 3<sup>rd</sup> amendment was made on July 28, 1975.

The 4<sup>th</sup> amendment was made on August 19, 1975.

The 5<sup>th</sup> amendment was made on January 5, 1976.

The 6<sup>th</sup> amendment was made on February 23, 1976.

The 7<sup>th</sup> amendment was made on November 29, 1977.

The 8<sup>th</sup> amendment was made on August 25, 1978.

The 9<sup>th</sup> amendment was made on April 15, 1982.

The 10<sup>th</sup> amendment was made on March 10, 1983.

The 11<sup>th</sup> amendment was made on April 24, 1984.

The 12<sup>th</sup> amendment was made on September 1, 1984.

The 13<sup>th</sup> amendment was made on April 10, 1986.

The 14<sup>th</sup> amendment was made on December 10, 1986.

The 15<sup>th</sup> amendment was made on November 6, 1987.

The 16<sup>th</sup> amendment was made on April 29, 1989.

The 17<sup>th</sup> amendment was made on October 2, 1989.

The 18<sup>th</sup> amendment was made on October 24, 1989.

The 19<sup>th</sup> amendment was made on December 20, 1989.  
The 20<sup>th</sup> amendment was made on December 31, 1989.  
The 21<sup>st</sup> amendment was made on May 19, 1990.  
The 22<sup>nd</sup> amendment was made on April 28, 1991.  
The 23<sup>rd</sup> amendment was made on May 27, 1992.  
The 24<sup>th</sup> amendment was made on June 21, 1993.  
The 25<sup>th</sup> amendment was made on May 21, 1994.  
The 26<sup>th</sup> amendment was made on June 10, 1995.  
The 27<sup>th</sup> amendment was made on June 24, 1996.  
The 28<sup>th</sup> amendment was made on June 21, 1997.  
The 29<sup>th</sup> amendment was made on October 7, 1997.  
The 30<sup>th</sup> amendment was made on June 15, 1998.  
The 31<sup>st</sup> amendment was made on June 1, 1999.  
The 32<sup>nd</sup> amendment was made on June 2, 2000.  
The 33<sup>rd</sup> amendment was made on May 31, 2001.  
The 34<sup>th</sup> amendment was made on June 10, 2002.  
The 35<sup>th</sup> amendment was made on December 24, 2003.  
The 36<sup>th</sup> amendment was made on June 10, 2004.  
The 37<sup>th</sup> amendment was made on June 14, 2005.  
The 38<sup>th</sup> amendment was made on June 14, 2006.  
The 39<sup>th</sup> amendment was made on June 8, 2007.  
The 40<sup>th</sup> amendment was made on June 2, 2008.  
The 41<sup>st</sup> amendment was made on April 16, 2009.  
The 42<sup>nd</sup> amendment was made on June 8, 2010.  
The 43<sup>rd</sup> amendment was made on June 8, 2011.  
The 44<sup>th</sup> amendment was made on June 18, 2012.  
The 45<sup>th</sup> amendment was made on June 26, 2013.  
The 46<sup>th</sup> amendment was made on June 25, 2014.  
The 47<sup>th</sup> Amendment was made on June 25, 2015  
The 48<sup>th</sup> Amendment was made on June 22, 2016.

## **Hon Hai Precision Industry Co., Ltd.**

### **Appendix 3: Regulations Governing the Election of Directors and Independent Directors**

- Article 1 Election of directors and independent directors shall be acted upon in accordance with these regulations.
- Article 2 Unless otherwise provided by the Company Act or the Articles of Incorporation of the Company, the election of directors and independent directors shall proceed according to cumulative voting principles: each common share is entitled to the number of voting rights equivalent to the numbers of directors (or independent directors) to be elected; votes may be cast for only one candidate or a few candidates. For voters' registration, shareholder attendee card numbers may be substituted for voters' names.
- Article 3 When voting commences, the chair shall appoint several inspectors to count ballots and carry out related duties
- Article 4 A. The numbers of the directors and independent directors of the Company shall be provided by the Articles of Incorporation of the Company. In the election for the directors and independent directors of the Company, the candidates receiving ballots representing the highest number of voting rights sequentially shall be elected. A candidate simultaneously elected as a director and independent directors shall, at the candidate's own discretion, decide to serve as either director or independent director. The position left vacant by such decision shall be filled by the candidate with the next highest number of votes in the original election. When two or more persons receive the same number of votes and the specified number of positions is exceeded, the two persons receiving the same number of votes shall draw lots to decide who shall serve; the chair shall draw lots on behalf of a non-attendee.
- B. The election of directors and independent directors shall adopt the candidate nomination system pursuant to Article 192-1 of the Company Act. The election of independent directors and non-independent directors shall be held together, but elections for these positions shall be calculated separately. The candidates elected shall be based on the total number of votes received.
- Article 5 The board of directors shall prepare election ballots of the number equal to the number of the director(s) or independent director(s) that shall be elected, bearing the codes of the shareholder attendance certificates and the number of voting rights. The election ballots shall be distributed to the common shareholders who are present at the shareholders' meeting.
- Article 6 If the candidate is a shareholder, the voter must fill in the candidate's shareholder account name and account number in the "Candidate" box on the ballot.
- If the candidate is not a shareholder, the voter shall fill in the candidate's name and identification number in the "Candidate" box on the ballot.
- However, if a candidate is a government department or a corporate shareholder, the voter shall fill in the candidate's full government or corporate name and the full name of its representative.
- Article 7 A ballot is invalid under any of the circumstances listed below
1. A ballot is not prepared according the Article 5 of this rule.
  2. The ballot was not cast in the ballot box.

3. A blank ballot that was not filled in by the voter.
4. The number of write-in candidates is more than one candidate.
5. Illegible or unrecognizable handwriting.
6. Other words or marks are written in addition to the candidate name, shareholder account number, or ID card or government uniform invoice (GUI) number.
7. The write-in candidate's name is same as another shareholder but does not provide account number or ID number to verify.
5. If the write-in candidate is a shareholder, the account name or account number written on the ballot is inconsistent with the shareholder list.  
If the write-in candidate is not a shareholder, the candidate's name or ID number written on the ballot cannot be validated or is inconsistent.
6. More write-in candidates indicated on the ballot than the total number of positions to be elected.
7. The sum of allocated voting rights is more than the voter's total voting rights.

Article 8 After the casting of ballots is completed, the ballots shall be counted on the spot under the supervision of the inspector(s), and the results announced on the spot by the chairman.

Article 9 The board of directors will issue a notice of election to all the elected directors and independent directors.

Article 10 These regulations shall be effective once approved by a shareholders' meeting.

**Hon Hai Precision Industry Co., Ltd.**

**Appendix 4: Shareholdings of Directors and Independent Directors**

1. As of 04/23/2019, all directors and independent directors' minimum shareholding number and actually registered holding shares

Title	Minimum number of shares to be held	Shares actually held in share register
Director	160,000,000	1,357,391,147

2. As of 04/23/2019, table of shares held by all directors and independent directors

Title	Name	Shares actually held in share register
Director	<b>Gou, Tai-ming (Terry Gou)</b>	1,334,668,518
Director	Hon Jin International Investment Co., Ltd. Representative: <b>Lu, Fang-ming</b>	1,483,078
Director	Hon Chiao International Investment Co., Ltd. Representative: <b>Chen, Jen-gwo</b>	21,239,551
Director	Hon Chiao International Investment Co., Ltd. Representative: <b>Mao. Robert</b>	21,239,551
Director	<b>Huang, Qing-yuan</b>	0
Director	<b>Sung, Hsueh-jen</b>	0
INED	<b>Chan, Chi-shean</b>	0
INED	<b>Lee, Kai-fu</b>	0
INED	<b>Wang, Kuo-chen</b>	0